



openspace – 360° risk assessment for MFIs

21 Mai 2009



Project Openspace - Definition

Project “OpenSpace” is an initiative launched by the NGO « RMSF » designed to create a risk quantification and analysis tool applicable to all kinds of MFIs

▶ For MFIs:

- ▶ To enhance their risk management, strategic development and sustainability.
- ▶ To approach international standards and regulations for risk management (e.g. Basel II agreements)

▶ For Investors:

- ▶ To secure their investment portfolios.

▶ For the microfinance sector :

- ▶ To improve the stability and insurability of the sector
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Project Openspace - Objectives

▶ Objectives:

- ▶ To define the universal standards of risk evaluation and risk management for MFIs across the world. This approach does not limit itself to financial risks but also includes strategic and operational risks.

▶ In practical terms:

- ▶ The project will lead to the creation of methodological tools and computerized software that will be available for use by any MFI, investor or regulator who wishes to better diversify and monitor their risks.
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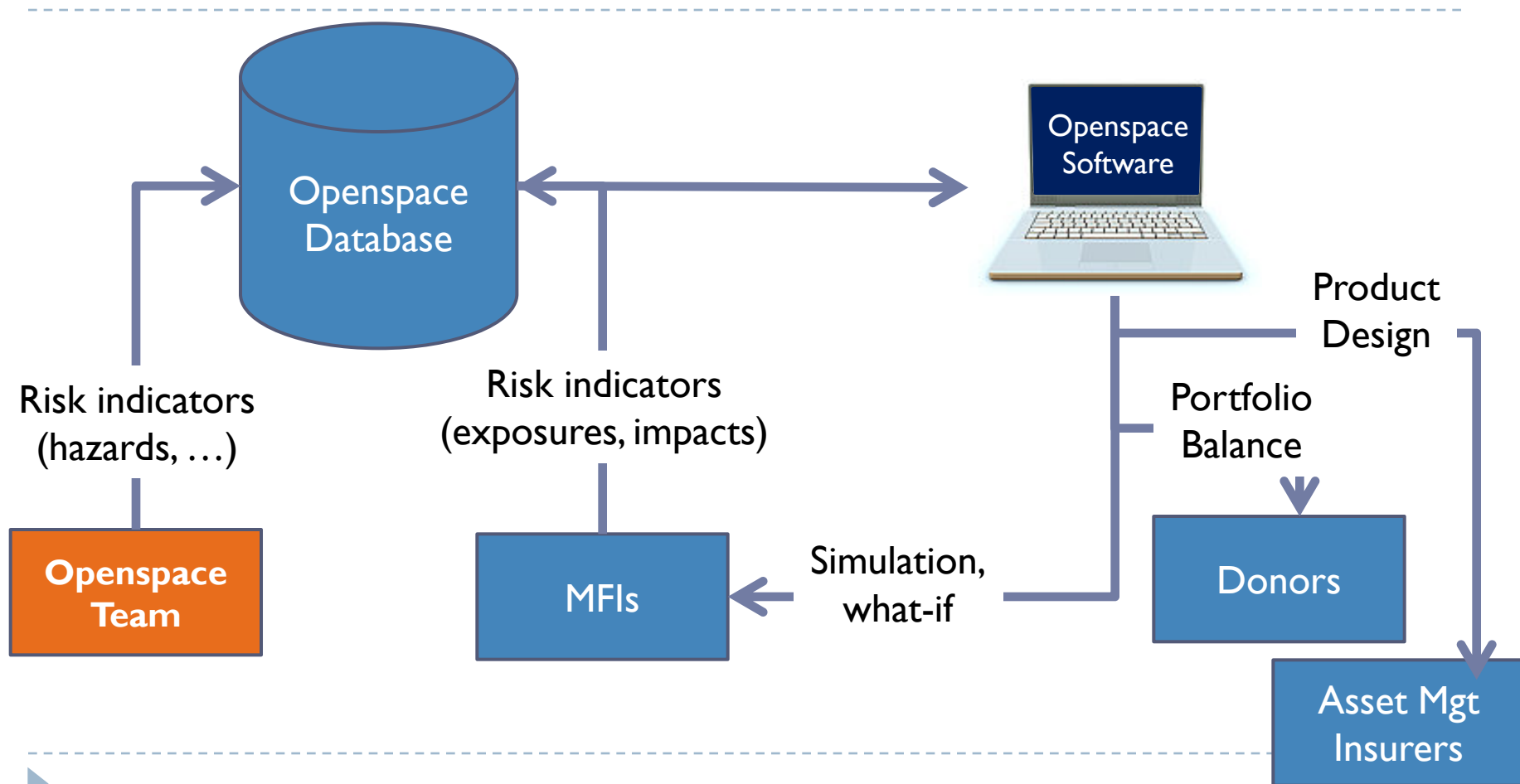


Project Openspace – Action Plan

- ▶ The project is organized in two phases:
 - ▶ A first phase will consist of the gathering of information and data on the risks of MFIs on all continents, and of the drafting of the tools to be set up.
 - ▶ A second phase will focus on the development and roll out of these tools.
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The project Openspace - **Target**





The Openspace system for MFI

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- ▶ **Online questionnaire for self assessment :**
 - ▶ Activity Breakdown
 - ▶ Risk Management Practices
 - ▶ **Expected outcomes – Major Risks**
 - ▶ Identify poorly diversified risks, i.e. activity concentrations
 - ▶ Assess growth risk
 - ▶ Help monitor non diversified credit risks
 - ▶ **Expected outcomes – Common Risks**
 - ▶ Evaluate practices compared to other participants
 - ▶ **Expected outcomes – Hedging**
 - ▶ Calculate a distribution of capital charge (Basel II – like)
 - ▶ Evaluate the “right price” of insurance coverage.
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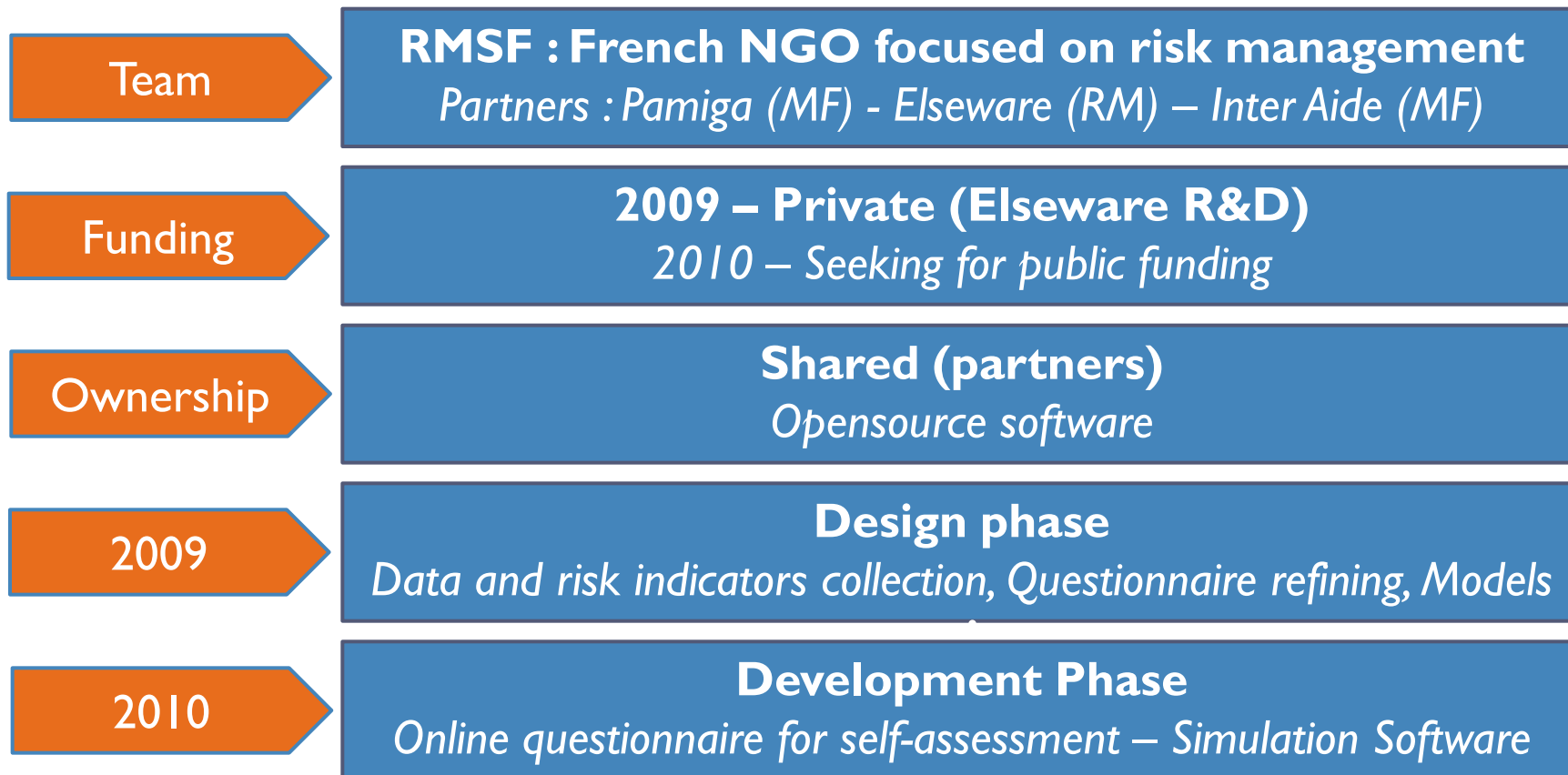


The Openspace system for 3rd parties

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- ▶ **Third parties access :**
 - ▶ Access to statistical analysis and simulation on whole database
 - ▶ **Institutional donors**
 - ▶ Assess portfolio @ risk
 - ▶ Support investment strategy
 - ▶ What-if simulation
 - ▶ **Asset managers**
 - ▶ Define specific funds
 - ▶ Evaluate risk
 - ▶ **Insurers**
 - ▶ Define and price specific insurance products for MFIs
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The project Openspace - **Status**





The Openspace Questionnaire

*The current version of the questionnaire is conducted during a specific audit.
Our objective is to reach a stable version that can be used for self-assessment.*

Part I

Risk Identification - Spontaneous
Risk Identification - Referenced

Part II

Major Risks Assessment
Competition
Funding
Management
Natural / Political Disaster
Common Risks Assessment
Credit Risk
Internal Fraud
External Fraud
Errors
Accidents



How to contribute ?

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- ▶ **We are currently looking for :**
 - ▶ MFIs to join our risk management partnership (especially South America and South East Asia)
 - ▶ Sponsors to fund risk management missions
 - ▶ Public sponsors to fund the project development phase (2010)



openspace – **contacts**

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