



## Opening Ceremony of the 2010 Africa – Middle East Regional Microcredit Summit

The Opening Ceremony of the 2010 Africa – Middle East Regional Microcredit Summit was held at the Kenyatta International Conference Center on the morning of Tuesday, April 7 in Nairobi, Kenya. The Tsavo Ballroom was filled to capacity by Summit attendees representing over 85 countries as the panel of featured speakers took the stage. The Summit was privileged to welcome such dignitaries as **His Excellency President Mwai Kibaki of Kenya, Her Majesty Queen Sofia of Spain, Her Royal Highness Princess Máxima of The Netherlands, Her Excellency Vice President Dr. Isatou Njie-Saidy of The Gambia, Honorable Minister of Finance and Deputy Prime Minister Uhuru Kenyatta of Kenya, and Nobel Peace Prize Laureate and Managing Director of Grameen Bank Professor Muhammad Yunus.**

These global champions of microfinance each took the opportunity to share their bold insights and perspectives on the microfinance sector in Kenya, more broadly in Africa and the Middle East, and globally and its potential to innovate and grow. It is through the commitment of such influential advocates that the microfinance sector continues to build on its great momentum and gain recognition as one of today's most important global poverty alleviation tools. The result was a very inspirational and motivating Opening Ceremony that pushed Summit participants to take action and respond to the enormous unmet needs of the poor throughout the region and around world.

**Sam Daley-Harris**, Director of the Microcredit Summit Campaign, welcomed the Summit attendees and opened the program with the following vision, “We have come to share our innovations and our challenges. We have come to see the innovations from the microfinance institutions in Kenya. We have come to recommit ourselves to the Microcredit Summit goal of reaching 175 million of the world's poorest families with microloans, and ensuring 100 million families rise above the dollar a day threshold. I urge you to use this Summit to recommit yourselves and re-inspire yourselves. I ask that you connect with your most profound vision for your institution, your country, and the world; re-commit to that vision. I ask you to congratulate yourselves for what you have accomplished. I ask you to challenge yourselves to take those accomplishments to the next level, to build microfinance institutions that are at the cutting edge, that use microfinance as one critical tool to better end poverty in your country, your region, and around the world.”

“I know that sounds sometimes like an impossible task,” Mr. Daley-Harris conceded, “but that is what the leaders from Africa and the Middle East have asked for. I was so inspired by your responses to the survey that we sent out last year, asking for your top choices on plenary and workshop sessions. Out of all the titles circulated, the number one selection by microfinance leaders who responded to the survey was this one: ‘Breakthroughs in Using Microfinance to Better End Poverty: A Vision for the Future of Microfinance in Africa and the Middle East.’ That wish was granted in the session at 9:00 a.m. this morning, when we heard from two of the global leaders [Sir

Tuesday, April 7, 2010

10:30 AM – 12:30 PM

Tsavo Ballroom

### Moderator:

*Ms. Lydia Koros, Chairman of the Board, Association of Microfinance Institutions (AMFI), Kenya*

### Speakers:

*His Excellency President Mwai Kibaki of Kenya*

*Her Majesty Queen Sofia of Spain*

*Her Royal Highness Princess Máxima of the Netherlands*

*Her Excellency Vice President Dr. Isatou Njie-Saidy of Gambia*

*Honorable Minister of Finance and Deputy Prime Minister Uhuru Kenyatta of Kenya*

*Professor Muhammad Yunus, Nobel Peace Prize Laureate and Managing Director of Grameen Bank, Bangladesh*

*Sam Daley-Harris, Director, Microcredit Summit Campaign*

Fazle Abed of BRAC and Ingrid Munro of Jamii Bora] in not only reaching the very poor, but reaching the ultra-poor with microfinance.”

“I promise you that programs and innovations from this Summit – innovations from Africa and the Middle East – will make their way to Asia, and to Latin America, and here’s one innovation that can’t stay just in Africa,” Mr. Daley-Harris declared. “It *must* not stay just in Africa. The world is desperate for it. After the post-election violence two years ago, Jamii Bora was given money to rebuild one of the markets that was destroyed in the rioting. They decided ... that they had to find the rioters and engage them in rebuilding the market that they had destroyed. They found the leaders of one of the gangs, known as ‘the General,’ and engaged the gang in rebuilding the market – which they did, and engaged some of the gang members in microfinance. They turned their lives around.”

“Last year the General came to Ingrid Munro and said to her ‘I haven’t been to my home village for thirteen years because my mother is so ashamed of me, but I just went home, and my mother cried for three days because she was so happy how I had turned my life around.’ There are many visions for microfinance, including this one: microfinance for redemption. The dictionary defines redemption as ‘restoring one’s honor and worth; setting one free.’ Isn’t that the highest vision for microfinance: assisting people, restoring their honor and worth, and setting them free from the bondage of poverty?”

“As Lydia Koros, the chair of AMFI, said yesterday, ‘Africa and the Middle East are masters of their own development and co-equal partners with Asia and Latin America in the movement to use microfinance to better end poverty.’ This is Africa’s moment. This is the Middle East’s moment. They take their place as leaders in the movement to use microfinance to better end poverty.”

**Lydia Koros**, Chairman of the Board of AMFI in Kenya, concurred, “[W]e want to showcase Africa. We want to say that Africa can do it. We have done it, we are doing it, and we can do it. We have learned a lot in the course of time. What we are showcasing are men and women in Africa who are able to take responsibility for their own economic well-being.”

**Professor Muhammad Yunus**, Nobel Peace Prize Laureate and Managing Director of Grameen Bank in Bangladesh, remarked, “The [Microcredit Summit] journey began in 1997, and many of us were there to begin this journey,” Prof. Yunus continued. “We are very grateful to Her Majesty Queen Sofía; she was there on the first day in 1997. Ever since, she never missed our global summits, and even attended our regional summits, like the one we are doing here. ... This journey will never end until we come to our destination. Our destination is to see that nothing called poverty exists in this world.”

“Microcredit is about addressing the problem of the poor,” Professor Yunus reminded the audience. “Microcredit is not about making money for anybody—some people got the wrong message. They think this is a kind of exciting area where we can make money. That was not what the journey was for; that is not what the journey is for. The journey is for changing the lives of the poor people; that we think they can change their own lives.”

“In this [current economic] crisis, microcredit was not the one who was closing down their shops. It was the big banks, which were closing down their shops,” Prof. Yunus pointed out. “So one of the lessons of these dark days [is that] we need to reinvent banking, and microcredit provides the direction in which we have to go. Things that work is the way you go. [When] things do not work, you abandon them, you recreate them, re-design them. This is the time to ... re-design our financial architecture. That architecture should be an inclusive architecture, not an architecture protected [for] the privileged and rejecting the rest of the world.”

“So this is the Summit that relays this voice that we need to re-design our system. We need to make microcredit as a mainstream system, not just a footnote in the system. [We need to] recognize it; give it a legal home—which it is missing; give it a regulatory structure—which it is missing; so that we do the work with pride.”

“We are not waiting for money to come from outside. That is not microcredit. Microcredit is about doing banking with local money,” Prof. Yunus proclaimed. “Nobody needs external money for this, provided that door is open—the door of taking deposits. If it is so stable, if it is so reliable, if it is so transparent, why are we afraid to give them the legal right to do that job? If it has shown its strength in the face of the crisis, why are we so ... reluctant to support it? So, these are the questions that we should be raising now ... when people are losing jobs, when people are losing livelihoods—it is microfinance which protected them—which has the ability to make sure that people are not dumped away. They have hope; they can create their own life.”

“That is what microcredit is all about: business to change the world, not making money out of it. So that we can change the world by making businesses for healthcare, for the environment, for housing, for drinking water—whatever problem we have. ... Let the creative people of all ages—all places, get into the picture, so that we say, as citizens, ‘We can make contributions in changing the world.’ We join hands with the government so that we all work together; ... we, as citizens, come together and do it, as individuals—together.”

“Our destination will be reached when nobody will remain a poor person on this planet. Until then, our journey will continue; we will never give up. We want to create museums—poverty museums. We want to keep the name ‘poverty’ in the museum, not in our society.”

The next honored guest to speak on the panel was **Her Royal Highness Princess Máxima** of the Netherlands. “The sector has come a long way since I first attended my first Microcredit Summit, four years ago in Halifax,” HRH Princess Maxima recounted. “Many of you have made tremendous contributions, and I think we can all be very proud of the progress we have achieved. Having said that, it is now time for us to move to the next level. I strongly believe, just as you, that access to formal financial services is essential for development. But unfortunately, a recent study by the Financial Access Initiative shows that still half of the world’s population is unbanked, and many more are under banked.”

“So the question is, ‘How do we reach the next level?’ ... First, there is enormous need and opportunity for reaching the very poor, mostly living in rural areas. With the arrival of new partnerships and new service delivery technologies, the cost of supplying financial services, will drop dramatically. This will make it possible for us

to deliver customized products to the unbanked in rural areas. But access alone is not enough. Educating people about finance and helping to build up the capacity of financial institutions is just as important,” she underscored.

“In terms of partnerships and innovations, M-PESA, here in Kenya, sets a great example,” HRH Princess Maxima put forth. “This electronic payment was developed by Vodafone and Safaricom and can be accessed from ordinary mobile phones. Nine million Kenyans have adopted this service in the three years since it was introduced. This growth is extraordinary. M-PESA allows people to send and receive e-money via text messages to any mobile phone, and to pay for many kinds of services. At a nationwide network of Safaricom agents, users can quickly and easily deposit and withdraw cash, by exchanging it for electronic value recorded in a mobile phone. The fees are low and affordable, but they still cover the cost of each transaction. The fees generate real revenues for the agents. In this way ... M-PESA, not only gives people access to financial services, it also creates jobs. ... Around the world, the M-PESA business model is being replicated and is inspiring innovation.”

“Let us move now to the second priority, broadening our scope. Our ambition should reach far beyond microcredit to include access to a very wide range of financial services, like savings accounts. I cannot stress enough the importance of savings accounts,” she continued. “Like insurance and payment services, like pension plans, remittance facilities, and all the other services that can help people buy the house they need, get an education or medical care, manage their cash flow, and protect themselves against life’s setbacks. ... We should also broaden our scope to include small and medium size enterprises, often the engines of growth in local and national economies. Small businesses provide jobs, and jobs are the most effective anti-poverty strategy.”

“The third priority is client protection,” HRH Princess Maxima shared. “Already more than 700 MFIs, associations, investors and individuals have endorsed the client protection principles that are becoming the industry standard. But this is only the first step. Financial institutions must put these principles into practice, and this requires both thought and action. That is why I am urging the whole sector to get involved with the SMART Campaign, a global effort to get client protection on everyone’s radar. ... Customers shouldn’t be sold financial products they do not need or end up borrowing money they cannot pay, and their complaints about financial services should be taken very seriously.”

“We must always remember,” she added, “... that inclusive finance is a means to an end and not an end in itself. It is an enabler of development and works both directly and indirectly. ... [F]inance programs can reach far beyond the limits of scarce donor resources. Not only can they unleash domestic capital in the form of savings, but they can also have a multiplier effect on those donor resources. What is more, research shows that there is a connection between a large shadow economy, on one hand, and weak states on the other. Banking the unbanked can help to solve the problem of informality, and by extension, can strengthen governments. Finally, inclusive finance can help us to reach environmental sustainability. ... Building alternative energy systems, for example, is a huge challenge, but is also a huge [business] opportunity....”

**Her Majesty Queen Sofia** of Spain was the next honored guest to make remarks. Expressing great pleasure to be at Summit, she stated, “The fact that the present meeting takes place in Kenya, in the heart of Africa, has further encouraged me to attend it as I am aware that the right application of microcredit policies in this region shall be one of the most powerful and supportive instruments we can use to improve the continent’s future.”

HM Queen Sofia continued with an overview of key microfinance initiatives in Spain. “Since the Spanish Agency for International Development launched its microcredit development fund in 1998, it has loaned a total of 713,000 Euros to 89 microfinance institutions ... assisting more than 2.5 million micro-entrepreneurs in developing countries around the world. Alongside these ... [activities] implemented by the state of Spain, equally important initiatives are being operated by our banks and savings banks who have contributed ... significant sums to promote the flow of microfinance across the world. In fact, in 2008, La Caixa, our biggest savings bank, created a specialized branch called ‘Micro-Bank,’ exclusively devoted to granting microloans to families and individuals who want to start small businesses, [but] are excluded from the traditional lending system because they lack guarantors. Since it began operations, Micro-Bank has given more than 60,000 microloans in just two years. As final proof of my country’s involvement and interest in the subject of microcredit, I am glad to inform you that next year Spain will hold in the city of Valladolid from November 14 to 17, the next Global Microcredit Summit. It will be the first time that a Summit of this kind takes place in a European country.”

Next, the **Honorable Minister of Finance and Deputy Prime Minister Uhuru Kenyatta** of Kenya took the opportunity to make remarks, addressed to His Excellency President Mwai Kibaki of Kenya and all of the Summit dignitaries and attendees. “Your Excellency, I would like to point out that we in Kenya recognize the critical role that microfinance can play in the fight against unemployment and poverty. We are, Your Excellency, convinced that microfinance is indeed the most appropriate grassroots model of poverty alleviation. It is the tool that the poor but innovative Kenyans can use to improve their livelihoods in a dignified manner. It is in recognition of this, that your government is committed to undertaking reforms that will enhance the effectiveness of microfinance.”

“Indeed, this Summit comes at an opportune time when the microfinance industry in Kenya is experiencing rapid changes and, indeed, legislative support, following the enactment of the Microfinance Act of 2006, which became operational in May of 2008,” he explained. “The major challenge prior to the enactment of this Act has been the lack of a specific legal and regulatory framework, as well as appropriate regulatory oversight, to guide the specific operations of the deposit-taking microfinance business in Kenya. Your Excellency, the microfinance sector is now transforming to deposit-taking institutions. Our central bank has so far issued two licenses: one to Faulu Kenya and the other one to the Kenya Women’s Finance Trust to conduct a nation-wide deposit-taking microfinance business. Further to this, Your Excellency, a total of eight applications for deposit-taking microfinance licenses have been received and are in different stages of review and appraisal. The Central Bank has also approved 34 business names, which indeed, is the first step in the licensing process for the deposit-taking institutions.”

“Your Excellency,” he continued, “we are also proud of our own Jamii Bora that has been the first microfinance institution to take over a mainstream bank, and indeed, this is the future. Your Excellency, the Ministry of Finance—and indeed in conjunction with the Central Bank of Kenya—is currently drawing up proposals for review of the microfinance legal and regulatory framework. I should stress that we will continue to consult with market players as the process moves forward. We are therefore looking forward to drawing valuable lessons from this Summit to ensure, and indeed enhance, Kenya’s microfinance legal and regulatory framework.”

The next honored speaker was **Her Excellency Vice President Dr. Isatou Njie-Saidy** of The Gambia, who added, “You’ve heard it from the Minister of Finance himself, which was that African governments do realize that it makes good economic sense to invest in the majority of the people of Africa who are the poor. Indeed, it makes good economic sense, also, to invest in women and youth, among others.”

“I think now we are all convinced that to address the cardinal principles ... of development, which are inequality in society, poverty, injustice, dependency, and a host of other issues, we have to invest in the poor,” she proclaimed. “That is the way of moving us to ensure that we have sustainable development for all. I want to commend ... the organizers of this meeting for having confidence in the majority of the people, indeed in the third world countries, who are the poor, specifically woman and the youth.”

As the Keynote Speaker, **His Excellency President Mwai Kibaki** of Kenya provided the final remarks of the Summit’s Opening Ceremony. He stated, “Ladies and gentlemen, this Summit is not only timely, but also, critically important for Africa and indeed other developing countries. It is being held against the backdrop of the financial instability that the global economy is just emerging from. It will also be recalled that the combined effects of high food and energy prices had a devastating effect on our economies. These shocks brought to a halt the steady progress many countries had made over the last ten years. Not only in growth, but more importantly in reducing poverty. According to a World Bank report, the growth of the global economy came down steeply from an annual average of 6.1% in the year 2007 to 1.7% in the year 2009. Global [performance] per capita declined for the first time in a decade. The consequence of this decline is that millions more [people] were thrown into poverty. It is therefore fitting that the theme of this Summit is focusing on how best we can recommit ourselves to ending poverty,” he declared.

“Indeed, the challenge of fighting poverty is more urgent in Sub-Saharan African countries,” he continued. “The extent and depth of poverty and food insecurity in developing countries is unacceptable. It is sad to note that one in every six persons in the developing world does not have access to sufficient food to lead a healthy and productive life. This Summit, therefore, comes at an opportune time, not only to deliberate and agree on how to reverse the worsening trend in poverty rates, but also to chart a way forward, in terms of achieving the Millennium Development Goals. I have no doubt that as we strive to move our economies towards a higher economic growth path and reverse the spread of poverty, microfinance will play a very important role.”

“It is a fact that microfinance has significantly contributed towards alleviating poverty in many parts of the world. Kenya, for example, has been able to reduce its

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level of poverty through microfinance access and entrepreneurial development. We recognize how essential a vibrant microfinance sector is to a country's equitable development. This is primarily because microfinance services ensure financial support to those members of our society [who remain] underserved," he concluded.



**MICROCREDIT SUMMIT CAMPAIGN**

A Project of RESULTS Educational Fund

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