

Company Description: A small network of 5 MFIs across Latin America, with its headquarters in the US.			
Company Type: <i>(Check One)</i>	Investor	Intermediary / Provider	MFI
Relevant Principle(s): <i>(Check all that apply)</i>		<i>1) Risk Mgmt is a shared responsibility among MFIs, Investors and Donors</i>	
	✓	<i>2) Measuring risk is a central part of measuring performance</i>	
		<i>3) Adopt a comprehensive approach to managing balance sheet risks</i>	
Headline: (type of actor, issue, solution) (1 phrase):			
An MFI network implements new risk management policies that incorporate new tools and technologies.			
Problem Statement (1-3 lines):			
How can a network of MFIs promote implementation of more stringent risk management policies in the most efficient and effective way?			
Summary (3-5 Sentences):			
The MFI Network put together a comprehensive new set of risk management policies for the network MFIs to comply with. The policies are based on a template created by Women's World Banking, and customized to this network's specific needs. The new policies will encourage increased reporting to be done using Microfin and other tools (including MFX's Liability Planning Tool) is the network's strongest push yet to make measuring risk a central part of measuring performance.			
Take Away / Lesson Learned (2-4 lines):			
Risk management policies need to incorporate specific targets – for ratios, reserves, etc., they can't just be general. You cannot expect proper implementation of new policies without specifying the tools needed to allow for efficient monitoring.			

Background/Context (as much space as the topic needs):

During the economic downturn, this MFI network began to realize that its MFIs were lacking the proper risk management practices to navigate the storm. Up until now, microfinance had not faced a real business cycle and the potential consequences of not having robust policies in place were masked. The network head and its new CEO decided to implement a network-wide, new set of policies that outline specific requirements for cash reserves, debt to equity, and currency exposure. Additionally, the network realized that these policies were only as good to the extent that they can be easily implemented. Therefore, incorporated into the policies, are specific tools to be used to help the MFI generate reports and monitor its risks.

Application of Principle:

This network's push to create further reaching risk management policies for its MFIs represents an increased awareness of the need for more formal risk management in microfinance. Given that the new policies are coming up after a period of economic downturn, show that risk is being recognized as a central part of measuring performance.

Replicable Practices:

Periodically review and update risk management policies to include specific targets and report making/monitoring tools.