LIECHTENSTEINISCHER
ENTWICKLUNGS–
DIENST

“Financial Inclusion” strategy
2019 – 2022

Adapted financial services for poorer sections of the population

The “Financial Inclusion” strategy 2019-2022 was approved by the LED Foundation Board on 29 October 2018.

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A. Introduction

1. Why a "Financial Inclusion" strategy?

The term "Financial Inclusion[1]" refers to access to adapted financial services at a fair price for all people who were previously excluded from such services, for example because of their weak economic situation and lack of collateral. Financial inclusion helps to reduce poverty and inequality. Access to financial services is therefore mentioned in several sustainable development objectives as an important factor when it comes to achieving them.

Improved access to financial services such as microcredit, savings deposits, microinsurance and money transfers helps poor people to escape the poverty trap through their own efforts. They often have very irregular income. These financial products simplify the timing of income and expenditure, protection against loss of income and unforeseen expenses. They help people strengthen or diversify their economic activities. However, the effectiveness of this assistance is linked to access to knowledge, to technology, to infrastructure and to economic markets. The better the economic operating conditions, the more effectively microfinance can help people to develop their potential.

The LED operates with limited financial and personal resources. Supporting microfinance projects without focusing on a specific aspect would result in a highly diversified, incoherent portfolio. The "Financial Inclusion" strategy is designed to focus the use of resources. The clearer the profile of microfinance projects, the more likely it is that synergies can be exploited and mutual learning made possible. Financial resources can be deployed more effectively and efficiently and the profile can be raised amongst third parties by focusing on core issues. In addition, the strategy is intended to keep options open for co-financing with expert partners. This strategy provides an overview of the history, current developments and priorities of LED in the field of financial inclusion.

The "Financial Inclusion" strategy serves three purposes:

1. It provides guidelines for the support decisions of the LED.
2. It serves to coordinate cooperation with implementing organisations and other donors.
3. It serves as a tool to present the LED's approach in the field of financial inclusion to the wider public and partner organisations.

[1] The original microcredit concept has developed to become microfinance. That is to say, in addition to the provision of loans, other basic financial services such as savings products or insurance policies are also made available. "Financial inclusion" is even wider-ranging. Everyone should have access to financial services in all countries, including older people and people with disabilities, provided not only by microfinance institutions, but also by a wide range of NGOs, private and public providers. However, the term "financial inclusion" does not have a clear-cut definition. Microfinance covers a specific segment of disadvantaged populations that have access to adapted services and is the very core of financial inclusion. This is why this strategy uses the term microfinance in addition to financial inclusion.

2. Embedding in the LED mission statement

The “Financial Inclusion” strategy explains and details the goals of the LED mission statement, in which the LED commits itself to work for a world in which all people can meet their fundamental needs. Access to financial services for all helps to reduce poverty and is an important criterion for economic development. Microfinance supplements the LED’s priority sectors, education and rural development and, by focusing on services for women, makes a material contribution to the cross-cutting topics of equality and social justice.

3. Means for implementation

Financial resources: LED uses approximately 5-10% of its available financial resources to provide support in the field of financial inclusion. A well-chosen portfolio of microfinance projects should successfully position the LED, ensure appropriate visibility and forms the basis for an internal LED learning process.

Personnel resources: The LED promotes the development of internal expertise and networking with key stakeholders in the field of financial inclusion at the European and global level. This is done on the one hand by supervising the projects and on the other by participating in subject-specific events. These promote the exchange of information, project acquisition and relationship management as well as the sharpened outside perception of the LED. Personnel resources for this field are limited to no more than 30% of a full-time position of employment.

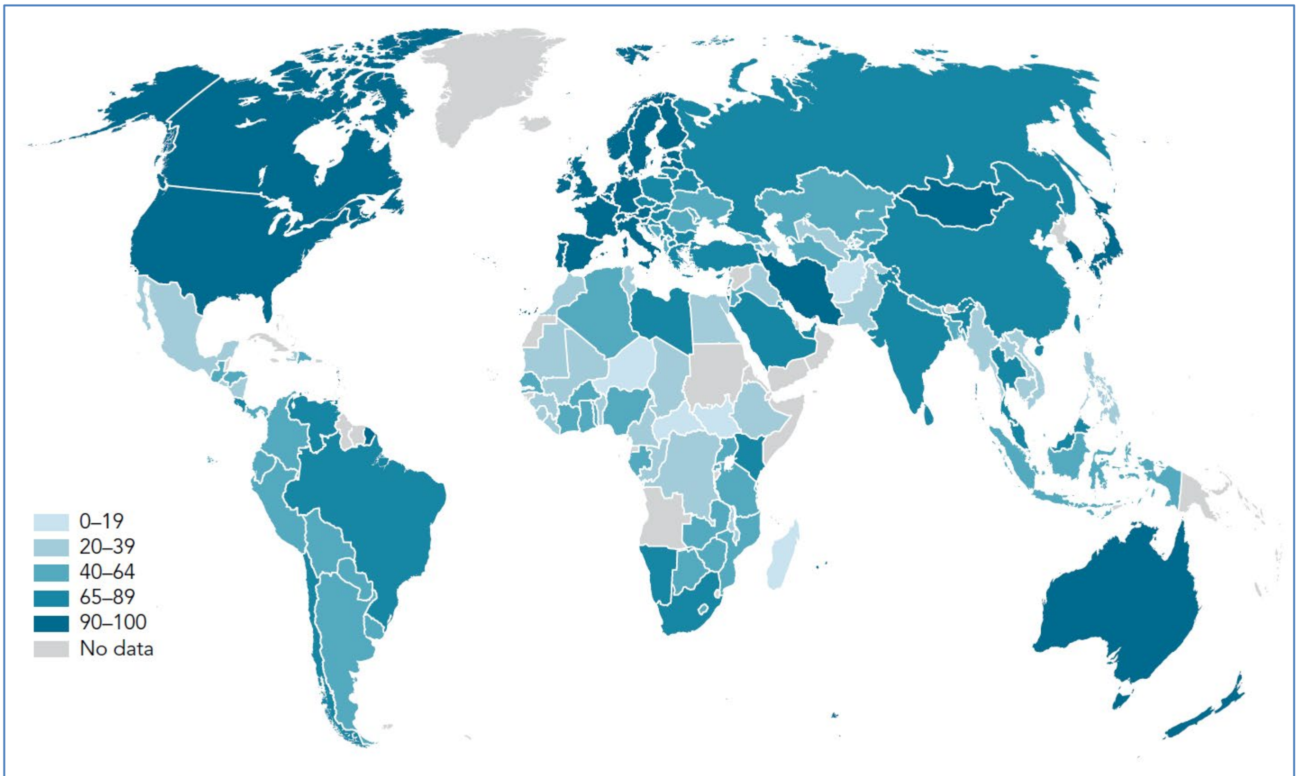
B. Starting situation and context

1. The problem: Lack of access to financial services

Tremendous progress has been achieved in recent years. Between 2014 and 2017, 515 million people opened a bank account with a microfinance institution (MFI) or through a “mobile money” provider. Despite this, about 30 percent of the adult global population, that is to say around 1.7 billion people, do not have access to formal financial services.[2] Particularly in rural areas, over 90 percent of the population often have no access to formal financial services.[3] They are forced to turn to the informal sector, and for this reason are often dependent on credit intermediaries or even “loan sharks”. The reasons for limited access to formal financial services are many and varied: lack of collateral, no legally valid ID, no knowledge of savings accounts, insurance and loans, poor literacy skills, difficult geographical conditions and lack of infrastructure. Without access to savings accounts, the poor are also unable to build up financial reserves. They are also hit particularly hard by crop failures and natural disasters, as they have no access to insurance. A functioning financial sector is of crucial importance for the economic development of structurally weak, mostly rural regions.

[2] Word Bank Group: “The Global Findex Databasse 2017”, Demirgüç-Kunt, Klapper, Singer, Ansar, Hess.

[3] DEZA: “Finanzsektorentwicklung”, https://www.eda.admin.ch/deza/de/home/themen/privatsektorentwicklungundfinanzdienstleistungen/finanzsektorentwicklung.html, 14.09.2018



The level of access to a bank account differs greatly around the world: Number of adults with a bank account in percentage terms (2017)

2. The solution: Microfinance

a. Euphoria

Although the microfinance concept is not new[4], it was only in the 70s that it was recognised by Prof. Mohammad Yunus as an instrument of development policy. Yunus developed a system of "social securities" through group loans: People who needed a loan formed groups of five to ten individuals. If one member had difficulty repaying the loan, the others were required to step in. The system demonstrated that the poor are creditworthy. Because banks refused to grant loans to poor people without collateral, Mohammad Yunus founded his own bank in Bangladesh, the Grameen Bank. This gave an enormous boost to the global microcredit movement. The year 2005 was named the Year of Microcredit by the UN. In the year 2006 Mohammad Yunus was awarded the Nobel Peace Prize for his efforts to give poor people access to capital. In 2008 Muhammad Yunus gave a lecture on "Social Business for Better Capitalism" as part of the Liechtenstein Dialogue at the University of Liechtenstein.
The Grameen model was copied all around the globe. Today over 10,000 institutions offer microcredit worth over USD 110 billion for around 140 million people[5]. The microcredit movement has led to a microfinance sector.
Few development policies have experienced such a boom over the past decade as microfinance. One of the reasons for this resounding success was the great popularity of microfinance, even amongst liberal and

[4] "The basic principles can be traced to 15th and 16th century Nigeria. Poor individuals came together to finance projects jointly. In practical terms, the idea of jointly having better access to financial services or jointly tackling major financial challenges is a result of the considerations of the poor themselves. Even before Friedrich Raiffeisen set up the first formal savings and loan association in Germany in 1848, the first savings bank was established in Hamburg in the year 1778. The founders were wealthy merchants who wanted to find new ways to reduce poverty as well as to prevent it." (except from the work „Mikrofinanzierung als Anlageklasse für nachhaltiges und ethisches Investment" by Christoph Heise)
[5] Convergences World Forum: "Microfinance Barometer 2018", 03 September 2018

conservative lenders. Because microfinance is not charity. It follows strict economic principles. Thanks to the profit motive of stakeholders operating freely in the market, all human needs should be met.

b. Sobering developments

For many years, microfinance was touted as a miracle weapon against poverty. Access to credit was to solve the widest possible variety of problems facing people in developing countries. The realisation that even poor people repay loans reliably led to enormous growth in MFIs in certain countries. Investments in microfinance funds proved to be an interesting investment for portfolio diversification with a low level of risk: a win-win situation for debtors and lenders. However, the financing was provided by foreign investors and not on the basis of mobilised local savings, which provided incentives for rapid expansion. Rash lending by low-skilled employees led to massive over-indebtedness in many households, and also to more and more loans being taken out in order to be able to pay the instalments on previous loans. There were increasing reports in the media of scandals involving abusive practices by microfinance institutions, which drove people into over-indebtedness and even suicide.

This hit microfinance’s reputation and the sense of euphoria evaporated. Critics said that the original good idea had been abused. Profit-oriented investors were said to be posting huge profits at the expense of the poor. In fact, it was claimed, microfinance was redistributing money from the bottom up.

3. Strategy shift

As the above suggests, a shift in strategy was urgently needed. Today, there is a consensus that the focus on loans was one-sided and problematic, and that savings, insurance and payment services are at least as important. In order to avoid over-indebtedness, the recipients of microcredit need to be carefully selected, trained and overseen. The borrowed funds need to be invested and not consumed. In addition, there is a need for credit bureaus[6] that manage the information about clients, and by this means are able to prevent duplicate lending.

Not only was the microfinance sector unable to fulfil the media promise of reducing poverty, its social function was also questioned. To avoid such crises in future, borrowers and their needs have to be placed at the centre of attention once again. Microfinance services provide risk protection and access to capital and can thus improve the lives of poor people, although over the long term and in small steps. Microfinance remains an important component when it comes to providing people with greater economic security and independence in choosing their financial service providers.

[6] Information about credit bureaus in the Appendix 1 “Definitions”.

4. Financial and social sustainability

Operating in accordance with economic principles is central to the sustainable functioning ability of MFIs. Like any private sector enterprise, the microfinance sector needs to be able to generate profits in order to be able to offer clients suitable products and services in the long term. The cost of providing the services needs to be passed on to clients. Microfinance does not give clients something for nothing. Instead, it offers a service – and that is a very important distinction.

But if microcredit is to contribute to development and greater equity, social responsibility, poverty orientation and professionalism need to take precedence over maximising profits.
For this reason, social performance needs to be considered in addition to financial performance. The social performance is an important component, and is an essential part of the development cooperation and of social investment. It is not the case that financial and social aspects are opposing forces. MFIs that attach particular importance to social performance are often also very successful financially, as they tend to pay greater attention to the needs of their clients.[7]

Against the backdrop of negative developments in the microfinance sector, in recent years many well-known players have joined forces to strengthen the social side of microfinance. Working together, they define how the social benefits of microfinance are to be measured and documented. These standards need to be constantly adapted in accordance with ongoing developments. It is important to maintain a form of social accounting in addition to financial accounting, because only what is measured is actively managed. In the microfinance field, this "social accounting" is known as "social performance" (in contrast to "financial performance"). Only if social performance is also taken into account, e.g. if loans are offered at reasonable and transparent interest rates, can microfinance make a real contribution to poverty reduction. This includes communicating basic financial facts to borrowers and strict compliance with client protection guidelines. It is also important that the market is state-regulated and that the state creates the necessary economic operating conditions (including the establishment of national credit bureaus).

5. Impact of microcredit

Numerous studies have documented the positive impact of microcredit, that is to say the improvement in the standard of living of microfinance borrowers and their families[8]. Nevertheless, there are also analyses that conclude that there is no robust evidence for the poverty-reducing effects of microcredit and that it is not microcredit but instead microsavings that contribute to poverty alleviation. Critical voices often argue that microcredit does not increase income in the long term, but only temporarily creates a little more leeway. It is important to bear in mind that the effect has different dimensions. The increase in income is not the only parameter that needs to be considered. The social impact, such as child school attendance, the purchase of better food and improvements to houses also need to be considered. In addition, microfinance operates in a complex environment. For example, improvements or deteriorations in income are often dependent more on the weather (harvests) than on credit. The guiding principle for the granting of microfinance loans cannot therefore be their effectiveness alone. Instead, a human rights principle, namely that everyone should have the right to access financing, including insurance, and that this is not reserved for us alone, must be paramount. This principle is in line with the LED mission statement, which calls for greater social justice and a world in which women and men can take their destinies into their own hands.

Nevertheless, it is important to note at this juncture that on the one hand the importance and on the other hand the difficulty of assessing the effectiveness of the Social Performance Task Force (SPTF), the global association for strengthening the social side of microfinance, is well known. It has for this purpose

[7] Bédécarrats, Baur, Lapenu: "Combining social and financial performance: A paradox?", CERISE, 2011
[8] Florent Bédécarrats, "L'impact de la microfinance : un enjeu politique au prisme de ses controverses scientifiques", Mondes en développement (158), 2012, pp. 127-142.

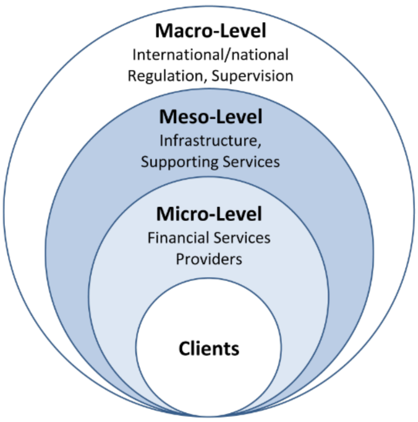
established the "Outcome Working Group"[9]. The social benefit of microfinance is neither definitively, nor entirely precisely measurable. Social reality is too complex for that. But this does not mean that the social benefit should remain merely an assertion without an empirical basis. There are certainly instruments that document social orientation and performance and highlight the potential for improvement. In a pilot project conducted in Peru, the SPTF, together with various MFIs, tested some of the indicators recommended by the Outcome Group. The findings are expected to be published on the SPTF website by the end of 2018.

C. The focus of strategy and implementation

This paper was based on the LED Microfinance Guideline 2015-2018. The projects supported to date have been analysed (see Appendix 2) and new developments in the microfinance sector have been taken into account.

1. The focus at the intervention levels

Intervention is subdivided into four levels: At the client level, people are supported directly, e.g. by disseminating basic financial knowledge and the formation of self-help groups. At the micro level, the focus is on project services for the benefit of individual MFIs, which aim inter alia at expanding financial products or adapting existing products to meet client needs. The meso-level includes inter-company organisations (industry associations, umbrella organisations, networks, training companies, credit bureaus) that support not individual MFIs but instead the entire sector. The macro level refers to international and state regulations (legal and banking systems).



a. Client level (target population)

The LED ultimately serves economically and socially disadvantaged people in developing countries. Not only are poor people excluded from financial services in many countries, but also people with low or irregular income. The LED aims to include the poor population as comprehensively as possible. At the same time, however, the focus on the particular client segment is solely a matter for the respective MFI. This is because focusing exclusively on (extremely) poor people can represent a financial risk. MFIs often serve a range of people with different economic needs and opportunities.
Savings and loan groups offer an alternative approach to providing access to basic financial services, even to populations living in very remote areas without MFIs. This model is an excellent way of providing an introduction to financial services, as it disseminates basic financial know-how.

Objective: Access to financial services and the dissemination of basic financial know-how

Beneficiaries: Proactive women and men from villages and small to medium-sized towns who wish to build up an income-generating activity.

[9] Social Performance Task Force, Outcome Working Group: https://sptf.info/working-groups/outcomes, 14.09.2018

Form of support: The establishment of self-help groups, so-called savings and loan groups, enables individuals and groups who otherwise have little access to financial services, or only at very high prices, to realise their own economic plans. In this model, the beneficiaries grant loans to members from their own savings. The groups receive general education on financial matters from local trainers from the respective villages. This not only makes them recipients of loans, but also promotes an economic and entrepreneurial mindset. Through their own resources, they gain access to basic financial services and can develop income-generating activities and improve their household income over the long term. In recent years, savings and loan groups have been successfully linked to MFIs.

b. Micro level

The term MFI covers a wide range of financial service providers, from savings and credit cooperatives and NGOs to village and micro banks. MFIs offer financial services to people who are not served by conventional banks. These services are often offered under difficult operating conditions. Good MFIs are essential when it comes to offering tailored financial services at a fair price.

Objective: More MFIs with a good performance, whereby financial and social performance complement each other.

Beneficiaries: The LED does not prefer any specific legal form of MFIs. However, support focuses on those MFIs that have adapted structures at the administrative and operational management level, are open to change and have sufficient development potential.

Form of support: MFIs operate in the financial service providers market. Accordingly, the support financed by the LED is based on the principles of private sector development (as little market distortion as possible, by supporting individual, previously defined market operators). Support for individual market participants may be legitimate for a particular segment of operators (e.g. small and medium-sized MFIs or MFIs with a particular client focus), but should in principle be open to all market operators within that segment. Technical cooperation and capacity building, i.e. the development of local know-how, are central elements of support measures at the micro level. So-called “upscaling”, that is to say transformation into a bank, can also be supported. This is because national regulations often require a banking licence before savings deposits can also be made. On the one hand, this offers poorer sections of the population the opportunity to keep their money safe, and on the other hand it reduces the dependence of MFIs on foreign investors. Traditional banks are also beginning to serve clients that they had previously ignored. However, the LED does not support the so-called “downscaling” of banks. These often already have the financial resources they require for this purpose.
Mergers of MFIs to strengthen institutional capacities and professionalisation can be supported, though. Bigger MFIs find it easier to achieve a good financial and social performance. Cost efficiency can often also reduce the level of interest rates.
The establishment of new MFIs is only supported in well-founded and exceptional cases.

c. Meso level

At the meso level are all service providers and institutions that support and facilitate the activities of the MFIs. These often operate nationwide, regionally or internationally.
These institutions form important foundations for the healthy development of the microfinance sector. Support at the meso level does not benefit individual MFIs, but instead supports the microfinance sector as a whole (e.g. better operating conditions for microfinance; development of binding standards for industry associations and umbrella organisations in fields such as client protection or "green microfinance"; identification and dissemination of innovative business models). Technical cooperation as well as training and further training are particularly important.

Objective: The aim of interventions at the meso-level is to optimise and expand services for MFIs, to improve the working environment of MFIs and to strengthen activities in the field of social performance.

Beneficiaries: Operators who work in the following fields:

i. Greater transparency and improved management
ii. Technical support, training and further training, as well as (local) research institutions
iii. Networks and lobbying: Associations and MFI networks

Form of support: Support for operators at the meso-level can vary widely, ranging from technical cooperation to the purchase or subsidy of services through to institutional support. Whenever appropriate, existing structures are supported/used instead of creating parallel structures. Particular support is directed towards building up local resources. Investing in operators at this level can be very effective, even if the results are more difficult to present and communicate.

d. Macro level

The framework conditions, that is to say the statutory requirements, the regulation of the market and its supervision are important functions of the state. A financial market strategy supported by the state and the financial operators is also required. They are prerequisites for microfinance to develop well. This means many large donors are rightly active at the macro level.

2. Thematic approach

There are no restrictions when it comes to subject matter. All activities that are suitable for achieving the main objective can be supported: tailored financial services at a fair price and for as many people as possible who were excluded from such services due to their economic weakness. Particular attention is paid to one topic, however:

Savings: The LED supports relevant activities at a variety of levels. In addition to the opportunity to take out a loan, disadvantaged sections of the population also need to have access to savings accounts so that they can keep their money safe. Saving means an improvement in the economic prospects of the clients, and at the same time provides a degree of insurance against loss of income and fluctuations.

Current trends in microfinance are outlined here, although these are not the focus of the LED:

Mobile banking: These are financial transactions that can be carried out via a mobile phone, sometimes even without a regular bank account. Mobile banking can help reduce costs and boost the efficiency of MFIs. Many microfinance clients live in very remote areas that are often difficult to access. This new form of financial service simplifies the repayment of the instalment for borrowers as well as for employees of the MFIs[10]. In future, mobile banking will become much more important and in some cases will replace

[10] MikrofinanzWiki: „Mobiltelefon-Banking": https://www.mikrofinanzwiki.de/ueber-mikrofinanz/aktuelle-entwicklungen/financial_inclusion/mobiltelefon-banking, 14.09.2018

traditional microfinance institutions. In this field, major international telecommunications companies are often active in cooperation with banks, which are primarily interested in profit. Client protection is particularly important here. It is important to ensure that one of the great advantages of microfinance, personal contact with clients and the provision of advice, is not lost. While the LED does not focus on mobile banking, is supports the activities of partner organisations that deploy mobile banking as a support measure to provide access to microfinance services.

Micro insurance: Poor households in developing countries are more strongly exposed to risks such as natural catastrophes, illness or accidents. Micro insurance can prevent fluctuations in income brought about by loss events. The companies active in this field are almost exclusively large, internationally active insurers and reinsurance groups.

3. Geographic focus

Projects at the country level are limited to the LED's priority countries. However, international projects are also possible, both at the micro and at the meso level. The need to support the microfinance sector in Africa is a particular concern of the LED. For selected topics, supraregional or global projects can also be supported.

4. Cross-cutting issues

Town/country: As with its overall strategy, the LED also prioritises rural regions in its support for microfinance. The focus on entrepreneurial principles remains unchanged.

Gender: Microfinance is a sector in which women play an important role. As a rule, gender aspects are given proper consideration in microfinance projects. With each new project, the LED checks whether sufficient attention is being paid to the issue of gender equality and, if necessary, demands that this is done.

Environment: The sustainable use of natural resources is a cross-cutting issue of all LED projects. Ecological considerations need to be incorporated into the decision-making processes for microfinance projects ("green microfinance": e.g. special loan products to facilitate access to solar energy, solar pumps or investments in agroforestry).

5. Information and public relations work

Aid organisations and committed individuals are informed by the LED about microfinance and the opportunity to provide support in this field. Microfinance is a regular focus of the general public relations work of the LED (article in Blickwechsel, lectures etc.).

6. Analysis of the existing project portfolio[11]

The projects that have been supported to date and currently by the LED are in line with the strategy. At present, the majority of the funds (approx. 65%) are used for projects at the micro level.

[11] See Appendix 2

7. Outlook

Pursuant to this strategy, in order to achieve the maximum possible effect with the limited resources of the LED, resources should be used primarily at the micro and meso level. Support at the client level is not excluded, but is only supported if this complements LED projects in the priority sectors of education and rural development in the form of supporting measures to achieve the broader objectives. The LED does not operate at the macro level.
The provision of access to credit and savings opportunities remains an important part of LED's microfinance activities. The topic of "social performance" is to be given special emphasis with the support of projects at the meso level. By making a contribution at this level, the entire microfinance sector can be developed and strengthened. Promoting transparency in the field of microfinance helps to strengthen further the social aspect of MFIs, and increases the focus on the benefits for the clients of the financial service. Abusive practices need to be actively countered. It is important to inform and to keep investors updated. Microfinance is not a good thing per se, but only if the needs of clients are kept at the focus of attention. Support at the meso level has a wide-ranging impact. This is demonstrated inter alia by the "social audit tool" ALINUS of CERISE (an organisation supported by the LED during the years 2010-2015). In the interim, this is deployed by 15 leading microfinance investors (Oikocredit, Blue Orchard, Deutsche Bank, BNP Paribas etc.).

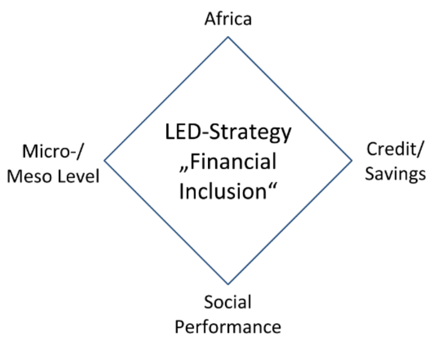
By supporting initiatives at the meso-level, the LED is positioning itself as a responsible donor at the international level. This makes sure that the LED maintains a high profile.

Memberships: The European Microfinance Week in Luxembourg, organised by the European Microfinance Platform (e-MFP), and the Annual Meeting of the Social Performance Task Force (SPTF) are the most important events for the LED in the field of microfinance. On the one hand, membership fees help to support the financial sustainability of these organisations. On the other hand, the membership brings a number of benefits (voting rights, opportunity to discuss issues, participation in workshops, discounts for the events etc.). By this means, LED is thus seen as an active contributor towards financial inclusion.

8. Strategy overview

Level	Region	Services	Performance
clients	Africa	Credit	Financial
Micro	Latin America	Savings	Social
Meso	Eastern Europe	Insurance	
Macro	Asia	Transfer benefits	

The LED is involved in the fields highlighted in light blue



Appendix

Appendix 1 – Definitions

Microfinance institution
A microfinance institution (MFI) is an enterprise that is run in accordance with economic principles – whereby both the financial as well as the social performance are relevant criteria. As financial services providers, MFIs are part of a market for financial services.

Credit bureau / credit registration
National credit bureaus collect information from all borrowers of the various financial service providers in order to prevent a client from applying for a loan from several institutions at once. A national credit bureau can be a useful instrument when it comes to helping to prevent over-indebtedness amongst clients.

Client protection principles
The SMART Campaign has defined seven principles on the topic of client protection. These include the avoidance of over-indebtedness, transparent and responsible pricing, appropriate debt collection practices, ethical behaviour of staff in financial institutions, professional complaints management and the protection of client data. Over 2,000 microfinance institutions, networks, associations, investors, donors and individuals have so far signed the Client Protection Principles (CPP). They have undertaken to promote the implementation of socially responsible standards and practices throughout the microfinance sector.

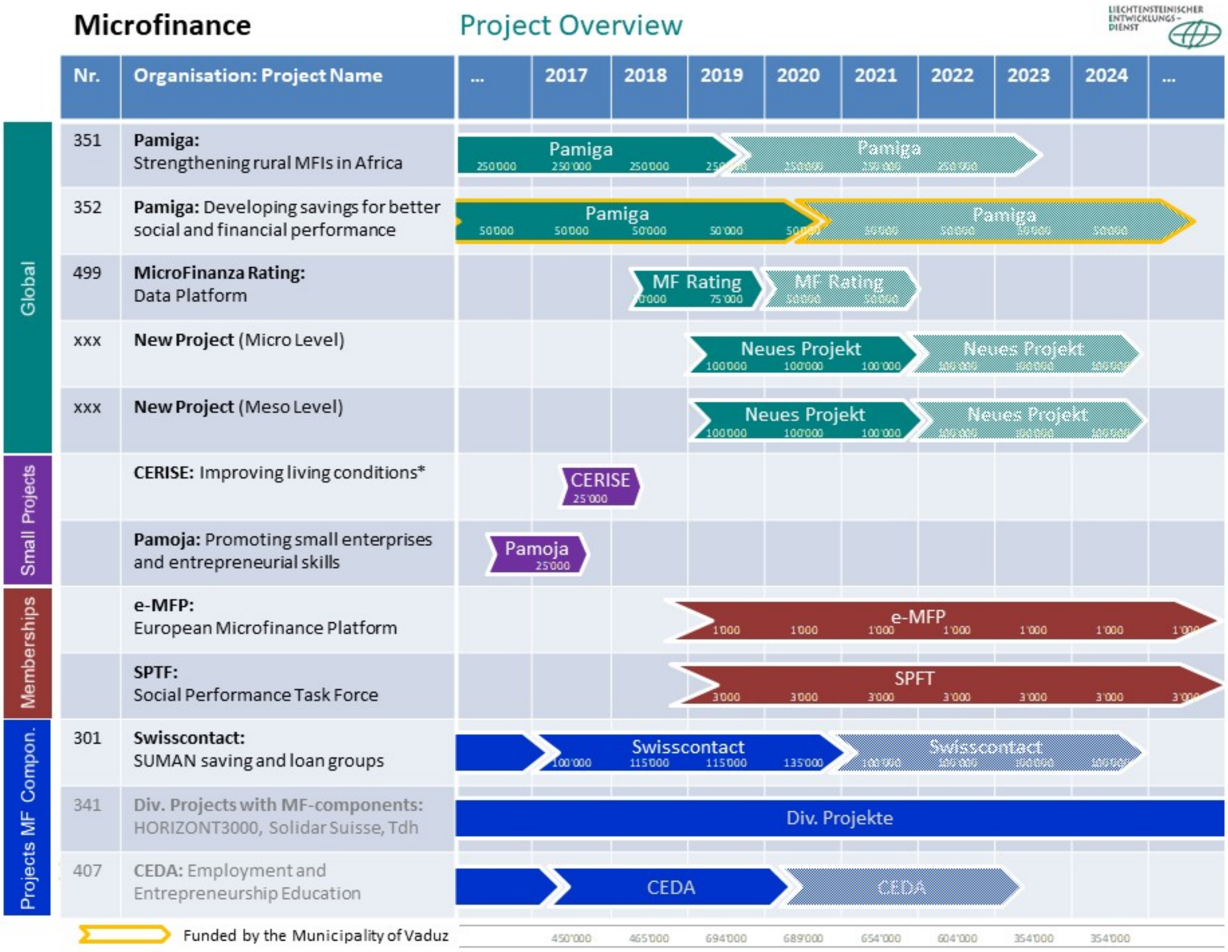
Social performance management
With the rapid growth and commercialisation of the sector, critics have become increasingly voluble. The original "social mission" has been overlooked, it is said, and the focus is now only on profit. Experts in the fields of research and practice are responding to this criticism by developing improved methods for impact analysis and implementing management approaches that aim to maintain a balance between "financial performance", i.e. financial sustainability and "social performance". Social performance means the direct implementation of the social objectives of an institution in practice, such as e.g. providing access to as many people as possible who have previously been excluded from the financial system, tailoring financial services to meet the needs of poorer members of the population, etc.

In order successfully to translate the social mission into reality, an MFI needs to define its social goals precisely and must assess products and services using measurable indicators.
Social performance management (SPM) refers to the entire system that enables an MFI to monitor and improve its social performance.

In recent years, various methods and specific instruments have been developed that can facilitate the introduction and implementation of an approach of this nature. This means MFIs, with the help of the social performance indicators (SPI4) provided by CERISE, can analyse the extent to which their existing corporate structure and activities are helping to achieve their social objectives.[12]

[12] Mikrofinanz Wiki, http://www.mikrofinanzwiki.de/ueber-mikrofinanz/aktuelle-entwicklungen/social-performance-management/

Appendix 2 – Overview of the LED Project Portfolio in the Field of Financial Inclusion



Appendix 3 – 17 Goals of the UN Agenda 2030 for Sustainable Development

A functioning financial sector with money transfers, credit and savings opportunities and insurance is crucial for economic development and a central development policy objective. The sustainable development goals adopted by UN member states in September 2015 explicitly take this into account. Sub-objective 1.4., for example, demands that all persons, and in particular the poor, should have access to financial services by 2030. Sub-objective 9.3. requires in particular that small enterprises should have access to financial services, such as e.g. loans.[13]

Access to financial services is mentioned in the following objectives/sub-objectives:

No poverty
1.4 To ensure by 2030 that all men and women, in particular the poor and weak, have the same rights to economic resources as well as access to basic services, property ownership and control over land and other forms of assets, inheritances, natural resources, appropriate new technologies and financial services, including microfinance.

No hunger
2.3 To double the agricultural productivity and incomes of small food producers, especially women, indigenous peoples, family farms, livestock farmers and fishermen, by 2030, including through secure and equitable access to land, other production resources and equipment, know-how, financial services, markets and opportunities for value creation and non-farm employment.

Gender equality

[13] KfW Entwicklungsbank: „Entwicklungspolitik Kompakt“, https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Development-Research/2015-11-12_EK-Finanzsektor-und-SDG.pdf

5.a To implement reforms to give women equal rights to economic resources and access to property ownership as well as control over land and other assets, financial services, inheritance and natural resources, in accordance with national legislation.

Humane employment and economic growth
8.3 Promoting development-oriented policies that support productive activities, the creation of humane employment, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro, small and medium-sized enterprises, including through access to financial services.
8.10 Strengthen the capacity of national financial institutions to promote and expand access to banking, insurance and financial services for all

Industry, innovation and infrastructure
9.3 Increase access to financial services, including affordable credit, for small industrial and other enterprises, particularly in developing countries, and their integration into value chains and markets

Appendix 4 – Sources/further links

Global Findex Database, World Bank, https://globalfindex.worldbank.org

CGAP (Consultative Group to Assist the Poor), www.cgap.org

Convergences World Forum, Microfinance Barometer 2018, www.convergences.org/en/

Mikrofinanz Wiki, www.mikrofinanzwiki.de

DEZA (Directorate for Development and Cooperation), https://www.eda.admin.ch/deza/de/home

Social Performance Task Force, www.sptf.info

Smart Campaign, www.smartcampaign.org

CERISE, www.cerise-microfinance.org

KfW Entwicklungsbank, www.kfw-entwicklungsbank.de

MIX Market, www.themix.org/mixmarket

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