

INTERNATIONAL PARTNERS FOR RURAL AND MICROFINANCE FINANCE
(IPRMF)

- TERMS OF REFERENCE -
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The **International Partners for Rural and Micro Finance (IPRMF)** gathers the donors and funders active in the microfinance sector or in the rural finance sector in Mozambique.

General context:

Microfinance is an efficient tool to fight against poverty and a lever for development. This is recognised at the international level as well as in the Poverty Reduction Strategy Paper (PRSP) defined by the Government of Mozambique (GoM), and known in Mozambique as PARPA: Plano de Acção para a Redução da Pobreza Absoluta.

Moreover, “poor rural financial services are a serious constraint to programmes supporting improved market linkages/commercialisation and the development of micro, small and medium enterprises and, more broadly, to the development of agriculture, fisheries and the rural economy. Government accepts its pivotal role in facilitating development of the sector and is prepared to take the lead”¹.

In the context of the Rome and Paris Declarations², the international partners need to improve harmonisation and alignment also in the microfinance and rural finance sectors.

Objectives of the IPRMF:

General objective:

The IPRMF aims at participating in the reduction of poverty through the support of the development of the microfinance and rural finance sectors in Mozambique, in the context of the PARPA.

Intermediary objectives:

1. Exchange information between members, on the microfinance and rural finance sectors in general and on the members’ activities in these sectors more specifically;
2. Intensify the cooperation between the members with the aim to further harmonise the international partners’ approach in the microfinance and rural finance sectors;

¹ Source: Appraisal Report of the Rural Finance Support Programme in Mozambique

² Rome Declaration on Harmonisation – February, 25, 2003 – and Paris Declaration on Aid Effectiveness – March, 02, 2005.

3. Participate in the Commission of coordination of the microfinance sector to be created according to the recommendations included in the “Microfinance National Policy and Strategy”³: the IPRMF will therefore support the Commission in its function of advising and defining the activities in the microfinance sector⁴;
4. Undertaking dialogue with GoM and operators on the Microfinance and Rural Finance area in order to facilitate reforms in the sector and its broad-based growth.
5. Act as the “Donor Coordination Group” foreseen by the Rural Finance Sector Programme (RFSP)⁵ to facilitate coordinated interventions that are attractive to and available to a range of donors active in the rural finance sector. This implies as well a participation of the IPRMF in the *Rural Finance Forum* to be implemented by the RFSP;
6. Exchange information with the other sectorial Groups whenever complementarities appear;
7. Promote best practices in the microfinance and rural finance sector.

Articulation in the Working Groups’ framework of the PAF⁶:

The IPGMF articulate with Financial Sector Working Group (FSWG) to channel its recommendations, positions, analyses and participation in the Joint and Mid-Year Reviews, as a subgroup of the FSWG. The IPRMF could also have dialogue with other groups active in common fields in the context of the partnership with the Government of Mozambique, in order to improve harmonisation and alignment amongst partners in the microfinance and rural finance sectors.

Indicative plan of activities:

To achieve these objectives, the IPRMF is working on the following issues:

1. Contribute to the definition and implementation of the “Microfinance National Policy and Strategy”;
2. Being recognized as a subgroup of the Financial Sector Working Group (FSWG);
3. Establish a link with the PROAGRI Group;

³ “Política e Estratégia Nacional de Microfinanças”, still to be approved.

⁴ “(...) É recomendada a criação de um *Comissão* (com termos de referência claros), constituído pelos principais financiadores e instituições de referência na área de microfinanças e o Governo, incluindo o Banco Central, com função de aconselhamento e programação conjunta de actividades.” *Source*: “Política e Estratégia Nacional de Microfinanças”.

⁵ “A donor group comprising all donors concerned with rural finance would be constituted and sponsored by RFSP”. *Source*: Appraisal Report of the Rural Finance Support Programme.

4. Establish a strong dialogue with the microfinance operators;
5. Support the creation of the Commission of coordination of the microfinance sector.
6. Identify a governmental counterpart and establish a regular mechanism of dialogue with it.

Members:

International partners, funders, bilateral or multilateral donors, with any interest in the Microfinance and Rural Finance sectors in Mozambique.

Secretary and Representative:

Two members hold the position of chair and co-chair of the IPRMF for a one-year period, starting in March.

After this period, the positions will be held by other members, to be collegially and rotatively appointed by the Partners Group for Microfinance and Rural Finance for a one-year mandate.

Meetings frequency:

The IPRMF will meet every last Wednesday of the month, at 2.30 p.m, at the chair's office. The date and time of the meetings can be rescheduled, according to the convenience of the Group. One out of three meetings should deal with Rural Finance issues, with some flexibility for meetings on *ad hoc* basis to deal with these specific issues. The regularity of the meetings covering Rural Finance aspects will be more precisely defined in the future, according to the needs observed during the first year of work of the Group under these new Terms of Reference.

⁶ Performance Assessment Framework (PAF)