

## Microfinance is a crucial instrument to ensure the economic and social stability of developing countries

### 'The future of Microfinance in Peru' forum

- In 2009, there will be 100 million more poor people in the world
- The growth prospects for the microfinance sector in Latin America are estimated at 45%
- Peru is the country with the most favourable conditions for the development of microfinance in the region
- Micro-enterprises account for 94% of companies in Peru, and employ 84% of the working population
- Innovation and creativity, keys to the necessary development and growth of the sector

The global financial crisis has turned into a human crisis affecting the poorest people on the planet, and its most immediate consequence is an increase in poverty. In 2009, there will be 100 million more poor people in the world, in addition to the 963 million people who currently suffer from undernourishment. In the context of the current global financial crisis, microfinance is the crucial instrument for the economic development and social peace of the most disadvantaged countries.



*Group of participants in the "The future of Microfinance in Peru" Forum held in Lima.*

This is the main conclusion at which experts taking part in the "The Future of Microfinance in Peru" forum arrived. The forum was organised by the BBVA Microfinance Foundation with an aim to reflecting on the state of microfinance in the region and the challenges faced by the sector.

During his address, the chairman of the BBVA Microfinance Foundation, Manuel Méndez del Río, pointed out that "the microfinance sector has enjoyed limited success over the past few decades, with small-scale results and must significantly increase its presence, especially in the current economic recession. It is therefore necessary for the sector to attain operational efficiency with an aim to widening its scope and thus reaching the most disadvantaged people".

The Superintendent of Banca. Seguros y AFP, Felipe Tam, explained that growth prospects for the microfinance sector in Latin America are estimated at 45%, and pointed out that "Peru is one of the countries with the best conditions for the development of microfinance due to a favourable macroeconomic context, an appropriate regulatory framework, effective supervision and the promotion of transparency and competition in the market".

Moreover, BID's representative in Peru, Ana María Rodríguez, stated that "despite the deepening crisis situation, the future of microfinance in Peru is extremely necessary and equally promising. Demand is high, the regulatory framework, favourable, and overall profitability is highly attractive. We just need to do things properly for progress to be made".

Among the needs identified by experts at the forum was the development of new channels for customer care, as well as innovative products and services adapted to their needs, while paying special attention to exploring new ways of penetrating the rural environment.

In addition, they underlined the fact that the sector must attain scalability with an aim to obtaining very low unit costs and, that it was therefore necessary to develop technology for improved efficiency and management of the companies operation in the sector.

Also present at the event were many experts related to the microfinance sector, among whom were the Head Supervisor of the Microfinance Institutions of the SBS, the executive vice-president of Caja Nuestra Gente, and the vice-rector of the Economic Affairs of the Spanish National University of Distance Education (*UNED*).

### **Start of the Microfinance Management Programme**

Within the framework of the forum, the BBVA Microfinance Foundation presented the first edition of the Microfinance Management Programme, which was set in motion in collaboration with the University of the Pacific, the *UNED* and the Inter American Development Bank.

The Programme was developed in response to the lack of experts in the microfinance sector in Latin America and is an indispensable element for maintaining and permitting the sector's necessary expansion.

The course starts on 16 March and offers two kinds of training: online and presential, lasting 150 hours. The students are granted a double certificate (UP-Peru and *UNED* Spain).

The Microfinance Management Programme will initially be developed in Peru and, subsequently, it will be offered in the other Latin American countries in which the BBVA Microfinance Foundation operates.