

**GPFI**

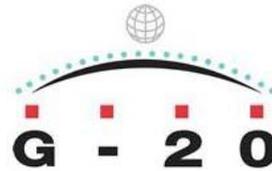
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Global Partnership  
for Financial Inclusion

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## Report to the Leaders

*G20 Leaders Summit, Cannes, November 5<sup>th</sup>, 2011*



## SCOPE OF THE REPORT

The Global Partnership for Financial Inclusion (GPFI) was launched in December 2010 in Seoul with a view to *“provide a systematic structure for implementing the G20 Financial Inclusion Action Plan”*. The GPFI was tasked by the G20 Leaders to provide a progress report for the 2011 Summit in Cannes.

The present report was elaborated by the GPFI co-chairs and adopted by all members of the Partnership. It summarizes the efforts made in this first year of continuous work, presents the main achievements and describes the outlook for the second year of implementation of the work plan.

This report focuses on main achievements and recommendations to the Leaders. References to all relevant documentation produced by the different workstreams are provided at the end of this report.

The report is structured as follows:

- 0) Executive Summary for the Leaders
- I) The case for financial inclusion and the creation of the GPFI
- II) Work undertaken, achievements and prospects
- III) Recommendations to the Leaders
- IV) References of deliverables, reports and other relevant documentation

## EXECUTIVE SUMMARY FOR THE LEADERS

Recognizing the critical importance of extending access to financial services to individuals and SME in the developing world, the G20 Leaders adopted in Seoul an ambitious multi-year Action Plan aiming at *“(i) facilitating an efficient and effective information sharing mechanism; (ii) coordinating the various financial inclusion efforts; (iii) providing systematic monitoring of progress over time; (iv) mobilizing financial support for activities as needed and (v) launching and coordinating taskforces to address specific financial inclusion issues (e.g. financial inclusion data)”*.

In December 2010, the Global Partnership for Financial Inclusion (GPII) was officially launched, *“as an inclusive platform for all G20 countries, interested non-G20 countries and relevant stakeholders”*. Co-chaired by the G20 troika - Korea, France and Mexico - the GPII is composed of G20 and non-G20 member countries and works in close connection with its implementing partners, the Alliance for Financial Inclusion (AFI), the Consultative Group to Assist the Poor (CGAP) and the International Finance Corporation (IFC). In June, 2011, the GPII welcomed with honor the invaluable appointment of H.R.H. Princess Máxima of the Netherlands, the UN Secretary General’s Special Advocate for Inclusive Finance for Development, as Honorary Patron of the GPII.

The commitment taken by the G20 Leaders with respect to the Principles for innovative financial inclusion, the relation with the Standard-Setting Bodies, SME Finance, Financial Inclusion Data and the 14 winners of the 2010 SME Finance Challenge was carried forward throughout the year. The GPII engaged in a dialog with potential funders, including both multilateral and bilateral agencies, in order to match potential resources with innovative solutions, and building on its numerous accomplishments and deliverables, the GPII elaborated 5 recommendations for Leaders to endorse:

- *In order to further anchor the GPII vision on universal access to, and usage of financial services, encourage developed and developing countries to commit to further implementation of the nine Principles for Innovative Financial Inclusion, building on lessons learned from successful experiences, and the policy recommendations emerging from the case studies documented;*

- *Call upon the main Standard-Setting Bodies (SSBs), including BCBS, CPSS, FATF, IADI and IAIS, to jointly explore the complementarities among their work and that of the GPII, and encourage the SSBs to consider the recommendations and lessons learned from the GPII white paper and 5 country case study on financial inclusion and the standards and guidance of the SSBs;*

- *Launch the SME Finance forum as a platform, hosted by IFC, to leverage experience on SME Finance; welcome the SME Finance Policy Guide developed by the GPII, laying down together with the Financial Inclusion Principles the foundation for future engagement at the country level; and acknowledge access to finance for women-owned businesses as well as for SME in the agricultural sector as critical for job creation and sustainable growth;*

- *Welcome the progress made in meeting the G20’s commitment to establishing a finance framework that mobilizes grant and risk capital for winning proposals from the SME Finance Challenge and for scaling up successful SME financing models;*

- *Request the IMF to continue and strengthen its supply-side data collection effort with the support of the IFC and CGAP; and encourage countries to develop and use data sources that are relevant for informing and monitoring policy success, leveraging other complementary supply-side and demand-side data.*



## I - THE CASE FOR FINANCIAL INCLUSION AND THE CREATION OF THE GPFI

**Billions of individuals and millions of SMEs throughout the world crucially lack access to financial services.** Globally, an estimated 2.5 billion working-age adults – over half the world’s adult population – do not have access to formal financial services.

Financial transactions are the basis of most of our daily activities, whether we are rich or poor, but access to savings accounts, insurance and other financial services is even more crucial for the poor as it allows them to invest in their homes and small businesses, whether the impact of economic shocks, build up savings as financial cushions against unexpected events, and manage uneven cash flows and seasonal incomes. Poor households have to cope with an income that comes in unpredictable amounts and at uncertain times, requiring careful money management to ensure they meet the daily necessities for food and shelter. They also seek to invest into income-generating opportunities, save for larger expenditures for major life events (marriages, deaths, education), and self-insure against unplanned needs such as sickness. In other words, poor households engage in active cash flow and risk management to smooth consumption, reduce vulnerability to various shocks and anticipate major life cycle events. Financial inclusion aims at drawing such population into the formal financial systems, providing them with the opportunity to access services ranging from savings, payments, and transfers to credit and insurance.

Financial services, particularly access to credit, are also critical for small and medium size enterprises (SME) to start and grow their businesses. Recent studies estimate there to be 25 to 30 million formally registered SME in the developing countries, as well as an estimated 55-70 million formal microenterprises, and about 285-345 million enterprises and non-employer firms in the informal sector. Between 45 and 55 percent of the formal SME do not have access to formal institutional loans or overdrafts despite a need for one. The financing gap is even bigger when it comes to the informal sector, and it is estimated that a total of 65 to 72 percent of all MSME (between 240 and 315 million) lack access to credit, with a particularly daunting picture in Asia and Africa.

**Access to finance is widely recognized as a key to development.** Being crucial to build assets, protect against risks, invest in income-generating projects, and finance enterprise development, access to finance provides stability and opportunities to families and businesses, and supports the economy as a whole. Families and business need affordable access to a safe, secure and reliable financial infrastructure the same way that they need access to the physical infrastructure of transport, power, utilities, and telecommunications. In providing better tools to manage such financial needs, financial inclusion supports balanced and pro-poor economic growth, and helps poverty alleviation.

**Closing the financial gap would yield tremendous leverage to foster local employment and therefore income generation.** Evidence shows small and medium enterprises are the biggest contributors to employment across countries: formal SMEs contribute to 45 percent of total employment, generate the majority of new jobs, and produce 33 percent of GDP in the developing world. These numbers are significantly higher when taking into account the estimated contributions of SMEs operating in the informal sector.

**Financial inclusion links to numerous other specific, yet crucial, issues of the development agenda.**

As an example, a disproportionate share of the businesses owned by women entrepreneurs – who represent, in most of the developing world, half or more micro businesses – strikingly fail to grow<sup>1</sup> and access to finance is considered one major constraint. The agricultural sector also faces particular constraints; while production worldwide needs to be doubled by 2050, access to financial services is scarce among agricultural entrepreneurs in developing countries and this prevents them from contributing to economic growth, job creation, food security and food price stability.

**Developing financial inclusion has been targeted as a priority by the G20.** Taking the full measure of this challenge at the height of the financial crisis, and recognizing the crucial need to help set up and strengthen financial infrastructure in the developing countries, the G20 Leaders committed in Pittsburgh in November 2009 to “support the safe and sound spread of new modes of financial service delivery capable of reaching the poor and [to] scale up the successful models of small and medium-sized enterprise financing”. During the Korean Presidency development became a central point in the G20 agenda, and in Seoul on November 2010 the Leaders formally endorsed financial inclusion as one of the nine key pillars for development<sup>2</sup> and committed to launch the Global Partnership for Financial Inclusion (GPFI) “as an inclusive platform for all G20 countries, interested non-G20 countries and relevant stakeholders to carry forward our work on financial inclusion” (9). The establishment of the GPFI, designed as an enlargement of the former Financial Inclusion Expert Group, constituted in itself the first action of the Financial Inclusion Action Plan which it aims at implementing. Officially launched in Seoul in December 2010, the GPFI is co-chaired by the former, current and future G20 Presidencies (currently Korea, France, and Mexico) and supported by three main partners: the Alliance for Financial Inclusion, the Consultative Group to Assist the Poor and the International Finance Corporation.

The GPFI is expected to “(i) facilitate an efficient and effective information sharing mechanism; (ii) coordinate the various financial inclusion efforts; (iii) provide systematic monitoring of progress over time; (iv) mobilize financial support for activities as needed and (v) launch and coordinate taskforces to address specific financial inclusion issues (e.g. financial inclusion data)” (9). It is structured in three Sub-groups: “Financial Inclusion Principles and engagement with the Standard-Setting Bodies” (co-chaired by Korea and Indonesia), “SME Finance” (co-chaired by Germany, the US, the UK and Turkey) and “Data and Measurement” (co-chaired by Mexico, France and South Africa). Its work is framed by a two-year work plan, updated regularly, which will be revised after the Cannes Summit to take into account the lessons learned and the guidance provided by the Leaders.

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<sup>1</sup> Studies suggest that only 1 out of 10 firms that reach 15 employees are owned by women.

<sup>2</sup> “We reiterate our strong commitment to financial inclusion and recognize the benefits of improved access to finance to lift the lives of the poor and to support the contribution of SMEs to economic development.” (9)

## II – WORK UNDERTAKEN, ACHIEVEMENTS AND PROSPECTS

In its first year of existence the GPFI facilitated rich, fruitful collaboration among its members and supporting partners, leading to documented progress and concrete outputs. A handful of subsequent high-level recommendations are proposed in this report for the G20 Leaders to endorse. The main achievements and perspectives of each Sub-group are summarized below; for more comprehensive information, related deliverables and reports are referenced at the end of this report.

### a. Financial Inclusion Principles and link with the Standard-Setting Bodies (SSB)

Recognizing that the diversity of countries' environments prevents the elaboration of one single model for financial inclusion policies, the G20 defined instead nine key Principles for success<sup>3</sup>; building on these principles, the Sub-group engaged in the promotion of a shared vision of universal financial access and usage, including elaboration of a clear role for the international Standard Setting Bodies.

The Sub-group carried out **a thorough study on how 11 different countries had brought these nine principles to life in different yet equally innovative ways (1)**. This case study revealed key lessons on the implementation of each Principle. The importance of effective Leadership and guidance, coupled with broad Cooperation reaching beyond a catalytic public sector to firmly incentivize private players, were clearly demonstrated in the examples of Nigeria and Brazil. The benefits of Diversity in the availability of financial products and services was critical to the success achieved in Indonesia and the Philippines; Innovative solutions, be it on the technological or on the institutional side, entailed striking impact in Kenya, Korea and Turkey. Efforts targeting Consumer protection and Empowerment were critical pillars in the successful strategies of both Russia and Peru. A general consensus highlighted that bridging the current Knowledge gap by obtaining high quality data was a crucial challenge, and the leadership of Mexico and the United Kingdom in this respect show a promising way forward. Finally, significant progress was shown regarding the Proportionality and Framework principles, two complex areas yet to be fully understood in terms of balancing risk and benefit. The study led to the development of a set of policy recommendations to rise to the challenges and opportunities lying ahead.

The Sub-group also carried out **a 5-country case study, involving a detailed review of the experiences of the developing countries in question<sup>4</sup> in implementing international standards and guidance on financial sector regulation (3)**, examining their impact on financial inclusion. Each of these countries had taken active steps to strengthen the inclusiveness of its financial systems, and several cross-country insights emerged. The need to apply the standards in the developing country context and to facilitate in return the expression of the voice of the developing world in the dialogue was highlighted. Seeking synergies and allowing for case-by-case flexibility was proposed to achieve

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<sup>3</sup> **Leadership, Diversity** of approaches, **Innovation**, consumers **Protection, Empowerment** of consumers, **Cooperation** of all actors, **Knowledge** sharing, **Proportionality** between risks and regulatory solutions and a flexible, inclusive regulatory **Framework**.

<sup>4</sup> Brazil, Kenya, Mexico, the Philippines and South Africa

the dual goals of financial stability and inclusion. The study clarified the practical challenges encountered when applying proportionality and/or the risk-based approach: assessing the risk with precision, calibrating the degree of sanction, and practical implementation. All case studies highlighted the need for regulation to take into account the unique market features typically related to financial inclusion in developing countries, such as the presence of new players, channels and products, on-going convergence between financial services and institutions, diversity of actors within and between the countries and informality. Finally, the constraints resulting from the overwhelming capacity challenge were highlighted.

Following these insights, implications for the SSBs were also expressed. Beyond a general need to mainstream financial inclusion as a central topic of the agenda, the need was shown to extend, clarify and disseminate the definitions of risk and the criteria for risk assessment, and to provide more detailed guidance, and subsequent assessment criteria, on the parameters for implementation of proportionality or risk-based approach. It was argued that the financial inclusion market features called for enhanced coordination and dialogue across regulatory authorities, and that a space to share developing countries' compliance approaches and experiences should be created. It is worth noting that some of the main SSBs are already actively incorporating financial inclusion within their mandates: for instance, the FATF produced this summer a guidance paper on how to articulate financial inclusion and fight against money laundering together, and the BIS a paper on how to harness the potential of financial inclusion.

The 5-country case study complemented a **white paper raising awareness and framing issues** to inform on-going work by the five most relevant SSBs (BCBS, CPSS, FATF, IADI and IAIS) to integrate financial inclusion into standards and guidance that can be effectively applied at the country level. Building on the work conducted by the SSB, the white paper proposed **a framework of three linked themes for the SSBs to consider in the on-going, dynamic process towards full financial inclusion** (2): the risks carried by financial exclusion within each SSB's sphere of interest, the changing nature and level of risk entailed by increased financial inclusion (also accompanied by a mitigation of the risks of financial exclusion as well as benefits such as economic growth, efficiency, and increased welfare), and the importance of considering the country context in which SSB standards and guidance are being applied. The white paper advocates applying the **proportionality** principle – the balancing of risks and benefits against costs of regulation and supervision – as an essential means for addressing these themes, both in the standards and guidance of the SSBs and in their country-level implementation. This calls for putting aside preconceptions of risk based solely on the 'already served' and the products, services and providers that serve them and considering a 'test and learn' approach with respect to new avenues for reaching excluded and underserved populations.

## b. SME Finance

Refining the recommendations made in the 2010 stocktaking report (10), the Sub-group developed a **comprehensive SME Finance Policy Guide** (4), intended as a reference point for governments and regulators to underpin the development of Financial Inclusion Strategies and SME Finance Action Plans. The guide aims at covering all the focal areas of the Sub-group (women-owned SME, SME in the agricultural sector, SME LDCs); fed by a wide consultation process, it set out models and

accepted good practice for policy and legal reforms, financial infrastructure, and public interventions, thereby providing a roadmap for planning, assessing and implementing policy and legal measures to support SME access to finance and laying the groundwork for future country level engagement. Given the mixed results achieved by SME Finance policies, reforms and interventions in many countries, the Guide places each Policy component in the context of the issues that it can address, thus offering the potential for tailored, more cost effective, and higher impact reforms and interventions. Analysis of the tools available, and the potential impact and cost-effectiveness of each intervention, should thus always be conducted before selecting, sequencing and implementing policy reforms and interventions. Therefore, the Sub-group aims to provide a toolkit for policymakers and regulators to assess impact of the components of the SME Finance Policy Guide.

The Sub-group identified early the need to devote special attention to the issue of women entrepreneurship. A large number of micro and SME businesses in the world are owned by women, and a disproportionate share of these businesses fail to grow, entailing a major drag on growth in the developing world. Access to finance, among other barriers, appears to be one major cause of this failing. The Sub-group produced **a report focusing on the issues impeding access to finance as well as non-financial barriers for women entrepreneurs** <sup>(5)</sup>, highlighting key trends and challenges, and scrutinizing opportunities for progress. Scalable approaches to increase access to finance for women entrepreneurs in developing countries were identified, and policy recommendations on empowering women entrepreneurs to pursue economic opportunities, invest additional capital, and hire more employees were provided.

The development of SME Finance in the agricultural sector – in the widest possible meaning – was also identified as an important issue to bring forward food security and to reach the Millennium Development Goals. The Sub-group conducted analytical work with the objective of identifying appropriate approaches to calculate or reduce the main risks and costs that inhibit access to financial services in the agricultural sector in developing countries. A stocktaking exercise was conducted on approximately 60 case studies and an outreach process was initiated, especially with African partner countries, supported by the Partnership “Making Finance Work for Africa”. This effort led to **a report presenting several guidelines for policy and regulatory frameworks conducive to agricultural finance** <sup>(6)</sup> and consistent with the G20 Principles for Innovative Financial Inclusion. In the following year, these recommendations can be used to create a roadmap for implementation and scaling-up best practice solutions.

The Sub-group also works on **a novel platform to engage with developing countries: the ‘SME Finance Compact’**. The Compact should reflect the commitment of a core list of these countries to lead the effort in developing and implementing their own national enabling policy framework for SME Finance within their financial inclusion agenda, and, with the support of the GPFI and partnership with the G20, develop innovative models and approaches to address the specific challenges and constraints faced by low income countries with regards to SME finance. The objectives and mechanism of the Compact will be elaborated in time for a potential formal launch at the 2012 Summit in Mexico.

The Sub-group also developed **a Global SME Finance “Forum”** as a virtual platform for knowledge sharing, promotion of best practices across countries and institutions and establishment of baselines.

The “Forum”, hosted by IFC, will be launched at the Cannes Summit. Relying on a user-friendly web platform leveraging on the GPF website infrastructure (see below), it will provide standardized benchmarks, disseminate information and research, address the void of missing data, promote collaboration, shed light on innovations and best practices and give visibility to successful models of SME finance. By promoting improved access to information, the initiative aims at catalyzing a movement of consensus amongst stakeholders on good practices and performance standards that will advance the SME finance industry.

Finally, the Sub-group also carried forward the commitment taken by the G20 Leaders in Seoul with respect to the 14 winners of the 2010 SME Finance Challenge, entertaining a dialog with potential funders, including bilateral agencies. The matching exercise was conducted in parallel and in link with the building of the SME Finance Policy Guide, and is expected to be completed in 2012. Furthermore, additional progress was made under the SME Financing Policy Guide to mobilize and coordinate resources for scaling-up SME finance models including investment and advisory components.

### c. Data and Measurement

In this first year of existence, the Sub-group focused on three main workstreams: (i) taking stock of the existing financial inclusion data landscape and identifying the subsequent gaps, (ii) developing key performance indicators against which to measure country-level progress in financial inclusion, and (iii) laying out the foundations for the framing of financial inclusion target setting approaches. The data stocktaking and gap exercise, which covered both global and multi country supply-side as well as demand-side data sources, was carried out by the IFC and CGAP; the development of the set of key indicators was led by AFI, building on the achievements of its own Data Working Group, and the initial framework for target setting was led by the IFC. The key findings of these workstreams are highlighted in **a progress report which includes a roadmap for the following year.**

Standardization and improvement of data collection methodologies, harmonization of definitions and coordination of collection efforts within and across countries are necessary to improve data availability and quality, to ensure comparability, transparency, consistency and cost efficiency, to minimize misinterpretations of published statistics and to contribute to informed policy design. The stocktaking exercise highlighted that international data collection and compilation efforts relied heavily on country-level statistics and data collection by national statistical agencies; additionally there is an opportunity to leverage more country-led measurement initiatives that better address the specific financial inclusion context and policy questions in each country. Therefore, building national statistical capacity is crucial to achieve reliable and consistent data sources not only at the national level but also on a global scale. The case was also made for open data access, as data available in the public domain facilitates knowledge creation and a shared understanding of challenges, and in turn leads to better policies and higher quality data. Noting the IMF’s statute as a standard setter in monetary statistics and financial soundness indicators, the Sub-group additionally advocated that the IMF efforts in collecting supply-side data on a global scale ought to be continued and expanded, while limited to the core, macro dataset and complemented by other initiatives. The Sub-Group recognized **the remaining key high-level data challenges that need to be further explored and**

**addressed** - harmonizing definitions, standardizing data collection, improving national statistical capacity, coordinating survey efforts and building financial identity.

The Sub-group leveraged the “Core Set” of financial inclusion indicators developed by the AFI Data Working Group as a starting point. Consisting of basic indicators of access and usage by households, the Core Set is a tool that allows domestic policymakers to measure the general evolution of financial inclusion in their countries and a foundation from which to begin a national target setting exercise. It therefore provides a natural basis on which to build a shared global framework on data and measurement that is standardized yet still flexible enough to meet country-specific needs. AFI’s Core Set may continue to evolve in the coming year pending further feedback from AFI member countries, and the Sub-group is already considering additional indicators such as indicators on access to regulated insurance products, savings and investment accounts and indicators that cover the SME dimension (% of SMEs with at least one type of regulated deposit account, % of SMEs with at least one type of regulated credit account). Moreover, the Sub-Group urged that special attention be given the development of indicators for the dimensions of financial inclusion that are yet to be measured consistently: (i) indicators on quality of financial services, financial literacy, barriers to access; (ii) access and usage indicators for informal and non-bank providers; (iii) indicators on key enabling environment; (iv) differentiation of active users; (v) access to finance by women-owned SMEs, agricultural SMEs, and informal businesses; and (vi) frequency of measurement of usage by enterprises. A **pilot testing phase of the Core Set** was conducted during this first year in 12 countries, in order to collect country-level feedback to further refine this set of indicators.

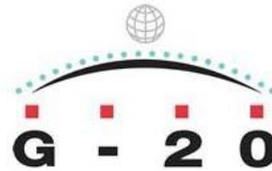
In addition, the Sub-group kick-started the work on financial inclusion target setting. As goals and targets help raise awareness, mobilize resources, inspire efforts, set priorities and direct actions, target-setting that is appropriately tailored to individual country contexts can help achieve the shared vision of universal access and usage. In this respect, the GPFi can play a role in (i) incorporating guidance on measurement frameworks and prioritization of targets through GPFi country-level pilots and (ii) aligning on the roadmap and determining a toolkit for formulating country-level targets or goals to help “operationalize” the GPFi’s universal access and usage vision. Sound target-setting process involves a multi-phased series of analytics, engagements and ultimately, outreach at the country-level. The Sub-group conducted a 7-week exercise focused on providing the initial technical and analytical inputs into this process. The results of this initial exercise will serve as the foundation for tools to be refined, finalized and pilot-tested ahead of the Mexico 2012 Summit.

#### **d. Outreach and communication**

The GPFi was designed with a view to enhance collaboration and knowledge sharing among a broad set of Partners. In this spirit, the Partnership actively engaged, and throughout the year worked with numerous actors: 9 non-G20 countries<sup>5</sup>, around 20 international institutions<sup>6</sup> and as many private

<sup>5</sup> Kenya, Malaysia, Netherlands, Nigeria, Peru, Philippines, Spain, Sweden, Thailand;

<sup>6</sup> Beyond the AFI, the CGAP and the IFC, also involved were : the Financial Action Task Force, the International Association of Insurance Supervisors, the International Organization of Securities Commissions, the Bank for International Settlements, the Basel Committee on Banking Supervision, the World Bank, the International Monetary Fund, the European Bank for Reconstruction and Development, the Inter-American Development



actors<sup>7</sup> joined the G20 effort. The potential outreach of the GPFIs work extends beyond this perimeter, as it can rely upon its implementing partner's networks, such as AFI's membership of developing country central banks and regulators, CGAP's donor network and IFC's engagement with the private sector.

In June 2011, H.R.H. Princess Máxima, the UN Secretary General's Special Advocate for Inclusive Finance for Development, accepted to be designated Honorary Patron of the GPFIs. H.R.H. Princess Máxima's engagement opens exciting opportunities to accelerate collective progress towards financial inclusion, by enhancing the synergies between G20 and UN processes and also other global institutions, and by encouraging national-level commitment and action.

On October 1<sup>st</sup>, the first GPFIs Forum was held in Riviera Maya (Mexico). H.R.H. Princess Máxima and Mr. Rodriguez Regordosa, Deputy Minister of Finance of Mexico, delivered the keynote speeches of the Forum, which was officially opened by the Mexican President, Mr. Calderon. The event was attended by more than 80 high-level representatives of the financial inclusion community and provided an opportunity to review the achievements of the GPFIs, but above all served to initiate a broader dialogue on the way to a shared vision for financial inclusion.

The GPFIs website ([www.gpfi.org](http://www.gpfi.org)) was launched at the Forum. Along with showcasing the GPFIs deliverables and recommendations, the website provides a powerful platform to serve as a knowledge bank to collect and disseminate experience and analytical work. In addition, the GPFIs website references relevant partners' key links.

The Partnership will pursue this dynamic in 2012 and plans in particular to actively engage the private sector providers of financial services in reaching the unbanked and underbanked.

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Bank, the International Labor Organization, the Organization for Economic Cooperation and Development, the World Economic Forum, the FMO, the UN and the UN Development Fund...

<sup>7</sup> Such as the Grameen Foundation, the Bill and Melinda Gates Foundation, Ashoka, the Universal Postal Union, McKinsey, the GSM Association, ACCION, the Finmark Trust, ABAC, etc.

### III – RECOMMENDATIONS TO THE LEADERS

Building on the work summarized in this report, and described in more details in the corresponding deliverables, the GPFI recommends to the G20 Leaders the following:

- ***In order to further anchor the GPFI vision on universal access to, and usage of financial services, encourage developed and developing countries to commit to further implementation of the nine Principles for Innovative Financial Inclusion, building on lessons learned from successful experiences, and the policy recommendations emerging from the case studies documented;***
- ***Call upon the main Standard-Setting Bodies (SSBs), including BCBS, CPSS, FATF, IADI and IAIS, to jointly explore the complementarities among their work and that of the GPFI, and encourage the SSBs to consider the recommendations and lessons learned from the GPFI white paper and country case studies on financial inclusion and the standards and guidance of the SSBs;***
- ***Launch the SME Finance forum as a platform, hosted by IFC, to leverage experience on SME Finance; welcome the SME Finance Policy Guide developed by the GPFI, laying down together with the Financial Inclusion Principles the foundation for future engagement at the country level; and acknowledge access to finance for women-owned businesses as well as for SME in the agricultural sector as critical for job creation and sustainable growth.***
- ***Welcome the progress made in meeting the G20's commitment to establishing a finance framework that mobilizes grant and risk capital for winning proposals from the SME Finance Challenge and for scaling up successful SME financing models.***
- ***Request the IMF to continue and strengthen its supply-side data collection effort with the support of the IFC and CGAP; and encourage countries to develop and use data sources that are relevant for informing and monitoring policy success, leveraging other complementary supply-side and demand-side data.***

Recognizing the considerable challenges still lying ahead and the importance of achieving tangible results, the GPFI recommends that its vision of universal access to, and usage of, financial services be supported at the highest level. The GPFI accordingly calls on the next G20 Presidency to ensure that financial inclusion is duly prioritized in the agenda.

## IV – REFERENCES

### GPFI productions:

- 1] *Implementing the G20 Principles for Innovative Financial Inclusion: Bringing the Principles to Life – Eleven Country Case Studies*, Sub-group n°1, 2011;
- 2] *Global Standard-Setting Bodies and Financial Inclusion for the Poor: Toward Proportionate Standards and Guidance*, Sub-group n°1, 2011;
- 3] *Global Financial Sector Standard-Setting Bodies and Financial Inclusion: Case studies from Brazil, Kenya, Mexico, the Philippines and South Africa*, Sub-group n°1, 2011;
- 4] *G20 SME Finance Policy Guide*, Sub-group n°2, 2011;
- 5] *Strengthening Access to Finance for Women-Owned SMEs in Developing Countries*, Sub-group n°2, 2011;
- 6] *G20 Policy Report on Agricultural Finance for Small and Medium Sized Enterprises*, Sub-group n°2, 2011;
- 7] *Financial Inclusion Data – Assessing the Landscape and Country-level Target Approaches*, Sub-group n°3, 2011.

### Other important references:

- 8] *The G20 Leaders Pittsburgh Declaration*, 2009;
- 9] *The Seoul Development Consensus for Shared Growth*, 2010;
- 10] *Scaling Up SME Access to Financial Services in the Developing World*, 2010.

All these references and more relevant documentation and links can be found on the GPFI website ([www.gpfi.org](http://www.gpfi.org)).