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## Memorandum of Understanding (MOU) Between

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### The Yemen Microfinance Network, The Smart Campaign and The Seep Network

This Memorandum of Understanding (MoU) dated 2<sup>nd</sup> December, 2010 is between Yemen Microfinance Network located Building No.3, 4<sup>th</sup> floor, Commercial Complex, Hadda St., Sana'a - Yemen, The Smart Campaign Secretariat at the Center for Financial Inclusion at ACCION International (The Campaign), a not-for-profit corporation, with its principal place of business at 1401 New York Avenue, Suite 500, Washington, DC USA, and The SEEP Network (SEEP), with its principal place of business at 1875 Connecticut Avenue, NW Suite 414, Washington, DC USA.

The Yemen Microfinance Network (YMN) is a member based association registered in 31<sup>st</sup> August 2009 under the Ministry of Social Affairs and Labor as a non-governmental organization (NGO), having its own board of directors consisting of the microfinance member institutions. Being a member-driven association. YMN's activities are training, capacity building, transparency and information exchange.

**The Smart Campaign.** The Smart Campaign ([www.smartcampaign.org](http://www.smartcampaign.org)) is housed at the Center for Financial Inclusion, which acts as the Secretariat for The Campaign. The Campaign has no separate legal status, though it is governed by a Steering Committee with wide industry participation. Launched publicly in October 2009 after a year of intensive preparation, The Campaign has created a sturdy base and increasingly strong momentum. Among the most important accomplishments to date:

- **Over 1,200 endorsements** from over 110 countries, including approximately 300 MFIs, 100 investors and donors, 55 networks and associations, 90 other supporting organizations and more than 600 individuals.
- **Tools for assessing the practices of MFIs** through the CFI's *Beyond Codes* action research project. MFIs can now carry out self-assessments; consultants can conduct third-party assessments, and the Principles have been incorporated into the Social Performance Reporting framework of The MIX.
- **Launch of [www.smartcampaign.org](http://www.smartcampaign.org)**, the virtual Campaign "headquarters" as a resource center on client protection for the industry.
- **Creation of a robust, industry-wide Campaign governance and implementation structure**, including the Steering Committee and four Task Forces.
- **Development of the Campaign team** which includes staff at the Center for Financial Inclusion and research and implementation consultants who are poised for stepping up The Campaign to a more intensive level.

By the end of 2012, The Smart Campaign proposes to have accomplished the following:



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- 3,500 total endorsements (750 MFI Endorsements; 750 supporting org endorsements; 2,000 individuals; At least 250 MFIS from MIX top 500);
- Complete toolkits for each stakeholder group; tools disseminated and used widely;
- Orientations touch 100 country network associations;
- Minimum 750 “Getting Started questionnaires” completed;
- 500 MFIs actively implementing using at least one of the tools;
- Minimum of 30 Networks and Associations engaged in active partnership;
- All associations working with the campaign have at least one Smart-Certified Assessor;
- Consensus reached on path to certification; Certification program developed and tested with processes established;
- Increased ability of MFIs to train clients in rights and responsibilities.

**Center for Financial Inclusion.** The Center for Financial Inclusion at ACCION International (CFI) is dedicated to the proposition that low-income people deserve high-quality, regulated financial services, and that those services are best provided through sustainable, commercial programs that incorporate social purpose. The CFI was launched in September 2008. It is an action, research center that works on behalf of the microfinance industry as a whole, serving as a bridge to leverage private-sector interest in microfinance. In collaboration with nonprofits, commercial banks, technology firms, regulators, universities, and many others, the Center works to bring the best minds and expertise to bear on challenges facing the industry as a whole. Using tools such as convening, coalition building, research, information dissemination, training and piloting, the Center brings together a wide range of actors to advance the state of practice in inclusive finance.

Legally, the Center is a department of ACCION International. Its work is informed by an Advisory Council of experts drawn from across the microfinance industry and the private sector. The Smart Campaign is the Center’s lead activity, and half of its total staff is largely devoted to the Campaign. ([www.centerforfinancialinclusion.org](http://www.centerforfinancialinclusion.org))

**ACCION International.** ACCION is a private, nonprofit organization with the mission of giving people the financial tools they need to work their way out of poverty. A world pioneer in microfinance, ACCION was founded in 1961 and issued its first microloan in 1973 in Brazil. ACCION International’s partner microfinance institutions (MFIs) provide loans as low as \$100 to poor men and women in 25 countries in Latin America, Asia, Africa, as well as providing loans to emerging entrepreneurs in the United States. ACCION has been developing and strengthening self-sustaining microfinance organizations in order to provide permanent financial services to the poor for over 30 years. Over time, ACCION has helped build 62 microfinance institutions in 31 countries on four continents. Those institutions are currently reaching nearly 5 million clients. For more information, visit [www.accion.org](http://www.accion.org).

**The SEEP Network.** The Small Enterprise Education and Promotion (SEEP) Network connects microenterprise practitioners from around the world to develop practical guidance and tools, build capacity, and help set standards to advance our common vision: a sustainable income in every household.



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In 1985, SEEP was founded by a group of practitioners who believed that sharing practical experiences within a trusting environment would result in improved microenterprise development practices. Today, our members are active in over 180 countries and reach over 23 million micro-entrepreneurs and their families. SEEP's most valuable resource is the experience of its members and their commitment to collaboration. This exchange utilizes problem solving, experimentation, and peer-to-peer learning in order to identify common obstacles and develop solutions for reducing poverty.



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### **Project description.**

The project (Network Strengthening for Client Protection) is designed to work with microfinance associations to enhance their capacity to educate, assess, and change actual practice on the client protection principles with their member MFIs. It aims to remedy the gap between many networks' desire to work with members in this area, and the lack of capacity which often makes direct interventions on this topic out of reach of many networks. This project aims to recruit 20 networks into two categories of participation, Level 1 (10 networks) and Level 2 (10 networks), for a one year project that will provide extensive training and support to the networks on the topic of client protection.

This project has received funding from USAID and represents collaboration between The SEEP Network and The Smart Campaign. The timeline of the project is October 2010 – September 2011.

### **Planned activities.**

In this document, Yemen Microfinance Network, The Smart Campaign and The SEEP Network have agreed to collaborate to promote and institutionalize client protection among microfinance institutions (MFIs) members of Yemen Microfinance Network.

This MOU envisions that The Campaign and SEEP will work with Yemen Microfinance Network from 2<sup>nd</sup> December 2010, to 31<sup>st</sup> December 2011, during which time the 3 institutions will collaborate to enhance and institutionalize the client protection within microfinance institutions and to mainstream client protection in the microfinance sector at national and regional levels.

Activities covered under the annual actions plans may include, but are not limited to:

1. Encouraging network members to endorse The Smart Campaign. The endorsements show the commitment of MFIs to the client protection and potential implementation of core Client Protection Principals as applicable;
2. Participating in a training of trainers in "Putting Principles into Practice";
3. Orienting and educating MFIs on client protection in general and on globally agreed six core Client Protection Principles<sup>1</sup> for the microfinance sector through presentations and/or introductory webinars;
4. Assisting all member MFIs to conduct their self-assessment on client protection using "Getting Started Questionnaire" developed by The Campaign;
5. Assisting all network members to report to Microfinance Information eXchange (MIX)<sup>2</sup> on consumer protection as per the guidelines developed by the MIX.

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<sup>1</sup> 1) Avoidance of Over-Indebtedness; 2) Transparent and Responsible Pricing; 3) Appropriate Collections Practices; 4) Ethical Staff Behavior; 5) Mechanisms for Redress of Grievances; and 6) Privacy of Client Data.

<sup>2</sup> <http://www.themix.org/>



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**Action plan.**

The following key activities will be carried out from October 2010 through September 2011.

	Activities	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11
1	Encourage member MFIs to endorse The Smart Campaign	X	X	X									
2	Participate in training of trainers on "Client Protection Principles"				X								
3	Orient and educate MFI members on client protection					X	X	X	X	X	X		
4	Assist MFIs to complete the Getting Started Questionnaire self-assessment						X	X	X	X	X		
5	Network members report to MIX on consumer protection											X	X

**Planning and Reaching out – October-December 2010**

- Encourage member MFIs to endorse The Smart Campaign
- Orient and educate MFI members on client protection (through Webinars, etc.).

**Education – January-February 2011**

**One 2.5-day Training of Trainers on Consumer Protection Principles** - Representatives from Yemen Microfinance Network will be trained on the six principles and the tools for their improved implementation, such that the networks can in turn provide trainings for their member MFIs on client protection implementation strategies.

**Assessments – March – April 2011**

**Self-Assessments** Yemen Microfinance Network will work with its membership to complete the self-assessment version of the client protection assessment. This self-assessment is carried out by MFI staff using the Getting Started Questionnaire, an Excel based tool that gages practitioner’s perspectives on their MFI’s implementation of various aspects of each of the six principles. This can be a very useful process for the MFI’s strategic planning. These completed Questionnaires will be submitted to the network and the project coordinators for analysis, but will not be made public without the institution’s consent. The Getting Started questionnaires can be filled out as part of a workshop on “Consumer Protection Principles” delivered by the Yemen Microfinance Network



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**Reporting – August – September, 2011**

- Yemen Microfinance Network will urge all member MFIs to report on client protection practices to the MIX.

**Network commitments.**

Participation in this project will require commitments of staff and management time over a period from October 1, 2010 to September 30, 2011. Participation includes the following:

Activity Commitments – Yemen Microfinance Network	Financial Commitments - Yemen Microfinance Network	Financial Commitments – SEEP/ Smart Campaign Network
Participation by a network staff member in a 2-3 day training the week of January 24 <sup>th</sup> , 2011 in Mexico City.	Second network representative, if applicable	First network representative (airfare, hotel, and food)
Work with at least 50% of member MFIs to assist them in the completion of the <i>Getting Started Questionnaire</i> and self assessment process.	X	(will provide off site support for set-up and data analysis)
Share relevant results from these assessments with The Smart Campaign and the SEEP Network.	X	

Agreed to by Yemen Microfinance Network, The Smart Campaign and The SEEP Network.

**Mr. Sharar Mohamed Mahyub**  
**Managing Director**  
**Yemen Microfinance Network**

**Date: 02/12/2010**



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**Isabelle Barrès**  
**Director**  
**The Smart Campaign**

Date: 12 December 2010

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**Diana Dezso**  
**Program Director, Network Development Services**  
**The SEEP Network**

Date: 12/2/2010