

REGULATION AND SUPERVISION

Since the late 90's, many countries have developed a specific regulatory framework for microfinance activities.

Yet, IDLO has observed that many microfinance institutions face difficulties in complying with those regulations.

Sometimes even the regulator finds great obstacles in implementing those texts due to lack of resources and/or capacity.

Legal capacity building

IDLO has a significant experience in developing capacities of legal professionals and government law and policy makers involved in microfinance.

The purpose of IDLO programs is to provide microfinance practitioners and supervisory authorities with a substantive knowledge of international trends in microfinance supervision and to share lessons learned worldwide.

IDLO's law and microfinance curriculum also addresses the duality of the financial inclusion: economic performance and consumer protection.

IDLO Programs focus on;

- *National specificities*: addressing the specific needs of microfinance practitioners and government law and policy makers;
- *Local partnerships*: IDLO programs are organized with the Organization's Alumni and the National Microfinance Professional Associations, as a means to reinforce their role and capacity;
- *Sustainability*: programs begin with the preparation of guidelines on the regulation's implementation. With this documentation and the expertise gained in the process, Microfinance Professional Associations become permanent resource centers for the industry.

Regulatory Impact Assessment

The microfinance supervisory body (Central Bank or Ministry of Finance for instance) has limited human and financial resources. To strengthen their capacity to face systemic risk within the nation's financial system and to ensure the security of the public deposits, IDLO assists them through:

Ex-ante Regulatory Impact Assessment: Provide the appropriate tools to anticipate the administrative costs of several regulatory scenarios and their expected economic impact

Ex-post Regulatory Impact Assessment: Process mapping analysis of the implementation of regulation.

