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Special High-level meeting on Coherence, coordination and cooperation
in the context of the implementation of the Monterrey Consensus,
including new challenges and emerging issues

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Roundtable on New initiatives on financing for development

About the World Savings Banks Institute (WSBI)

The World Savings Banks Institute (WSBI) is the global voice of savings and retail banking and brings together 109 savings and socially committed retail banks and/ or their national associations from 92 countries.

Members share a strong focus on retail customers, SMEs and local authorities as primary target markets. They are decentralized organizations that enable them to provide regional outreach, and they adopt a socially responsible approach to business and to society in general.

WSBI represents the interests of its member banks with national, regional and international financial institutions and stakeholders, on a broad range of bank related issues. It also provides technical assistance and training services, facilitates their international cooperation across borders, and helps the development of their market positions. One of its top policy priorities is to enlarge the access to financial services for the widest part of the population and for entrepreneurs, worldwide.

WSBI, a key platform for the development of business partnerships between North and South member banks

Building partnerships between developed and developing countries, with a view to introduce innovative ways of raising finance for development, seems indeed a promising route. We understand that public authorities, at government level, have already initiated such projects. But we think that it can certainly be successfully strengthened by convergent, complementary and supportive actions developed at business level.

WSBI member banks come from all regions of the world, both from mature economies and developing countries and the WSBI network is therefore an ideal scene for the development of partnerships between banks from the North and banks from the South. WSBI is indeed keen to promote cooperation opportunities between its banks and enable them to partner on a bilateral or multilateral basis to exchange experiences and know-how or to develop business solutions and flows.



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Optimising the use of migrants remittances

Needless to say that remittances represent a growing source of finance for development and investment that generates sustained growth. This has evidently many implications for the receiving economies, and how they develop. Remittances may directly influence the structure and growth of imports and exports and the speed of urban or rural development. They might also affect demographic patterns, education, health and social security issues.

It is therefore of paramount importance to encourage flows via the formal financial system, through the creation of an enabling environment and of conditions for adapted, affordable, speedy and safe transfers, accessible to the largest number of people.

But beyond this, and because of their benefits for the local communities, it is also crucial to optimise the conditions in which the remittances can be used, and maximise their impact on improving living standards in the migrants' home regions, on a long-term basis. They need to be turned into an innovative instrument to finance the development of the country of origin, in a sustainable and productive manner.

Introduction of co-development savings accounts in France

In France, the government is implementing a "co-development" policy, which considers migrants as developing agents for their countries of origin. The idea is to help them, collectively or individually, to support their communities of origin by transferring funds which are earmarked for long-term economic or social purposes, instead of short-term consumption.

This approach has led to the creation by law, in July 2006, of a "co-development savings account". For its implementation, the French WSBI member, Groupe Caisse d'Epargne was the 1st banking institution to sign a partnership agreement with the French government last September, to distribute the account.

Basically, the co-development savings account offers nationals of developing countries, resident in France, the possibility of enjoying tax reliefs on their savings provided that the sums deposited on these dedicated accounts are reinvested in their countries of origin, for economic development purposes like property investment, be it commercial, business or rental of real estate; investment to support the launch of a local business; funding of microfinance activities etc.

A list of 54 eligible countries has been established, with a potential interested population of 1,4 million individuals.

In addition to this partnership with the French government, the Groupe Caisse d'Epargne has also entered into a partnership, through the WSBI network, directly with the banking institutions of a key segment of the targeted developing countries: countries of West Africa (Sénégal, Côte d'Ivoire, Bénin, Togo, Burkina Faso, Niger) who have a large diaspora living in France. This direct bank-to-bank relationship will be a key for progress, especially for the bancarisation of the family and households in the home country, for the smooth transfers of the funds and for the investment itself.

Investing in Entrepreneurship in Ecuador and Colombia: the Rétale Project

In 2004, the Spanish savings bank Caixa Catalunya through its Fundation "Un Sol Mon" launched the Rétale project, a co-development experience whose aim is to support Ecuadorian and Colombian migrants in Spain, who wish to invest in a productive activity in their home countries by



creating or expanding a small business. The project began first in Ecuador, and was extended to Colombia last year.

Rétale targets two types of migrants: those who want to return to their country and set up their business, and those who would like to stay in Spain but wish to set up a business for their families in their country of origin.

The savings bank and its foundation provide the following services:

- guidance on developing a business plan by expert consultant entities in Spain and Ecuador or Colombia.
- financing for the business with a microcredit from the savings bank (when the entrepreneur stays in Spain) or one of its local partners in Ecuador or Colombia (when the entrepreneur decides to return).
- business advice is also provided for the implementation of the business plan and the follow-up.

The results of the project have, since it started in 2004, elicited more than 500 applications, more than 100 business plans to be implemented. 45 businesses have been set up, creating employment for approximately 149 people. 90% of the businesses created are still active.

Support and incentives for investments in productive activities in developing countries

Channel the investments of retail clients to the benefit of microfinance programmes in developing countries

ASN-Novib Fund is a good example of an innovative programme developed from the “North” to support development in the “South” and directly accessible to the retail clientele. ASN Bank is a subsidiary of WSBI member in the Netherlands, SNS Reaal. Its Novib Fund makes capital available to financial institutions (MFIs, savings and credit cooperatives, banks and investment funds) in Africa, Asia and Eastern Europe to provide credit to small-scale entrepreneurs with economic opportunities but limited access to financial services. At the same time, it offers retail investors, in the Netherlands mainly, the chance to contribute in a tax efficient way to combating poverty by financing small scale businesses in developing countries.

Join forces to enhance support to microfinance activities in the South

ASN-Novib Fund is of course not an isolated initiative in Europe. European-based institutions with similar activities in developing countries have decided in 2006 to launch the European Microfinance Platform (e-MFP). Today, it brings together about 80 European institutions with various backgrounds (banks and financial institutions, government agencies, NGOs, consulting firms, researchers and universities), and which like ASN-Novib Fund are actively involved in microfinance activities in developing countries.

The main objective is to provide a platform for a variety of stakeholders, all interested to promote microfinance as a building block for inclusive financial sector development strategies. The e-MFP therefore facilitates the cooperation and exchange of information and seeks to strengthen the dialogue, specifically between public and private partners, for a more efficient implementation of European development programmes in both the North and the South.



Suggestion to move forward and improve the current situation

Encourage linkages between banks and microfinance institutions

Closer linkages between banks and microfinance institutions (MFIs) would be mutually beneficial. MFIs rely on banks for a variety of services, including deposit facilities, liquidity management services, and in some cases, emergency credit lines to cover cash shortfalls. For banks, the benefits would be the opportunity to expand their client base through MFIs, and their operations through the network of MFIs (including in the rural sector).

The linkages between MFIs and banks would also help to broadly tie up the activities in the formal and informal sectors of the economy and provide opportunities for small entrepreneurs to graduate from micro credit to conventional bank loans. Therefore, the conditions to support such partnerships should be explored, in particular with regard to the possibility of acquisition of a stake in microfinance institutions or the sub-contracting of retail operations (deposit-taking services, money transfer services, last mile solutions for remittances). Value propositions could consist in technical support (provision of infrastructure and information systems to microfinance institutions) and refinancing or commercial loans to sustainable microfinance institutions.