Development of The European Code of Good Conduct (CoGC) for Microcredit Provision

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Background...

- Gradual shift as MFIs professionalised to move away from subsidy to more sustainable approaches
- Today over 50 guidelines and manuals and there are several specialised MFI rating systems
- In 2004 G8 endorsed Key Principles of Microfinance: MFIs should be financially self-sustaining and disclose and measure performance
Towards a CoGC for Microcredit Providers in EU

• In 2007, Commission adopted communication “A European initiative for the development of micro-credit”

• Communication identified priority actions:
  – Improve legal & institutional environment for microcredit
  – Improve climate employment & entrepreneurship
  – Promote best practice in sector
  – Provision finance capital for non-bank MFIs

• Developing “code of good conduct” covering governance, management & client relations identified as priority in promoting best practice
Development of the CoGC

- Code drafted by University of Salford in liaison with European Commission
  - Selected through tendering process
- Developed through extensive consultation and based on best practice:
  - Review best practice
  - Stakeholder consultation
  - Piloting
<table>
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<tr>
<th>Best practice</th>
<th>Consultation</th>
<th>Piloting</th>
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<tbody>
<tr>
<td>Review 60+ international standards &amp; frameworks</td>
<td>Initial EC workshops 7 stakeholder workshops Consultation with trade bodies Online consultation Drafts sent out for review</td>
<td>Code piloted by 14 MFIs across 11 EU countries</td>
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<td>Advice &amp; input from leading experts</td>
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European CoGC for Microcredit Provision

1. Customer & investor relations
2. Governance
3. Risk management
4. Reporting standards
5. Management Information Systems
Thank you

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