

27 January 2011 - The Hague

Responsible Finance Forum

The second Responsible Finance Forum was organized by the Dutch Ministry of Foreign Affairs, jointly with Her Royal Highness Princess Máxima of the Netherlands in her capacity as UNSG's Special Advocate for Inclusive Finance for Development, BMZ, CGAP, and IFC.

This forum focused on how pro-active efforts by investors for responsible finance can motivate and reinforce initiatives by retail microfinance providers and related networks and associations.

During the forum a group of 41 microfinance asset managers and institutional investors investing in microfinance [signed](#) the [Principles for Investors in Inclusive Finance](#), a set of Principles developed by a working group of microfinance investors and Princess Máxima. The Principles aim to raise awareness among investors and motivate them to integrate responsibility towards end-users of microfinance and other stakeholders in their decision-making and business models. They were drafted in the course of 2010 during which a broad consultation process took place.

For the opening statement of [Minister Knapen](#) and keynote speech of the United Nations Secretary General's Special Advocate for Inclusive Finance for Development [HRH Princess Máxima](#) click on their respective names.

This report summarizes the key points of the plenary sessions and the workshops. A more detailed discussion of the workshops can be found in the appendices.

Background

Recent microfinance crises show the need for appropriate products, practices and policies to protect and positively impact the end-users of microfinance. Collective action of MFIs, industry associations, national regulators, donors and investors is required. Shareholders/investors need to support MFIs to have a long-term vision of sustainable delivery of services to clients. By signing the Principles, investors signal their commitment to actively support and encourage the responsible development of the microfinance sector. In addition, from the point of view of investors showing the active prevention of a negative impact is a way to manage downside risk. Irresponsible financing practices jeopardize (long-term) financial returns; this encourages both investors and MFIs to develop responsible finance practices.

Current issues

Improving access to financial services is still a huge need in most countries. Participants of the conference debated the central challenge of ensuring that financial access is provided in a healthy and responsible manner. The Forum focused on the specific roles of investors in achieving this vision, while also exploring the roles of the other key stakeholders including industry, regulators and consumers. Panelists and participants addressed a range of issues relevant to responsible finance. In a small number of sectors including Bosnia and most recently parts of India, issues such as multiple lending and even client over-indebtedness are arising as microfinance sectors get more competitive. Very high MFI growth targets (arguably facilitated by investor demand and the availability of abundant foreign capital), aggressive competition, and an erosion of credit quality standards combined with rigid and limited products, a lack of transparency, a weak credit information sharing framework, and inadequate regulation contributed to the crises in these markets. Beyond the small number of crisis markets, overarching issues of transparent and responsible pricing and product diversity and appropriateness represent broader challenges for the industry.

The role of national regulators: lessons from Peru

- Government regulation and policies focusing on the long term are needed to promote transparency, fair treatment and effective recourse, as well as promoting financial education. Consumer protection 'rules of the game' and financial capability are essential conditions to safeguard client welfare.
- Market forces determine price-setting and competition is a key factor for driving interest rates down, but enforcing transparency of pricing information is a necessary condition for the price to come to its equilibrium. In Peru the media plays an important role in facilitating transparency and newspapers have a section devoted on pricing. The Banking and Insurance Superintendent began with disclosure rules for credit, which have brought about an appreciable decline in credit prices. The regulator is now turning to improved disclosure of prices, terms and conditions for deposit products, and expects comparable improvements in pricing and quality.
- Transparency on loan terms and conditions is very important to protect clients. Transparency regulation can only achieve its intended benefits if clients have sufficient financial literacy: i.e., the loan conditions may be disclosed properly but the client must also be able to have a thorough understanding of this information, to make good decisions regarding financial services. Together with the Ministry of Education in Peru, the Superintendent in Peru developed a program to integrate financial education into the core curriculum of public education, as well as exploring innovative ways to improve the financial capability of different segments of adult financial consumers.

- The Superintendent is focusing now on how to avoid widespread over-indebtedness in the markets. Work with credit-bureaus is an essential element of this strategy.
- Effective regulation in the area of consumer protection would help create a more conducive environment for healthy development of financial markets. Investors should be supportive of well-enforced consumer protection rules, since they help manage key risks and ensure client protection, transparency and fair treatment. The Peruvian case demonstrates the benefits of promoting financial inclusion and responsible finance hand in hand. Regulators in countries such as Peru and Malaysia are keen to share their experiences and emerging good practices with other countries.

Role of Investors / Suggestions for investors

Direct investors (fund managers)

- Take shared responsibility to develop and harmonize methods which assess the social performance of MFIs.
- Build in-house expertise on client protection and how it can be assessed and improved. With regard to prices, develop a thorough understanding of the prices of each individual product that are part of the microfinance partner's portfolio; portfolio yield alone is not a good reflection of the prices end-users pay.
- Start by being transparent about one's own activities, for example on the interest rates charged to the MFIs; MFIs should also be protected from being charged excessive interest rates.
- In addition to specific scorecards on client protection and social performance, sector-wide analysis (such as whether there is a risk of market saturation) should be taken into account when assessing the MFI. Investors are advised to use updated data from sources as the Smart Campaign and MF Transparency in their due diligence process.
- Use transparent and comprehensive contracts based on local laws.
- Be a partner for MFIs and start a dialogue with MFIs on client protection and social performance, enabling mutual learning and improvement over time.

Direct and indirect (asset owners) investors

- Develop a long-term investment horizon rather than focusing on maximizing short-term profits.

Suggestions and comments on the implementation of the PIIF

- Design a clear framework and unambiguous methods to track social performance and the compliance with the PIIF, taking into account the whole value-chain of financiers.
- Develop hands-on tools to implement the Principles (similar to the tools used to implement the CPPs). Readily available and practical tools will promote broad implementation of the Principles.
- To make the principles concrete, investors should collaborate as much as possible and focus on strengthening existing initiatives, structures and networks to move the debate forward and implement the principles.
- Assign different roles to direct and indirect investors. All stakeholders have responsibilities with regard to the implementation of the PIIF, but have different levels of influence. Indirect investors should hold fund managers (the direct investors) accountable. In general, signatories should hold each other accountable for complying with the principles (the power of peer pressure).
- The focus should not only be on increasing the number of signatories but also on the implementation and operationalization of the Principles.

Other comments/suggestions

- There is a need for country level collaboration. An example can be taken from Oikocredit, which worked together with regulators, MFIs and the Smart Campaign in the Philippines to further integrate policies and good practices in the area of client protection.
- Social Ratings of MIVs (such as supported by Anthos) are considered to be important as they make it easier for private individual investors to select MIVs.
- Investors could play an important role in stimulating the development of a favorable environment by discussing emerging good practices of effective consumer protection regulation with national governments.
- It is proposed to design an action plan to proceed with the harmonization of monitoring- and impact evaluation tools as well as data disclosure (e.g. annual effective interest rate). Financial education of investors is also important: they need to know that the 'honeymoon' is over and need to have a realistic perception of the microfinance sector.
- Encourage signatories to pool funds for social audits and subsequent publication of the results.

Key-points for follow up

- Setting-up a steering committee responsible for implementation and operationalization of the Principles.
- Developing a tracking and monitoring framework to check whether investors comply with the Principles.
- Investors need to keep each other and other parties involved in microfinance accountable for complying with the Principles.
- Initiatives in which different stakeholders such as governments, investors, DFIs and MFIs cooperate to improve nation-wide practices, regulation and policies promoting responsible inclusive financial sectors.
- Sharing practices and harmonizing tools.

Next events

- Social Investors Meeting, Social Performance Task Force, Den Bosch, June 20th
- 3rd Responsible Finance Forum, hosted by IFC, early 2012

Appendices

- Programme
- Workshops: Points for follow up and Reports
 - 1 The role of investors in transparency and client protection: collective action in practice
 - 2 Fair treatment and balanced results
 - 3 Tracking commitment and impact: reporting and monitoring of investors' principles



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Responsible Finance Forum

Time /Location	Programme
09.30	Registration and coffee
10.00	Welcome by Mr. Martin de la Beij, Director Sustainable Economic Development, Ministry of Foreign Affairs of the Netherlands Chair morning session
10.05	Opening by Mr. Ben Knapen, Minister for European Affairs and Development Cooperation of the Netherlands
10.10	Investor Principles for Responsible Finance: How Investors can Contribute to Building Vibrant and Inclusive Financial Systems Keynote address by HRH Princess Máxima of the Netherlands, UN Secretary-General's Special Advocate for Inclusive Finance for Development
10.20	The Principles for Investors in Inclusive Finance The importance of the Principles from the perspectives of a fund manager, an institutional investor and UNPRI. <ul style="list-style-type: none">• Ms. Marilou van Golstein Brouwers, Managing Director, Triodos Investment Management, The Netherlands• Ms. Else Bos, Deputy Chairman Executive Committee, PGGM, The Netherlands• Mr. James Gifford, Executive Director, UNPRI, United Kingdom
10.40	Signing ceremony to officially launch the Principles for Investors in Inclusive Finance
11.00	Coffee break
11.30 Multipurpose room	Striking the Balance: Industry Action and Consumer Protection Regulation to Promote Responsible Finance Building vibrant, inclusive, and responsible financial systems requires action, coordination, and partnership by many parties. This plenary session explores practical approaches to creating common standards from the point of view of industry, investors, consumer advocates and national regulators. Industry standards and codes of conduct can help identify areas for improved practices by retail providers and hold providers accountable for acting responsibly toward their clients. Government policy and regulation can also play a critical role by creating an environment that promotes financial inclusion and sets the rules of the game for diverse providers and products. But striking the right balance in regulation and gaining widespread compliance with industry codes are challenging. How can investors support progress toward appropriate products, practices, and policies?

Moderator: Ms. Kate McKee, CGAP, USA

Panellists:

- Ms. Nejira Nalic, Executive Director, Mi-Bospo, Bosnia-Herzegovina
 - Ms. Giovanna Priale, Head of Supervision, Superintendency, Peru
 - Mr. Geert Peetermans, Chief Investment Officer, Incofin, Belgium
 - Ms. Jami Hubbard Solli, Senior consultant, Consumers International, UK
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12.30 Lunch break

Lounge

13.45 **Parallel Workshops**

Australia
Room 1C35

Workshop 1:

The Role of Investors in Transparency and Client Protection: Collective Action in Practice

Protecting and promoting the interest of clients needs to be at the centre in policies and actions of investors and other financial providers. When it comes to transparency of pricing and client protection, collective action such as the Smart Campaign and MF Transparency has, in a number of countries, brought positive results. This workshop will give forum participants the opportunity to hear from experts about factors of success and to participate in an interactive discussion on lessons that can be applied to the role of investors in responsible finance. The working group will also explore how existing initiatives can be further aligned and strengthened.

Facilitator: Ms. Laura Foose, Social Performance Task Force, USA

Panellists:

- Ms. Elisabeth Rhyne, Managing Director, Center for Financial Inclusion, USA
 - Ms. Ging Ledesma, Manager, Social Performance Oikocredit, The Netherlands
 - Mr. Chuck Waterfield, CEO and President, MF Transparency, USA
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Multipurpose
Room

Workshop 2:

Balancing Returns and Fair Treatment: New Frontiers for Collective Action

Responsible finance poses a basic question: can investors do well by doing good? How can the interest of clients and investors be aligned? This working group will give participants an opportunity to explore in greater depth the themes discussed in the plenary morning session. What tools, resources and approaches do investors need to deal with issues such as over-indebtedness, what strategies are needed to protect the interests of clients but also of investors, how to meet social goals and their bottom line? Where have they been successful? What interests do investors, credit rating agencies, regulators, financial service institutions and clients share? How can they work together to meet their own goals, while advancing those of others?

Facilitator: Ms. Els Boerhof, Partner, Goodwell, The Netherlands

Panellists:

- Mr. Alok Prasad, Microfinance Institutions Network (MFIN), India
 - Mr. Emile Groot, Financial Sector Specialist, FMO, The Netherlands
 - Ms. Regula Ritter, Head Research, ResponsAbility, Switzerland
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Van Kleffens
Room

Workshop 3:

Tracking Commitment and Impact: Reporting and Monitoring of Investors' Principles

Principles are good, but only if they are put into action and make a difference. In this working group, stakeholders from different sectors will explore how the investors and the global industry can follow up on the adoption of the principles. Issues to be explored include lessons from implementation of other principles. How can monitoring of implementation be done credibly and effectively? Who is best placed to do it? Should it be voluntary and self-reporting, what can third party validation bring to the table?

Facilitator: Mr. Xavier Reille, Lead Microfinance Specialist, CGAP, France

Panellists:

- Mr. James Gifford, Executive Director, UNPRI, United Kingdom
- Mr. Sanjay Sinha, CEO, M-CRIL, India
- Mr. Theo Brouwers, Director, SNS Asset Management, The Netherlands

15.25

Tea break

15.45

Actions moving forward

Multipurpose

Moderator: Mr. Peer Stein, IFC, USA

room

Panel facilitators: Upshot of panels and follow-up actions proposed

Reactions from participants

Reflections on actions proposed from a policy maker, public funder, investor association

and UNPRI

- Ms. Giovanna Priale, Head of Supervision, Superintendency, Peru
- Ms. Susanne Dorasil, Head of Division Economic Policy, Financial Sector, BMZ
- Ms. Deborah Drake, Programme manager, ACCION International, USA
- Mr. James Gifford, Executive Director, UNPRI, UK

Closing remarks Ministry of Foreign Affairs

17.00

Drinks

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Responsible Finance Forum

Workshop 1

The role of investors in transparency and client protection: collective action in practice

Facilitator: Ms. Laura Foose - SPTF

Panelists: Ms. Elisabeth Rhyne (Center for Financial Inclusion), Ms. Ging Ledesma (Oikocredit), Mr. Chuck Waterfield (MFTransparency)

This workshop was focused on the responsibility of investors and financial institutions in protecting and promoting the interest of clients. Its purpose was to share practices focused on meeting this responsibility and to explore ways of alignment and strengthening of existing initiatives.

Points for follow-up

Implementation of the PIIF

- Tools should be developed to implement the Principles (similar to the tools used to implement the CPP).

Suggestions to investors

- Investors should take shared responsibility; harmonize, share and learn together
- Investors should build in-house expertise of pricing and client protection
- Importance for investors to have a thorough understanding of the prices of each individual product which is part of the microfinance portfolio they finance, and to develop their own expertise to understand pricing and client protection; portfolio yield alone is not a good reflection of the prices end-users pay.
- Fund managers have an important role to start by being transparent about their own activities – the pricing on the funding to the MFIs (MFIs should also be protected from being charged excessive interest rates).
- Next to specific non-financial scorecards also sector-wide characteristics such as market saturation should be taken into account when assessing the MFI on non-financial performance. Investors are recommended to use updated data from sources as the Smart Campaign and MF transparency in their due diligence process.

Other

- There is a need for national-level collaboration (the way Oikocredit worked together with regulators, MFIs and the smart campaign in the Philippines).
- Social Ratings of MIVs (such as supported by Anthos) make it easier for private individual investors to select MIVs and hence investing in microfinance becomes more accessible.

Full report

Facilitator Laura Foose of SPTF opens the workshop. She draws the relation between the concerns of the public on profits and pricing of MFIs and client protection and transparency of prices.

Sharing experiences/practices regarding protecting and promoting interests of clients Chuck Waterfield with MFTransparency.org provides transparency on MFI pricing to clients. He explains that transparent prices lead to responsible pricing as it encourages more competition which will drive prices down. In addition, he states that next to transparent prices (self-regulation) also supportive governments (regulation) are a necessary condition for responsible pricing. Ging Ledesma from Oikocredit states that, as a pro-active response to the unintended negative consequences from microfinance investments, Oikocredit developed a social scorecard together with SNS which is the basis to start a dialogue with the MFI on social performance issues and to promote implementation of good practices. In addition, Oikocredit offers capacity building support in the field of the CPP and ESG. It is important to include the ones who can directly transfer the products to the end-clients, the MFIs, in the process of social performance improvements. Oikocredit recommends not to tolerate certain practices which are considered to be normal in some countries (such as high remuneration levels). Social performance is a process of different stages and areas; there does not exist good- or bad ones. Henk Nijland from FMO elaborates on ESG policies of FMO regarding their microfinance investments. MFIs which

improved ESG standards are rewarded by paying lower spreads as the reputational risks of these investments is lower. FMO supported three projects to encourage MFIs to implement the CPP. If weak MFIs are encountered during the due diligence process of FMO consultants of the Smart Campaign are hired to implement a CPP action plan.

Aligning and strengthening current initiatives: MFTransparency signals many opportunities for cooperation with national regulators, as they are generally very interested in making a market transparent. MFTransparency was for example hired to teach Indian regulators about MFI pricing. Oikocredit illustrates an example in the Philippines where they worked together with regulators, MFIs, the Smart Campaign and investors to improve social performance. Moreover, they add that a next important step for investors is to harmonize standards to save time, resources and for standards to be comparable. Elisabeth Rhyne (Center for Financial Inclusion) announces that the Client Protection Principles are revised to adjust them to developments in the sector. For example, instead of being solely credit focused they will become more microfinance focused. Terrafina notes that DFIs could play an important role in embedding the CPP on a sector-wide level.

Workshop 2

Fair Treatment and Balanced Returns

Facilitator: Mrs. Els Boerhof – Goodwell

Panelists: Mr. Alok Prasad (MFIN), Mr. Emile Groot (FMO), Ms. Regula Ritter (responsAbility)

This workshop is oriented towards Principles 3 and 6 for Investors in Inclusive Finance, respectively Fair Treatment and Balanced Returns. The purpose of the session is to discuss the principles and to identify areas where joint action could be undertaken.

Points for follow-up

Implementation of the PIFF

- To make the principles concrete, investors should collaborate as much as possible to strengthen existing initiatives, structures and networks to move the debate forward and implement the principles.

Suggestions for investors

- Pool funds amongst signatories for loan portfolio audits and subsequent publication of the results. (direct and indirect)
- Responsible investments start with transparent and comprehensive contracts using local laws.
- Investors must accept that social returns are equally if not more important (on the short term) than financial returns. Investors must have a long-term investment horizon and should not be short-term profit maximizers when they become involved in responsible finance.
- It is the role of fund managers to build the bridge between investors and investees. To build this bridge successfully and to meet financial and social expectations, decisions have to protect both sides.
- Investors should be a partner for MFIs and start a dialogue with MFIs on social performance enabling mutual learning.

Other

- Investors could play an important role in developing a favorable environment by discussing with regulators.

Full report

Focusing on the microfinance value chain, moderator Els Boerhof started by raising some questions: What can we do as investors? What can we do to move the Principles for Investors further? Which difficulties have been experienced to be or remain a responsible investor in various situations? What worked well and what did not? How can investors work together to promote responsible finance based on new collective actions?

Investors' responsibility towards asset owners and MFIs: Responsible investing starts with investors. Investors cannot be sleeping investors, explains Alok Prasad (MFIN). They have to be informed, involved and engaged to the companies they are investing in. They need to understand the local conditions in the markets they invest in and never forget the interest of the end-users, i.e. the clients of the MFIs. To put it differently: 'Don't try to drive 200 kilometers per hour with a Ferrari on an Indian road'. This is confirmed by various participants in the workshop. Regula Ritter adds that most investors have not only financial expectations, they care about social issues and it is the role of fund managers to build the bridge between investors and investees. To build this bridge successfully and to meet financial and social expectations, decisions have to be made to protect both sides. Fund managers have to manage expectations continuously. She elaborates on what

responsibility is in this respect. Emile Groot explains that responsible investments start with transparent and comprehensive contracts in which 'carrots and sticks' are clearly defined. Strategies and goals have to be discussed clearly with honesty and transparency. Fund managers must also be realistic and sincere about returns and make sure they know their limitations. However, clear documentation is not enough: stakeholders have to discuss and communicate in order to avoid and prevent ambiguous or blurred issues. In the debate on how fair and comprehensive contracts can be a basis to developing frameworks, the issue of working under local law was brought up, with the example of Oikocredit which always applies local law in their contracts. As investments are about creating bonding and long-term relationships with clients, using local law is a way of showing respect for the investees' country and to adapt to them. It also makes discussions easier with local partners and strengthens relations. Indeed MFIs appreciate transparency and often do not understand entirely pricing, terms and conditions of foreign contracts.

Alignment of client and investors interest: The dynamism of the debate highlights a key issue: how can investors' and clients' interests be aligned? They can probably never be perfectly aligned but investors must understand and accept local conditions and the focus must come back to end users. Irresponsible investors who do not understand what they are buying into and who do not see beyond money should be excluded. Investors should possibly also be more aligned before they try to seek alignment with MFIs and their clients. They must accept that social returns are equally if not more important (on the short term) than financial returns. Investors must have a long term investment horizon and not be short term profit maximizers when they become involved in responsible finance. Furthermore, investors could play an important role in developing a favorable environment by opening the dialogue with regulators.

Collective action: Finally, to take further collective action and to make these principles concrete, alignment has to be defined; which means developing transparent frameworks, understanding local needs and understanding your own limitations. Your own limitations should never become a burden to the MFI you are investing in. When thinking about responsible investing and balancing return one main question has to be answered first: will my investor be able to understand the real needs of people at the base of the pyramid and the consequences of an investment on the long term? Deborah Drake of the Council of Microfinance Equity Funds emphasizes the fact that a lot of organizations in the sector are already very active on these issues and to make the principles concrete, people should collaborate as much as possible via the existing structures and networks to move the debate forward and implement the principles. There is no need to reinvent the wheel, but rather to make it better

Workshop 3

Tracking Commitment and Impact: Reporting and Monitoring of Investors' Principles

Facilitator: Mr. Xavier Reille – CGAP

Panelists: Mr. James Gifford – UNPRI, Mr. Sanjay Sinha – M-CRIL, Mr. Theo Brouwers – SNS Asset Management

This workshop focused on tracking the implementation of the Principles for Investors in Inclusive Finance. It addressed challenges with self-reported data, different approaches for direct and indirect investors and incentives needed for implementation.

Points for follow-up

Implementation of the PIIF

- Design a clear reporting framework based on the PIIF and methods to track non-financial performance, taking into account the whole value-chain. Build on existing definitions and disclosure for microfinance investment funds and collect data.
- Differentiate between direct and indirect investors. All stakeholders have responsibilities with regard to the implementation of the PIIF, but have a different level of influence. Indirect investors should keep the fund managers accountable.
- Get buy-in from other investors and increase number of signatories while working on guidance for the implementation and operationalization of the Principles. The learning process is an important component of PIIFs.
- Enforce public transparency and public disclosure. Benchmarking and comparison is secondary. Think through incentives; negative and positive mechanisms (awards, name and shame in case of breaches...)

Full report

Background PIIF: James Gifford (UNPRI) opened the workshop by sketching how and why the principles for responsible investment (PRI) had been developed. The discussion then moved on to the PIIF. He noted that self-assessment does not always lead to fully objective analysis and that peer reviewing of these assessment data can help address this problem of subjectivity. Benchmarking and comparison is secondary. The first goal should be to get investors to be transparent on the PIIF implementation and enforce public disclosure.

Reporting and verification implementation of the PIIF: Sanjay Sinha (M-Cril) raised the issue of the source of financing for assessments. Given the problematic role of rating agencies in the global financial crisis, the suggestion was made to get PIIF signatories to allocate funds for external parties to assist in the monitoring and impact analyses of their activities. He suggested that, in light of the recent crisis in India and the raised awareness following from it, quick operationalization of the PIIF will increase support amongst the stakeholders. He mentioned the need for harmonizing the definitions of 'healthy growth rate' and 'return'.

Different responsibilities for investors in the value chain: Theo Brouwers (SNS) stated that the microfinance sector is becoming increasingly mature and that the Principles are a first step in further regulation of the sector. He distinguished the roles of direct and indirect investors. All stakeholders have responsibilities with regard to the implementation of the PIIF, but have a different level of influence. He expressed concerns on the side of institutional investors, that the administrative tasks implied by PRI are large in relation to the portfolio share of microfinance activities – the latter sometimes smaller than 0,0001%. He raised the importance of getting big financial institutions (ING, DB etc.) to sign on to the principles.

Harmonizing standards: HRH Princess Máxima of the Netherlands made a case for further harmonizing monitoring and impact evaluation tools, as well as data such as the annual effective interest rate. She suggested a clear outlay of short-, medium- and long-term objectives might be a useful step. Several participants raised the importance for investors to re-think their investment criteria for MFI's (e.g. default, return, growth) and consider/attach more weight to additional social impact indicators.

Suggestions for Investors

- Build on disclosure framework for microfinance investment vehicles and harmonize definitions for relevant terms for responsible investment that are not yet defined. Come to a better understanding of ways to determine issues such as a 'healthy growth rate' and 'reasonable return'.
- In case of ineffective or insufficient regulation investors should fill the gap of lacking regulation by means of thorough due-diligence and field visits to cross-check MFIs' practices with clients.
- Harmonization of monitoring and impact evaluation tools as well as data (e.g. annual effective interest rate) by applying a top-down perspective, with clear outlay of short-, medium- and long-term objectives.
- Financial education of investors is also important: they need to know that the 'honeymoon' is over and need to have a realistic perception of the microfinance sector.