Risk Management Excellence in Microfinance
Connecting Luxembourg to Leading MFIs

Programme

November 27-December 1st, 2009
About this Event

Luxembourg decided to organize the second edition of the workshop dedicated to Risk Management in leading Microfinance Institutions. This event has been specially designed for high level executives of Top 100 MFIs, which have already created or are about to create their own Risk Management Department.

Not only having an opportunity to meet banking professionals from various risk management areas, the participants will also meet MFIs’ representatives who participated in the 2008 edition and who have been selected for specific technical assistance in risk management area.

This technical assistance is currently provided using a coaching methodology. The 2009 edition of the workshop will be used as an appropriate period to make the final assessment of this Luxembourgish contribution but also to facilitate exchange of information and experience between players at different stages of the risk management process.

Luxembourg and Microfinance

The Grand-Duchy of Luxembourg was one of the first EU countries to recognize the value of Microfinance as a tool to fight poverty. Microfinance tools are being systematically used in Luxembourg’s Development Cooperation as effective strategies to accompany traditional development activities.

Luxembourg’s official stance on microfinance and inclusive financial sectors has been shaped to a large extent by the extensive experience of specialized NGOs, by the quality work of CGAP and from a variety of multilateral partners. Luxembourg takes some pride in spearheading more than one « avant-garde » initiative in this field:

» One of the first successful microfinance investment funds was registered in Luxembourg. Today more than half of all worldwide Microfinance Investment Vehicles (MIVs) are located in Luxembourg.

» The first investment fund labelling agency (LuxFlag) was launched in Luxembourg.

» Luxembourg hosts the Secretariat of e-MFP, the European Microfinance Platform.

» Luxembourg not only hosts the European Microfinance Week on an annual basis but is also where the European Microfinance Prize was twice awarded.

For your information, the European Microfinance Week 2009, the European microfinance platform’s annual event will take place in Luxembourg from November 24 to 26, 2009. Information and Application on www.e-mfp.eu.
According to the last edition of “Microfinance Banana Skins”, it seems that the trend in risk management could be a big “back to basics” with the come back of more usual risks like credit risk and liquidity as biggest risks. And this is maybe an indirect confirmation of the convergence, also mentioned in the report, between the microfinance and the mainstream banking, taking into account the global financial sector situation.

The previous year workshop experience shows that if there is some awareness about risk management in the microfinance, a “silo” organization seems to remain the rule. For leading MFIs, this confirmation could be a good opportunity to think more transversally about this crucial reality. The lack of emphasis on integrated risk management leads frequently to contra-productive decisions due to the strong interaction between management areas. The trade-off between risks needs a global approach to really increase the risk reduction efficiency.

Integrated risk management methodologies are surely good topics to share between mainstream banking and microfinance, because for both environments, principles remain principles, but the way to implement them could vary. And this variation is clearly and only depending of right management decisions, and in this management area, no-decision is not an option. The lack of self-confidence in internal capabilities present in microfinance has to be eliminated with a clear emphasis on knowledge transfer. Building on this approach, the shape of the learning curve will probably surprise more than one “specialist”.

The Organisers

ADA

ADA is a non-governmental organisation (NGO) specialising in microfinance, a poverty-reducing tool that is particularly widespread in developing countries. It currently provides direct technical and/or financial support to microfinance institutions (MFIs) located in Africa, Asia and Latin America in order to help poor households work their way out of poverty. ADA has seven areas of action:

» Professionalisation: supporting MFIs in their developmental process, thereby promoting their independence, transparency and growth to ensure high professional standards.

» Innovation: experimenting with new microfinance products (micro-insurance, integration into the labour market of young people, remittance transfers, etc.) with a view to extending the range of products and services accessible to those southern populations that are excluded from the traditional banking system.

» Financing: reinforcing the financial resources of MFIs through loans, guarantees and investments, through the Luxmint programme.

» Publishing: producing and publishing technical publications intended for MFIs and focusing on microfinance “good practices”.

» Information: centralising information relating to microfinance and disseminating it to MFIs, donors, associations, professors, students, etc. and any interested person or organisation.

» Support-Advice: supporting public or private organisations/institutions in the development of their microfinance activities.

» Awareness: setting up awareness campaigns to kindle public interest in microfinance in Luxembourg.

For more information please visit www.microfinance.lu

The Financial Technology Transfer Agency (ATTF)

ATTF is a company created in 1999 by the State of the Grand-Duchy of Luxembourg and other institutions related to the Luxembourg financial sector in order:

» To meet requests for training and consulting in financial matters emanating from countries that have a proven need for the acquisition of financial knowledge.

» By providing technical assistance in financial matters and promoting Luxembourg as a Financial Centre to partner countries.

» By making the best use of the availability of Luxembourg public funding.

ATTF is a founding member of LuxFlag and a member of the European Microfinance Platform (e-MFP).

For more information please visit www.attf.lu
PRiM is the Luxembourg association for Risk Management Professionals which was founded on July 1st 1997. Members come not only directly from the risk management functions in the sectors of banking, insurance, audit and consulting, but also from a broad range of related functions such as compliance, internal audit or operational and general management.

The principal aims of this non-profit-making association are:

» To provide a Luxembourg-based forum for networking and exchange of information between professionals of the risk management world

» To explore opportunities for cooperation with other Luxembourg professional associations through conferences, joint working groups and other activities

» To contribute actively to the institutional and regulatory world in the Luxembourg financial sector though membership of commissions, working groups and other similar initiatives

» While retaining its original principal focus on the financial sector, to share experience and lessons with risk professionals from other industries

» To provide - in co-operation with the IFBL - risk management training in support of the industry-recognised GARP (Global Association of Risk Professionals) Financial Risk Management Program (FRM) and to seek to broaden this educational stream of activity in line with needs of risk professionals in Luxembourg

» To provide opportunities to learn of a broad aspect of risk issues through the organisation of conferences.

» To publish a quarterly newsletter on risk management issues.

For more information please visit www.prim.lu

ACEP - Senegal
Al Amana - Maroc
AMK - Cambodia
Enda inter-arabe - Tunisia
IFMR Capital - India
KWFT - Kenya
Middle East Micro Credit Company - Jordan
National Microfinance Bank - Jordan
Partner Microcredit Foundation - Bosnia & Herzegovina
SKS Microfinance Limited - India
Xac Bank - Mongolia
Thursday, November 26th

Arrival

18:30 – 19:30 Welcome drink at Mercure Grand Hotel Alfa

Friday, November 27th

08:30 Transfer from Mercure Grand Hotel Alfa to the Chamber of Commerce by City Bus

09:00 – 09:30 Welcome Address by ATTF/ADA/PRiM

by Mrs Anouk Agnès, Advisor, Ministry of Finance, Luxembourg

Practical information

by Mr Yves Mathieu, Seminar Coordinator, Coach of the project, ATTF Senior Expert

09:30 – 10:30 Lessons learned from previous experience

The experience of the first workshop organized in 2008 has been successful and it is a good opportunity to share with 2009 participants the different phases of the process: the workshop, the coaching on site, the remote follow-up, and the closing meeting.

by Mr Yves Mathieu

10:30 – 10:50 Coffee Break

10:50 – 12:20 Risk management positioning

Mainstream banking supervision is now risk based deployed, following Basel II regulation. How is it possible to take the “cream” of this framework to create real risk awareness in microfinance and how to deal with challenges this approach could generate? Risk based supervision approach is surely a good trigger to think about global or integrated risk management.

by Mr Yves Mathieu

12:20 – 13:40 Lunch
13:40 – 15:10  Corporate governance

The link between corporate governance and risk management is now evidence. The “story” starts at the highest levels of an organization. What are the rights and duties of key players?

by Mr Samuel Grand, Chief Risk Officer, ABN-AMRO Bank, Luxembourg, PRiM Member, Coach of the project

15:10 – 15:30  Coffee Break

15:30 – 17:00  Creation of a risk management function

Key success factors to succeed in an efficient risk management function are not numerous. The set-up of right information streams are on the top of the agenda. Which components of the risk management framework are essential to higher the probability to be successful?

by Mr Samuel Grand

17:00  Transfer from the Chamber of Commerce to the House of Microfinance by City Bus

17:30 – 18:30  Presentation of the House of Microfinance

Saturday, November 28th

09:00 – 10:30  Risk assessment and identification

Risk identification is the corner stone of the risk management process. The determination of benchmarks to verify the efficiency of risk strategies and tactics is a must to create the process foundation.

by Ms Karla Brom, Independent Microfinance Risk Consultant, USA

10:30 – 10:50  Coffee Break

10:50 – 12:20  Risk heat map exercise

A risk heat map is a powerful tool to prioritize risks to be managed in the right order. Severity and frequency are the key words of this approach, with quantitative and qualitative criterions.

by Ms Karla Brom

12:20  Lunch

Sunday, November 29th, 2009

Free

Monday, November 30th, 2009

09:00 – 10:30  Risk management strategies

Four major strategies are available to manage risks. How to avoid, transfer, accept and control risks and what are the major consequences of these different axes?

by Mr Thierry Lopez, Director, PriceWaterhouseCoopers, Luxembourg, PRiM Member, ATTF Senior Expert

10:30 – 10:50  Coffee Break

10:50 – 12:20  Risk management strategies (continued)

12:20 – 13:40  Lunch

13:40 – 15:10  Use of tools : case study

The gap between theory and practice is sometimes less important than expected. A case study will show how to practically deploy methodologies and tools presented during the workshop.

by Mr Yves Mathieu

15:10 – 15:30  Coffee Break

15:30 – 17:00  Use of tools : case study (continued)
Tuesday, December 1st, 2009

09:00 – 10:30 **Risk management tactics**

More and more, tools at the dimension of microfinance are available to mitigate risks. The cases of liquidity, funding risk and currency risk are examples to show that mainstream banking derivatives are not the unique tools to be used for this purpose.

*by Mr Giovanni Gentili, ALM Risk Officer, European Investment Bank, Luxembourg, PRiM Member, ATTF Senior Expert*

10:30 – 10:50 Coffee Break

10:50 – 12:20 **Risk management tactics (continued)**

12:20 – 13:40 Lunch

13:40 – 15:10 **External risk assessment**

How external stakeholders are assessing risks in microfinance, from donors to funds managers and from rating agencies to governments.

*by Mr Cyrille Arnould, Head of the Global Energy Efficiency and Renewable Energy Fund, European Investment Bank, Luxembourg*

15:10 – 15:30 Coffee Break

15:30 – 16:30 **Workshop conclusion and closing session**

Open session where participants, lecturers, coaches and other interested people can exchange points of view about the ATTF/ADA/PRiM initiative and the creation of the “risk management gateway” between leading MFIs and Luxembourg

16:30 Cocktail

Wednesday, December 2nd, 2009

Departure
**Accommodation**
Mercure Grand Hotel Alfa  (in front of the railway station)
16, Place de la gare
L-1616 Luxembourg Centre
Tel. (+352) 49 00 111
Fax (+352) 49 00 09

Each room is air-conditioned and equipped with bathtub/shower, mini-bar, telephone, television, free wireless Internet access.
For more information the hotel, see the website: http://www.accorhotels.com/accorhotels/fichehotel/gb/mer/2058/fiche_hotel.shtml

Accommodation (room charge, including breakfast) is covered by the Ministry of Finance. Please note that Internet, telephone, mini-bar and any other additional services have to be paid directly by yourselves at the check-out.

**Seminar venue**
Chamber of Commerce
7, Rue Alcide de Gasperi
Luxembourg-Kirchberg

**Meals**
The organizers will pay for all the breakfasts and all the seminar days lunches.

**Luxembourg Airport**
Arrival
Transfer from the airport to Alfa Hotel by a taxi specially ordered for you (the taxi driver will hold a board “Alfa Hotel” or “ADA/ATTF/PRiM”).

Departure
Transfer from Alfa Hotel to the airport by a taxi specially ordered for you.

**Transportation in Luxembourg**
At the beginning of the seminar you will get “short duration” bus tickets, allowing you to go every day from the hotel to the seminar venue, and back.
If you wish to travel in the city in your free time, you can use the bus lines network with:

» **short duration tickets**, valid for two hours and that can be bought in the bus (1.50 €). Book of 10 tickets = 12.00 € (to be bought at the city bus office or the railway station)

» **long duration tickets**, valid for one day (4.00 €, to be bought in the bus). Book of 5 tickets = 16.00 € (to be bought at the city bus office or the railway station)

» **weekend tickets**, valid on Saturday or on Sunday (6.00 € for up to 5 persons; only available at the city bus office or the railway station).

**Documentation**
The presentations of the workshop and any complementary information will be given to the participants during the programme (USB key).

We invite you to bring the annual statements and presentation (leaflet) of your organisation.

**Financial conditions**
The Luxembourg Ministry of Finance will pay for management fees, accommodation (night and breakfast), lunches on seminar days, transportation by taxi from/to the airport, transportation by city bus within the framework of the programme.

The participant will pay the tuition fees of 1000 €, the flight tickets, pocket money, internet, phone bills, dinners…

**Contact persons**
ATTF
Tel. (+352) 26 86 73 1
Fax (+352) 26 86 73 699

» Mr Yves Mathieu, External Project Leader
  Tel. (+32) 475 691 909
  E-mail: microfinance@attf.lu

» Mrs Josée Thyes, Administration & National Programmes Director
  E-mail: thyes@attf.lu
  In case of emergency (during the seminar’s week-end):
  Tel. (+352) 621 265 552

» Mrs Tisiana Baguet, Project Officer
  E-mail: baguet@attf.lu
  In case of emergency (during the seminar’s week-end):
  Tel. (+352) 621 143 888

ADA

» Ms Marilène Oberlin, Programme Assistant
  Tel. (+352) 45 68 68 35
  E-mail: marilene.ada@microfinance.lu

PRiM

» Mr Michael May, President
  Tel. (+352) 404 646 312
  E-mail: michaelmay@lu.hsbc.com