

MICROCAPITAL BRIEFS | TOP STORIES

Nicaragua’s “No Payment Movement” Attacks Microfinance

Approximately 4,000 Nicaraguans organized under the No Payment Movement (Movimiento No Pago) are demanding a law to give debtors a 10-year amortization period and an annual interest rate cap of 8 percent. Leaders of the group have reportedly threatened to burn microfinance institution branches and take staff members hostage if their demands are not met. November 6. 2009

BlueOrchard Private Equity Fund Takes Stake in TenGer Allowing Shareholder Exit

The BlueOrchard Private Equity Fund has acquired a 14.51 percent stake in TenGer Financial Group from an unnamed shareholder for an undisclosed sum. Existing shareholders also increased TenGer’s share capital by the equivalent of USD 5.3 million, of which two thirds has been invested in XacBank and one third was used to found TenGer League Investments, through which the group will implement its international expansion strategy. TenGer recently expanded beyond Mongolia for the first time with a pilot equity investment in Mol Bulak Finance Microcredit Company of the Kyrgyz Republic. With total assets of USD 131 million, the BlueOrchard Private Equity Fund is not to be confused with BlueOrchard Finance, which makes fixed-income loans to microfinance institutions. November 4. 2009

Central Bank of Nigeria May Outsource Microfinance Supervision

The Central Bank of Nigeria and its subsidiary, the Nigeria Deposit Insurance Corporation, are reportedly “overwhelmed by the number of microfinance institutions [MFIs] in the country” and have considered outsourcing MFI regulation. The trouble has been attributed to large numbers of MFIs opening and closing, widespread regulatory non-compliance and liquidity problems caused by fraud and borrower delinquency. October 27 and November 3. 2009

USAID, Grameen Foundation to Offer \$162m in Guarantees

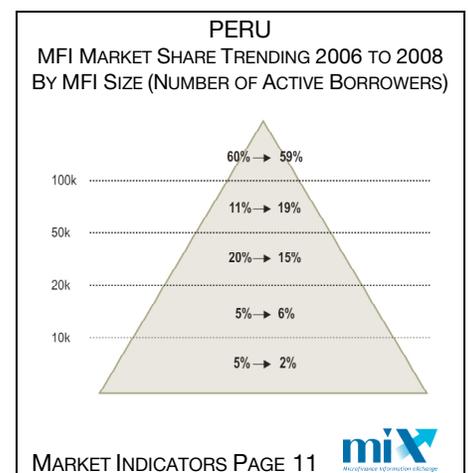
The US Agency for International Development (USAID) and the Grameen Foundation have announced a partnership to support local currency financing to microfinance institutions (MFIs) throughout the developing world. Over twelve years, the organizations will issue USD 162.5 million in joint guarantees, with Grameen Foundation managing the credit risk of the pool and vetting microfinance institutions that apply to access the funding. USAID’s participation falls under its Development Credit Authority, which offer credit guarantees of up to 50 percent to encourage financial institutions to lend to underserved borrowers. October 26. 2009

INSIDE	Page
MicroCapital Briefs	2
Microfinance news	
CGAP Microfinance Dealbook	9
Capital market transactions	
Meet the Boss	10
Sébastien Duquet, PlaNIS	
Market Indicators	11
Courtesy of the MIX	
Upcoming Events	12
Industry conferences	
Paper Wrap-ups	13
Latest research and reports	
Subscribe to the Monitor	15

CGAP MICROFINANCE DEALBOOK

CAPITAL MARKET TRANSACTIONS
EVERY MONTH

DEALBOOK PAGE 9 



MICROCAPITAL BRIEFS

BancoSol Places Local Currency Bond Worth \$7m

Bolivia's BancoSol has issued seven-year bonds worth USD 7.12 million, at approximately 4 percent interest, on the La Paz market. The issue is planned as the first in a line worth USD 26 million. The issue was rated AA2 by Moody's. BancoSol reports 125,900 customers and a loan book of USD 335 million. November 19, 2009

The Bank of Tanzania Gets \$40m for Housing from World Bank

The Bank of Tanzania has borrowed USD 40 million from the World Bank to increase the availability of financing for the purchase, construction and rehabilitation of housing. USD 3 million will be directed to a "Housing Micro-Finance Fund." November 19, 2009

FINCA, Deutsche Bank Announce \$21m Sub-Debt Deal

FINCA International and Deutsche Bank have secured capital commitments of USD 21.2 million from private-sector investors for the FINCA Microfinance Fund BV. The offering will support on-lending and infrastructure development for FINCA affiliates in the Democratic Republic of Congo, Mexico and Central Asia. Investors in the fund include pension funds and socially-oriented private investors. FINCA International reports 730,000 clients in 21 countries with an average loan size of USD 503. November 19, 2009

SKS Microfinance Links with Private Banks to Manage Cash

SKS Microfinance will collaborate with private banks to launch an integrated cash management system whereby 300 of its branches would partner with Axis Bank, 175 branches with ICICI Bank and 100 branches with HDFC Bank. SKS estimates that its 1,700 branches have surplus cash equivalent to USD 6.2 million on a daily basis. November 19, 2009

ACCION Takes 49% Stake in Saija Finance

ACCION International's Gateway Fund recently invested USD 500,000 to acquire a 49.5 percent equity stake in Saija Finance Private Limited, a microfinance institution that opened in April 2008 in northern India. ACCION also plans to help with the implementation of mobile phone-based payments and point-of-sale checkout systems. Saija, which reports a gross portfolio equivalent to USD 256,597, plans to expand to some of the poorest Indian states, such as Jharkhand and Chhattisgarh, where financial access is less available. November 18, 2009

MFTransparency Publishes Pricing Data

MFTransparency has published interest rates for microfinance loan products offered by all 13 members of the Association of Microfinance Institutions in Bosnia and Herzegovina as the first phase of an international rollout. Data from Cambodia has also been released, and Peru, Kenya and Azerbaijan numbers are forthcoming. Although average portfolio yield is sometimes used as a proxy for interest rates, MFTransparency bases its pricing data on original loan contracts from microfinance institutions, which is intended to allow for the analysis of rate variances based on factors such as loan size, client characteristics and location. October 26 and November 18, 2009

Chinese Association Wants Deregulation, Microfinance Fund

At the recent China Microfinance Summit 2009, Secretary General Bai Chengyu of the China Association of Microfinance argued that government regulations inhibit microfinance institutions' growth by preventing the acceptance of deposits to finance microloans and by capping interest rates at four times the prime lending rate, which currently stands at 5.31 percent. Mr Bai also argued in favor of more collateral-free lending and a wholesale fund to pool donor funding. November 3 and November 17, 2009

Sri Lanka Saves

A survey on Sri Lankan microfinance performed by the German Agency for Technical Cooperation (GTZ) and Sri Lanka's Promotion of the Microfinance Sector (ProMiS) program has calculated that the nation's microfinance institutions have enabled 26 million depositors to save the equivalent of USD 1.1 billion. November 17, 2009

Nigeria's Anambra State Launches \$16m Microfinance Scheme

Access Bank Plc, a Nigerian commercial bank, has entered into an agreement with the Anambra state government to provide the equivalent of USD 16.5 million to microfinance institutions to offer collateral-free loans of up to USD 3,294. November 17, 2009

Filipino Central Bank to Increase SME Support

The central bank of the Philippines has reportedly signed an agreement with the International Finance Corporation and the German Agency for Technical Cooperation (GTZ) to receive technical assistance regarding the supervision and regulation of lending to small and medium-sized enterprises. November 17, 2009

The Philippines Drafts Microinsurance Strategy

Filipino government and private-sector representatives have approved a draft "National Strategy for Microinsurance," which is set to launch in January 2010. Stakeholders will be required to promote financial literacy and encouraged to partner with community-based organizations to increase their outreach. November 16, 2009

MicroEnsure, CARE Launch Funeral Microinsurance

MicroEnsure and CARE have jointly developed a low-cost funeral benefit product for CARE's village savings and loan associations, each of which may purchase the product by a unanimous vote of its members. A wholly-owned subsidiary of Opportunity International, MicroEnsure provides products including health, life, property and weather index-based insurance to 3.5 million people in 10 countries. November 13, 2009

CDC Group to Commit \$5m to SMEs in Sierra Leone

CDC Group, a UK-owned development finance institution, is committing USD 5 million to the Sierra Investment Fund, which invests in small and medium-sized enterprises in Sierra Leone and is managed locally by ManoCap. The announcement comes in advance of a Sierra Leone investment and donor conference taking place this month in London. November 13, 2009

IFAD, African Development Bank Loaning \$3.5m in Mozambique

As part of a USD 4.3 million package from the United Nations International Fund for Agricultural Development and the African Development Bank, the government of Mozambique is directing a USD 3.5 million credit line exclusively to "rural financial support programs." November 12, 2009

MicroCapital Monitor - © 2009 MicroCapital - ISSN 1935-505X
The MicroCapital Monitor is published monthly by MicroCapital

Editor David Satterthwaite

Director of Operations Bob Summers

Writers Radhika Chandrasekhar, Ching Yee Chong, Diya Chopra,

Kenny Kline, Hio Kyeng Lee, Chris Maggio and Stefanie Rubin

Design assistance provided by Diego Guerra Tavara

For questions, comments or suggestions, please write to
info@microcapital.org or call +1 617 648 0043, Boston, USA

MicroCapital would like to recognize the individuals at CGAP, the Microfinance Information Exchange and the Microfinance Gateway for their outstanding work disseminating information on microfinance. Thank you!

Cambodia: Defaults, Number of Borrowers Down

The Cambodian Microfinance Association reports that outstanding microfinance loans rose 5.5 percent during the third quarter to USD 448 million at its 22 member institutions. However the data, which covers 21 microfinance institutions plus small loans from ACLEDA Bank, showed a drop in the number of borrowers to 883,000, down 14 percent from the previous quarter. The rate of non-performing loans fell to 1.48 percent, however Angkor Mikroheranhvatho Kampuchea CEO Paul Luchtenburg reportedly said that in some situations borrowers may need to sell land to settle debts. October 22 and November 12. 2009

147 MFIs Recognized for Social Performance Reporting

The Social Performance Task Force, formed in 2005 by CGAP (Consultative Group to Assist the Poor) and the Argidius and Ford Foundations, recently announced that it has recognized 147 microfinance institutions (MFIs) and six networks for their disclosure of data relating to social performance. Of these, 20 MFIs received the highest “gold” level designation. November 11. 2009

The New York Times Calls Kiva’s Model an “Illusion”

A recent article in *The New York Times* addressed confusion over microfinance intermediary Kiva, saying it “promoted itself as a link between small individual lenders and small individual borrowers...the direct person-to-person connection Kiva offered was in fact an illusion.... Where its home page once promised, ‘Kiva lets you lend to a specific entrepreneur, empowering them to lift themselves out of poverty,’ it now simply states...‘Kiva connects people through lending to alleviate poverty.’” November 11. 2009



Microfinance Insights Issue Covers Innovation

The latest *Microfinance Insights* issue, “Innovation: Are we Reinventing the Wheel?”, covers innovations in products, technology and finance that add value to the sector. November 11. 2009

Equity Bank of Kenya Profits Rise 48%

Equity Bank, a Kenyan microfinance bank that also operates in Uganda and Southern Sudan, has reported pre-tax profits equivalent to USD 57 million for the first three quarters of 2009, which reflects an increase of 48 percent over the same period of 2008. Net interest income also increased 40 percent to USD 88 million, and assets were up 20 percent to USD 1.2 billion. November 10. 2009

Proceedings of Microinsurance Conference in Dakar

At the recent Fifth International Microinsurance Conference, which focused on health microinsurance, the International Labour Organization presented a study indicating that 14.7 million people living on less than USD 2 a day are covered by microinsurance in 32 African countries. This represents approximately 2.6 percent of Africa’s population. Prisca Soares, Secretary General of the African Insurance Organization cited two major challenges to further expanding coverage: “The first is education, but not only for the population; the providers too need to have a deeper understanding of the target market. The second is innovation. We need to think outside of the box and look at the needs of each individual population group, know their culture and customs....” November 10. 2009

HBS - ACCION
**PROGRAM ON STRATEGIC
 LEADERSHIP FOR MICROFINANCE**

Harvard Business School (HBS) and ACCION International invite you to apply for a high-level strategy and leadership training for those shaping the microfinance industry, including CEOs of leading microfinance institutions and executives of mainstream banks.

APRIL 5-10, 2010
HARVARD BUSINESS SCHOOL, CAMBRIDGE, MA, USA
APPLY ONLINE AT WWW.ACCION.ORG/HBS
APPLY BY DECEMBER 31ST, 2009



Calling for More Competition in African Remittance Market

At the recent Global Forum on Remittances, the United Nations International Fund for Agricultural Development (IFAD) and the African Development Bank called for a reduction in fees imposed on the USD 40 billion sent as remittances to Africa each year. A recent IFAD report blames inefficient regulatory systems for reducing competition and raising costs. Two out of three locations where Africans can receive remittances are controlled by Western Union or Money Gram. Four out of five African countries restrict the type of institutions that may offer remittance services, often blocking post offices, credit unions and microfinance institutions from offering the service. October 23 and November 10, 2009

Customers in Fiji Save \$5.3m Via Mobile Deposit Scheme

Since the 2004 launch of a mobile banking scheme in Fiji by Australian commercial bank ANZ, in conjunction with the United Nations Development Programme, 73,000 new customers have been served, the equivalent of USD 5.3 million has been saved and USD 1 million has been loaned out. The effort includes mobile banking units to serve remote areas and also offers training on savings, budgeting and investment. November 10, 2009

IFC Loans \$10m to ATFBank of Kyrgyzstan

The International Finance Corporation will provide a USD 10 million loan to ATFBank-Kyrgyzstan to support the bank's lending to small and medium-sized enterprises (SMEs). ATFBank reports total assets of USD 156 million with 49 percent exposure to SMEs. November 10, 2009

Private Equity Investments, Portfolios Grow in India

Various sources have reported recently on the scale of growth in Indian microfinance. The aggregate loan portfolio doubled from the previous year to the equivalent of USD 2.5 billion as of March 2009. The total number of clients grew more slowly from 59 million clients to 76 million. Eleven private equity deals worth USD 143 million were closed in India this year through October, compared to eight deals worth USD 61 million in the previous year. According to Xavier Reille, Lead Microfinance Specialist for CGAP (Consultative Group to Assist the Poor), "Primary issuances are still limited by the small pool of investable [microfinance institutions] and by the absence of an organized secondary market." October 26 and November 10, 2009

Azerbaijan Microfinance Association Members Loan \$393m

The Azerbaijan Business Center website reports that the Azerbaijan Microfinance Association's 31 members have reached a combined total of 274,000 active borrowers and an aggregate microloan portfolio of USD 393 million, with 3.32 percent characterized as "risky." November 9, 2009

Pessimism on Fiji's Mandatory Microfinance

Regarding the requirement that all banks in will Fiji will be required to offer microfinance services starting in January 2010, a recent *Fiji Times* article lamented that a similar program mandated by a previous administration, "was not a success and a lot of people were unable to repay the loans provided for various small business schemes..." November 6, 2009

**Do you need a partner to help you grow?
Call on us.**

BlueOrchard is a leading commercial microfinance fund manager, which provides loans and equity investments to microfinance institutions world-wide. We believe micro-entrepreneurship favours socio-economic inclusion and progress, and we consider investments in the microfinance sector as a powerful tool to support this development.

Currently, BlueOrchard has over USD 1 billion under management and invests in more than 120 partner institutions in over 40 countries

BlueOrchard builds long-term partnerships with microfinance institutions based on mutual trust and transparency. We offer loans from a range of **six debt funds** designed to meet the evolving financial needs of microfinance institutions. Our **approval process** is fast and transparent, with as many as 15 analysts based in Geneva (Switzerland) and Lima (Peru) at the disposal of microfinance institutions seeking financing.



BlueOrchard
Microfinance Investment Managers

Don't hesitate. Call on us.

BlueOrchard Finance S.A.
Geneva, Switzerland
Tel. +41 22 596 47 77
info@blueorchard.com

BlueOrchard Finance America Latina
Lima, Peru
Tel. +51 1 242 1199
info.latam@blueorchard.com

BlueOrchard Finance USA, Inc.
New York, USA
tel. +1 212 944 8748
info.northam@blueorchard.com

www.blueorchard.com

Mercy Corps, XacBank Emphasize Savings

A recent forum in the US state of Oregon, sponsored by Mercy Corps, featured XacBank's efforts to alleviate poverty in Mongolia through savings accounts. One program, "Future Millionaires," offers higher interest rates on savings accounts opened for children at birth, with the stipulation that no withdrawals be made until the child reaches age 18. The minimum deposit is equivalent to USD 2.10. Another XacBank program, supported by Women's World Banking and the Nike Foundation, encourages young girls to open savings accounts and teaches them about personal finance. November 5. 2009

USAID to Provide \$10m for Agricultural Microfinance in Tanzania

As part of a USD 37.7 million economic stimulus package to Tanzania, the US Agency for International Development will reportedly provide USD 10 million in microfinance for more than 1,000 small agribusinesses over five years. Further details were unavailable. November 5. 2009

Bank Groups Promotes Savings

As part of World Thrift Day on October 31, members of the World Savings Banks Institute and the European Savings Banks Group promoted savings in various ways, including offering raffles for those opening accounts or making deposits at the Kenya Post Office Savings Bank or the Tanzania Postal Bank and a 100-kilometer street parade organized by Sri Lanka's National Savings Bank. November 5. 2009

Kiva Hits \$100m in Total Microloans Facilitated

Microfinance intermediary Kiva recently announced that it has facilitated USD 100 million in loans from 573,000 individuals to 239,000 entrepreneurs via microfinance institutions in 50 countries. November 4. 2009

XacBank Awarded (Cash!) Carbon Credits for Energy Loans

XacBank of Mongolia has made its first sale of carbon offsets to Micro Energy Credits for an undisclosed sum. The credits are based on pollution reductions financed by XacBank's Eco Products Program, which offers loans to poor clients to purchase energy-saving products such as insulation or fuel-efficient stoves. November 4. 2009

SKS Microfinance Planning to Expand Network into Punjab

SKS Microfinance recently announced plans to expand into the Indian state of Punjab. COO R Rao estimates that Punjab has an untapped credit demand equivalent to USD 2.5 million. SKS reports total assets of USD 596 million, 3.5 million active borrowers, a gross loan portfolio of USD 279 million, a debt-equity ratio of 3.6, return on equity of 18.7% percent, and return on assets of 3.7 percent. November 3. 2009

"Access to Insurance Initiative" Launched

The International Association of Insurance Supervisors, which represents insurance regulators in approximately 140 countries, recently announced the launch of the Access to Insurance Initiative in association with CGAP (Consultative Group to Assist the Poor), the World Bank, the International Labour Organization, FinMark Trust and the German Federal Ministry of Economic Cooperation and Development. The initiative is designed to improve access to insurance by educating insurance supervisors on how to serve poor people. November 3. 2009

Review of Key Microinsurance Information Resources

A recent article at MicroCapital.org reviews the following microinsurance resources: Microfinance Gateway, the International Labor Organization, Microinsurance Network, the Munich Re Foundation and the ProVention Consortium. November 3. 2009

leading social investments

responsAbility

responsAbility – your professional financing partner

Is your MFI looking for:

- Fast and straightforward access to financing?
- A powerful and longterm partner at every business stage?
- Adequate pricing?

responsAbility offers you:

- A full range of tailor-made financing solutions from debt to equity
- A global network of financial service providers
- Prompt execution and transparent rates

responsAbility is one of the world's leading social investment companies, specialized in microfinance, SME financing, fair trade and media development. With our investment fund products we successfully bridge the gap between the financial markets, the goals of development cooperation and the needs of the microfinance industry.

Assets under management

- Over USD 800 million
- Invested in 250 MFIs
- In 60 countries

responsAbility

Social Investments AG, Josefstrasse 59, CH-8005 Zurich, Switzerland

Phone +41 (0)44 250 99 30, Fax +41 (0)44 250 99 31, info@responsAbility.com, www.responsAbility.com

Alternative Financial Institutions Offer Alternative Power in India

When a study found that households spent an average of over 3 hours per day and USD 8 either collecting or buying firewood, the Self Employed Women's Association (SEWA) partnered with India's Solar Electric Light Company to offer loans for women to purchase solar lanterns and smokeless gas cooking stoves. The Aryavart Gramin Bank has approved loans for 8,000 solar home systems in Uttar Pradesh state. SKS Microfinance also offers solar lamps to its millions of customers. November 3. 2009

UN Official: Microfinance Fails to Help Women Expand Businesses

According to the TheStreet.com, Carolyn Hannan, Director of the UN's division for the advancement of women, recently said that "Microfinance has not necessarily always empowered women and, in particular, it has failed to meet the needs of successful women entrepreneurs who are wishing to expand their businesses." November 3. 2009

Yeadley Smith Donates \$1.1m to Grameen Foundation, Fonkoze

Yeadley Smith, the voice of Lisa on the animated television series, *The Simpsons*, has donated USD 900,000 to the Grameen Foundation to expand opportunities for very poor people and USD 240,000 to Fonkoze, a Haitian microfinance institution, to strengthen support for its front line staff. November 3. 2009

Youth MFI to Enter Teenage Years

The Youth Self Employment Foundation (Yosefo) of Tanzania reports having loaned the equivalent of USD 8.7 million to 28,000 borrowers since its founding in 1996. With group and individual loan products, the NGO focuses on providing microcredit to young, female entrepreneurs. November 2. 2009

EBRD Increases Stake in Russia's Transcapitalbank to 28%

The European Bank For Reconstruction and Development (EBRD) is investing the equivalent of USD 43 million to increase its ownership stake in Russia's Transcapitalbank from 25 percent to 28.6 percent. With a loan portfolio of USD 1.3 billion, Transcapitalbank serves 121,000 individuals and micro-, small and medium-sized enterprises. November 2. 2009

Algeria Tries Credit to Prevent Crime

The Algerian Ministry of National Solidarity has announced that it plans to provide microfinance loans to Algerian prisoners to ease their process of reintegrating into society, hoping to reduce recidivism rates from the current 43 percent. 170 prisoners have so far applied to receive loans, which will be coupled with skills training such as sewing, hairdressing, carpentry and ironworking. November 2. 2009

Hear From Participating Organizations Such As:

- ROCKEFELLER FOUNDATION
- FORD FOUNDATION
- MICHAEL & SUSAN DELL FOUNDATION
- CLINTON FOUNDATION
- TIKA-CRE
- UNITUS CAPITAL
- DEUTSCHE BANK
- MORGAN STANLEY
- MILNAM ASSET MANAGEMENT LLC
- BENCHMARK ASSET MANAGERS
- LAW OFFICES OF HOWARD J. FINKELSTEIN
- DIAL 1296 FOR AMBULANCE
- WOKAI
- AYURVAID HOSPITALS
- CFEMA
- USAID
- CGAP
- INDUSTREE CRAFTS
- DE-RISK
- ACCION
- GRASSROOTS CAPITAL
- INCORIN
- DISTRIBUTED CAPITAL GROUP
- ARC FINANCE
- CHI INTERNATIONAL
- WHOLE
- DRAPER FISHER JURVETSON
- BLUE ORCHARD

PlaNNet Finance Establishes Office in Canada

PlaNNet Finance, a global microfinance NGO, is opening an office in Montreal to raise funds and provide services to projects worldwide. As of December 2008, PlaNNet Finance was active in 80 countries. November 2. 2009

Italy Provides \$9.1m to MISFA of Afghanistan

The Italian government has agreed to provide USD 9.1 million to a trust fund managed by the MicroFinance Investment Support Facility for Afghanistan (MISFA) for disbursement in the western provinces, where Italian troops operate. MISFA, a government-controlled nonprofit, pools donor funding for distribution to 15 microfinance institutions that serve a total of 439,000 clients and hold an aggregate portfolio of USD 103 million. October 30. 2009

VisionFund Cambodia Uses Loans in Typhoon Recovery

VisionFund Cambodia (VFC), a holding of US-based World Vision International, has begun disbursing USD 30,000 in "Express Loans" to about 500 small businesses affected by Typhoon Ketsana, which killed 600 people in September. The loans, which include a life insurance component, will be for up to USD 250 with terms of up to six months and interest rates of 2.6 percent per month. VFC reports 80,000 borrowers, a loan portfolio of USD 19.8 million, total assets of USD 23.1 million and return on assets of 2.96 percent. World Vision International has established 47 microfinance institutions since 1993. October 30. 2009

Egypt Finalizes Microfinance Law

Egypt's Ministry of Investment has finalized a law approving the establishment of microfinance companies. They will not be allowed to accept deposits nor transfer or exchange money and will be required to have capital equivalent to at least USD 1 million. October 30. 2009

Investors, MFIs Try "Speed-Dating" in Nairobi

African Microfinance Transparency's second annual Microfinance Investor's Fair in Kenya recently brought together 52 rated microfinance institutions and 18 microfinance investors for workshops and networking in a "speed-dating" format. October 30. 2009

Kenya Pushes Branchless Banking

Kenyan Finance Minister Uhuru Kenyatta told attendees of a recent MicroFinance Network conference that a legal framework is being developed to increase financial inclusion by allowing commercial banks to transact business through third-party agents such as SACCOs, microfinance institutions and retail outlets. October 30. 2009

Dr Brigit Helms to Lead Unitus

Unitus has hired Dr Brigit Helms, who previously worked at the International Finance Corporation, as its new CEO, replacing Geoff Davis, who stepped down in July 2008. October 28, 2009

Bandhan India Borrows \$32m from Punjab National Bank

Planning to add 100,000 new borrowers over the next five months, Bandhan of India has received a three-year loan equivalent to USD 32 million from Punjab National Bank, with a floating interest rate currently at 11 percent. Bandhan reports 1.5 million active borrowers, total assets of USD 171 million, return on assets of 8.66 percent and 1,008 branches. October 28, 2009

IFC to Raise \$300m in Japanese Bond Issue for Microfinance

The International Finance Corporation (IFC) is looking to raise USD 300 million for microfinance programs through a bond issue targeted at Japanese investors. The bonds will be denominated in Australian and New Zealand dollars and will be arranged by Daiwa Securities. IFC has obtained ratings for the issue of Aaa and AAA (investment grade) from Moody's and Standard & Poor's rating services respectively. October 28, 2009

Grameen Koota, Enda Inter-Arabe Receive Technology Help

Volunteers from Accenture, Citigroup and Dow Chemical are consulting with Grameen Koota of India and Enda Inter-Arabe of Tunisia to help them better use Mifos, an open source information system for microfinance institutions. October 27, 2009

Guarantee to Help Standard Chartered Loan \$29m in Malaysia

The Credit Guarantee Corporation of Malaysia has agreed to guarantee 80 percent of loans worth the equivalent of USD 29.6 million that Standard Chartered Bank Malaysia plans to disburse to small and medium-sized enterprises over the next 18 months. The loans will be provided exclusively to female entrepreneurs to expand businesses that they have been running for at least five years. October 27, 2009

Malaysian Program to Target "Hardcore Poor"

The government of the Malaysian state of Perak is reportedly poised to announce a microcredit program based on the Grameen model that will give "the hardcore poor" financial assistance to start up small businesses. October 27, 2009

Indian Bank to Loan \$5.3b to MSMEs in Orissa State

The Central Bank of India (CBI), a nationalized commercial bank, reportedly plans to extend credit equivalent to USD 5.3 billion to micro-, small and medium-sized enterprises in the Indian state of Orissa over five years. CBI will work with the government of Orissa to provide training and to open bank branches specifically targeted at smaller enterprises. October 27, 2009

Telenor to Launch Mobile Banking Service in Pakistan

Tameer Microfinance Bank and Telenor Pakistan, which are both controlled by the Norwegian mobile provider Telenor, have launched a mobile banking service called "easypaisa" that will allow customers to manage their accounts, receive money and pay bills via their mobile phones. Two thousand agents will offer a fee-based service for customers who do not have a mobile phone. Tameer reports 69,000 active borrowers, an outstanding loan portfolio equivalent to USD 27.7 million, return on assets of -0.08 percent, return on equity of -0.31 percent and a debt-equity ratio of 0.92. October 27, 2009

Burmese Military Gets into Microlending

The Burmese military is reportedly offering a microfinance program in Maungdaw, in western Myanmar. It will make loans averaging USD 30 to groups of five people. Some reportedly "shun the program" because of their displeasure with local authorities. October 27, 2009

EBRD Takes 25% Stake in Agroinvestbank of Tajikistan

The European Bank for Reconstruction and Development is acquiring a 25-percent stake (plus one share) in Agroinvestbank of Tajikistan for the equivalent of USD 12 million. Agroinvestbank, a commercial bank, reports 23 percent exposure to microfinance, 20,000 active borrowers, 57 branches, total assets of USD 235 million and return on equity of 4.12 percent. October 27, 2009

MFX Swap Allows Local Currency Loan to Mundo Mujer

MFX Solutions Inc has closed its first hedging transaction, a USD 4 million currency swap with MicroVest I, LP, allowing the microfinance investment fund to make a three-year loan to Fundacion Mundo Mujer of Columbia in local pesos. Shareholders of MFX include Omidyar Network, ACCION International, Stichting Hivos-Triodos Fonds, Stichting Triodos-Doen and Incofin. MicroVest reports having provided USD 70 million to 39 microfinance institutions. Founded in 1985, Fundacion Mundo Mujer reports total assets of USD 154 million, return on assets of 10.4 percent and return on equity of 30.6 percent. October 26, 2009

IFC, FORUS Bank of Russia Swap Currency, Interest Rate Risk

The International Finance Corporation, the investment arm of the World Bank, and FORUS Bank, a Russian microfinance institution, have executed currency and interest rate swaps worth over USD 13 million. Stacie Schrader, Board Chair of FORUS Bank, reports that FORUS has now hedged risk on 40 percent of its liabilities. FORUS has a gross loan portfolio of USD 53 million, 13,428 active borrowers, a debt-equity ratio of 5.07, return on assets of -2.27 percent and return on equity of -11.97 percent. October 26, 2009

Possible \$250m IPO Leads to Questions About SKS's Mission

The Times of London reports that the widely anticipated IPO by India's SKS Microfinance has "further inflamed the debate over whether the industry should be putting profits or the wellbeing of its impoverished clients first." October 26, 2009

Smart Campaign Calls For More Consumer Protections

The Campaign for Client Protection in Microfinance was officially re-launched as the SMART Campaign in October. With funding from ACCION International, the Campaign currently has attracted endorsements from 700 microfinance institutions, investors, donors and others. The Campaign's mission is to prevent over-indebtedness and encourage transparent pricing, appropriate collections practices, ethical staff behavior, client privacy and mechanisms to address grievances. October 23, 2009

Reserve Bank of India Looks to Thwart "Reckless Securitizations"

The Reserve Bank of India is reportedly considering requiring Indian banks to retain originated debt on their loan books for up to seven months before selling or securitizing the loans. The theory is that this increases lenders' incentives to originate good quality loans and maintain their performance over time. Some observers have suggested that any holding period should be tied to the asset term, which can vary from several weeks to over a decade. October 23, 2009

FrontlineSMS Helps MFIs Operate Via Mobile Phone

A system called FrontlineSMS:Credit has been released, which reportedly combines SMS (text message) aggregation software with mobile commerce offerings to allow microfinance institutions to deliver and track loans via handsets and a single laptop. The system is based on FrontlineSMS, which is free, open source software that has had success turning a laptops and mobile phones into medical records storage systems. Planned expansion modules for FrontlineSMS:Credit would handle insurance, payroll, mortgages and Islamic banking. October 22, 2009

Compartamos Reports Strong Third Quarter Results

For the third quarter of 2009, Banco Compartamos of Mexico has reported year-on-year total loan portfolio growth of 40 percent to the equivalent of USD 548 million. The average outstanding loan balance per client increased by 3.1 percent to USD 385. Write-offs also increased from USD 1.4 million to USD 4.6 million. October 22, 2009

Kenya: Banks Hesitate, MFIs Pick Up Slack

Microfinance institutions in Kenya are reportedly witnessing an upsurge in customers looking for small- to medium-value short-term loans as mainstream financial institutions have slowed lending for fear of nonpayment. Although the Central Bank of Kenya reports a 20-percent decline in loans to private households, South Africa's Blue Financial Services experienced a tenfold increase in loan applicants. According to one observer, microborrowers "are paying through the nose in terms of interest rates," which range up to 30 percent. October 22, 2009

Moody's Warns of Risks in the Philippines

As traditional Filipino banks have been lured into microfinance by rural and cooperative banks' net interest margins of close to 10 percent, Moody's Investors Service has reportedly warned that microfinance remains risky in the Philippines. October 22, 2009

Yunus: Banking Sector Missed Opportunity

In an interview with Agence France-Presse, Muhammad Yunus recently argued that the failure to remake the financial system after the recent downturn represents a major missed opportunity to help poor people: "I keep saying the same thing I have been saying for the last 30 years. That the banking system is wrong, it needs to be redone, it should be inclusive." October 22, 2009

Financial Times: Sustainable Investing Opportunities Abound

The Financial Times newspaper recently described the growth of sustainable investing as a "deluge" of "climate change funds, microfinance initiatives and analyses about the alpha added by sustainable investment policies...." October 22, 2009

Study: Domestic Funding Saved Indian Microfinance

The Indian microfinance sector escaped the full impact of the global downturn due to low dependence on international funding and low yields relative to gross portfolio, according to the *State of the Sector Report 2009* published by nonprofit Access Development Services. October 22, 2009

Barter System Stymies Microfinance

SKS Microfinance CEO Suresh Gurumani has been quoted as stating that it is difficult to operate in some areas of India such as Jharkhand and Chhattisgarh where "people have not seen cash" and, "The only exchange they understand is barter of products." October 21, 2009

IFC Invests \$70m in Indonesia's Tabungan Pensiunan Nasional

Indonesia's PT Bank Tabungan Pensiunan Nasional Tbk has received a USD 70 million financial package from the International Finance Corporation including a USD 54.1 million senior loan, a USD 15.9 million loan that can be converted to equity and a commitment to help raise more funding over the next three years. With assets equivalent to USD 1.9 billion, Tabungan Pensiunan Nasional specializes in microbanking and pensions. October 21, 2009

Nigeria's Fidelity Bank to Honor Checks from MFI's Customers

Support Microfinance Bank of Nigeria has reportedly secured an agreement with commercial Fidelity Bank to allow Support's customers to receive banking services, including the clearing of checks, at Fidelity's 140 branches. Microfinance banks cannot generally clear checks in Nigeria. Details on Support Microfinance Bank were unavailable. October 20, 2009

Insurance May Reduce Poverty in Bangladesh More Than Credit

At a conference on extreme poverty in Bangladesh, Finance Minister Abul Maal Abdul Muhith argued that "global climate change poses the greatest challenge today in our poverty mitigation efforts." Index-based weather insurance has been proposed to address this issue by assisting policy holders during floods and other severe weather events. October 20, 2009

Bai-Tushum Transforms to Take Deposits

Bai-Tushum and Partners of the Kyrgyz Republic has transformed from a microcredit into a microfinance company so that it can provide more services to its clients such as savings, thus broadening its funding sources. Bai-Tushum reports a gross loan portfolio of USD 35 million, return on assets of 5.76 percent, return on equity of 34.8 percent and a debt-equity ratio of 5.50. October 20, 2009

IFC Purchases \$6.2m in Bonds from Giros y Finanzas of Columbia

The International Finance Corporation has purchased local currency bonds equivalent to USD 6.2 million from Giros y Finanzas, a remittance distributor and loan provider in Colombia. The funds are reportedly to be directed mainly to provide loans to clients who receive remittances for the purposes of small business development or home ownership. Giros y Finanzas makes a major portion of its revenue as an agent of US-based money transfer outfit Western Union. October 20, 2009

Access Development Encourages "Microfinance Plus"

In a recent *Business Standard* interview, Access Development Services CEO Vipin Sharma argued that government intervention in Indian microfinance "has been a disaster" and that the recent focus by microfinance institutions on growth has caused mission drift away from "empowering the poor." He added that microfinance should be "the entry-point strategy to engage the poor" to help people "access resources and to improve governance." October 20, 2009

Equitas Micro Finance India Borrows \$21m from SIDBI

Equitas Micro Finance India has reportedly received a four-year loan equivalent to USD 21.6 million from the Small Industries Development Bank of India. Equitas reports total assets of USD 61.3 million, 339,000 active borrowers, a gross loan portfolio of USD 43.4 million, return on equity of 4.02 percent and return on assets of 1.52 percent. October 20, 2009



POWERED BY MicroCapital

TOP OCTOBER 2009 MICROFINANCE TRANSACTIONS

The CGAP Microfinance Dealbook publicizes microfinance capital market transactions in an effort to bring greater transparency to the industry. Additional deals are published periodically at <http://www.microcapital.org/cgap-microfinance-dealbook>. Parties to microfinance transactions are also encouraged to submit their deals via this website.

Investor	Investee	Region	Amount (USD)	Type
Bond Issue	International Finance Corporation	*	300,000,000	Debt
International Finance Corporation	PT Bank Tabungan Pensiunan Nasional Tbk	EAP	~70,000,000	Debt
Punjab National Bank	Bandhan	SA	~32,000,000	Debt
European Bank for Reconstruction and Development	DenizBank	ECA	~29,800,000	Debt
Small Industries Development Bank of India	Equitas Micro Finance India Private Limited	SA	~21,600,000	Debt
International Finance Corporation	Tribanco	LAC	~15,000,000	Debt
Inter-American Development Bank	Financiera Nicaragüense de Inversiones	LAC	14,000,000**	Debt
International Finance Corporation	Bank Republika	ECA	~14,000,000**	Debt
International Finance Corporation	FORUS Bank	ECA	~13,000,000	Debt
European Fund for Southeast Europe	PJSC Megabank	ECA	10,000,000	Debt
Dexia Micro-Credit Fund (BlueOrchard Finance)	Share Microfin Limited	SA	6,000,000	Debt
International Finance Corporation	Giros y Finanzas SA	LAC	~6,000,000	Debt
Microfinance Enhancement Facility (BlueOrchard Finance)	MIKROFIN	ECA	5,880,000	Debt
India Financial Inclusion Fund and Michael & Susan Dell Foundation	Micro Housing Finance	SA	~5,400,000	Equity
Banco de Credito del Peru	Financiera Edyficar (Purchase from IFC)	LAC	5,200,000	Equity
Triodos Microfinance Fund & Triodos Fair Share Fund	FMM Popayán	LAC	5,000,000	Debt
Microfinance Enhancement Facility (BlueOrchard Finance)	Prizma	ECA	4,410,000	Debt
ASN-Novib Fund (Triple Jump)	CRAC Senor de Luren	LAC	3,000,000	Debt
Microfinance Enhancement Facility (BlueOrchard Finance)	Sunrise	ECA	2,940,000	Debt
responsAbility Global Microfinance Fund	Crezkamos Mexico	LAC	~2,849,463	Debt
Microfinance Enhancement Facility (BlueOrchard Finance)	CREAR Arequipa	LAC	~2,500,000	Debt
Vision Microfinance Fund (Absolute Portfolio Management)	KWFT	SSA	2,000,000	Debt
Vision Microfinance Fund (Absolute Portfolio Management)	Opportunity Albania	ECA	1,494,150	Debt
ASN-Novib Fund (Triple Jump)	Opportunity Albania	ECA	1,480,000	Debt
ACCION Investments in Microfinance, SPC	Banco Solidario	LAC	1,227,569	Equity
Impulse Microfinance Investment Fund (Incofin)	FIE FFP	LAC	~1,148,319	Equity
MicroVentures SpA	Edpyme Alternativa SA	LAC	~1,040,000	Debt
MicroVentures SpA	Asociacion Benefica Prisma	LAC	~1,040,000	Debt
Dexia Micro-Credit Fund (BlueOrchard Finance)	FINCA Georgia JSC	ECA	1,000,000	Debt
Global Partnerships Microfinance Fund 2008	Banco para la Asistencia Comunitaria FINCA SA	LAC	1,000,000	Debt
Vision Microfinance Fund (Absolute Portfolio Management)	Frontiers	ECA	1,000,000	Debt
Vision Microfinance Fund (Absolute Portfolio Management)	ASP	LAC	~1,000,000	Debt

Regions: EAP - East Asia and Pacific, ECA - Europe and Central Asia, LAC - Latin America and Caribbean, MENA - Middle East and North Africa, SA - South Asia, SSA - Sub-Saharan Africa, * - Investee location may not indicate the final destination of the funding because investee is an intermediary

Amounts: Deals denominated in local currency are indicated by a tilde (~); a double asterisk (**) indicates that the transaction included funding of non-microfinance services and the amount shown is an estimate of the allocation specifically to microfinance



MEET THE BOSS

Sébastien Duquet is the Managing Director of PlaNIS (PlaNet Investment Services), a member of the PlaNet Finance Group.

Sébastien Duquet

MicroCapital: What is your background?

SD: Until recently, I was the Managing Director of PlaNet Finance, where I have worked since 2002. Previously, I was an auditor for Andersen and Ernst & Young for ten years, and I also worked for two years at HSBC bank.

MC: Please describe PlaNet Investment Services.

SD: PlaNIS is one of the entities of PlaNet Finance Group, the international NGO. The concept is that PlaNIS acts as a bridge between international funds and microfinance institutions (MFIs). As you know, there are around one hundred microfinance investment vehicles (MIVs) in the microfinance sector. Some of those MIVs do not have a contact base with MFIs. The concept of PlaNIS is to help these international funds to finance MFIs. We help them by providing due diligence, by structuring deals and by monitoring the investments realized. Our goal is to facilitate the link between MIVs and MFIs. We are a team of ten permanent staff, and we manage a portfolio of USD 160 million with 75 active MFIs. In the last two years we have financed more or less one hundred MFIs.

MC: What is the working relationship between the NGO PlaNet Finance and PlaNIS?

SD: Thanks to PlaNet Finance network, and based on the knowledge we have built in many countries, we are able to provide close monitoring of portfolios and MIVs in many countries. Beyond the ten employees of PlaNIS, we leverage the 700 employees all over the world working for PlaNet Finance, providing us a very important advantage. In this way, we are unique: able to use our field presence to receive proper information on MFIs and the sector in many countries. Being part of PlaNet Finance group is definitely an asset in that sense. At the same time, we are very careful to avoid any potential conflict of interest with other entities of the PlaNet Finance group.

MC: Please describe the three services you offer: debt financing, currency hedging and private equity financing.

SD: Today we are mostly active in debt or fixed-income transactions, mainly with responsAbility, a Swiss asset management company dedicated to microfinance and also independent media. When it comes to hedging, we are working on a project called MICROFIX. The idea is to provide MFIs with hedging solutions to manage currency risk. Our partnership in this area is with TCX (The Currency Exchange Fund), a large Holland-based currency fund. Though it is currently still in the pilot phase, we expect that within a semester MICROFIX will become active. Finally, we are not currently advising any equity funds, but we are considering partnering with some. The idea is not for PlaNIS to have many partners but to partner with leading funds (such as TCX for currency or responsAbility for fixed income). We take our time to select the best partner.

MC: Please describe in greater detail your relationship with TCX.

SD: We aim to help TCX (and some traditional international commercial banks) provide MFIs with currency hedging solutions by facilitating the links between TCX and MFIs, reducing the transaction costs for TCX and trading desks of international banks to allow lower-size swaps of about USD 1.5 million.

MC: Please describe the relationship with responsAbility.

SD: We are one of responsAbility's investment partners. We have organized a team of ten experts that are split among regional investment offices to monitor the microfinance sector and maintain relationships with MFIs in need of financing. So we source MFIs on behalf of responsAbility. Then we have a team dedicated to research and analysis that provides quality risk analysis on selected MFIs and that advises responsAbility on investments using our scoring methodology, which is validated by our internal credit committee. We also offer a dedicated team in what we call GPS (Global Portfolio Support). It is a specialized structure that monitors the risk of the portfolio through monthly reports to our fund partners. In sum, what we do for responsAbility, and for the other fund we advise, is source MFI investment, analyze credit risk and monitor the risk. We have been working with responsAbility for the last four years.

The idea is not for PlaNIS to have many partners but to partner with leading funds such as TCX for currency or responsAbility for fixed income.

MC: What is the scale of your advisory business?

SD: We have structured about 250 credit lines to MFIs, and so we have financed 100 MFIs in the last four years. And those MFIs are split among all continents. PlaNIS is among very few to have financed MFIs in Africa, which we did using PlaNet Finance's fund called MicroFund. It is a small fund, worth only USD 1.2 million. We finance around 20 small MFIs each year with the Microfund. Since MicroFund is our organization's own equity, we are able to take on more risk than other commercial funds to invest in MFIs in countries like Ivory Coast, Cameroon, Ghana, Senegal, Morocco etc. where other funds are unable to go.

MC: In what regions are PlaNIS most active?

SD: We are quite active in Eastern Europe, Central Asia and Latin America. In Latin America, the microfinance sector has faced some difficulties in the last two years, especially in Mexico. Though we have reduced our exposure to Latin American countries for the last two years, due to difficulties in the microfinance sector there, we now believe that the situation has improved, and we plan to increase our financing. There has been a booming market in Eastern Europe and Central Asia for the last two decades, but we expect to see a slowdown of growth in comparison to past years. Finally, we for sure expect to see growth in Asian countries like the Philippines, Laos, India and others. 🇵🇭

This feature is sponsored by:



PlaNet Finance
Your money can change the world



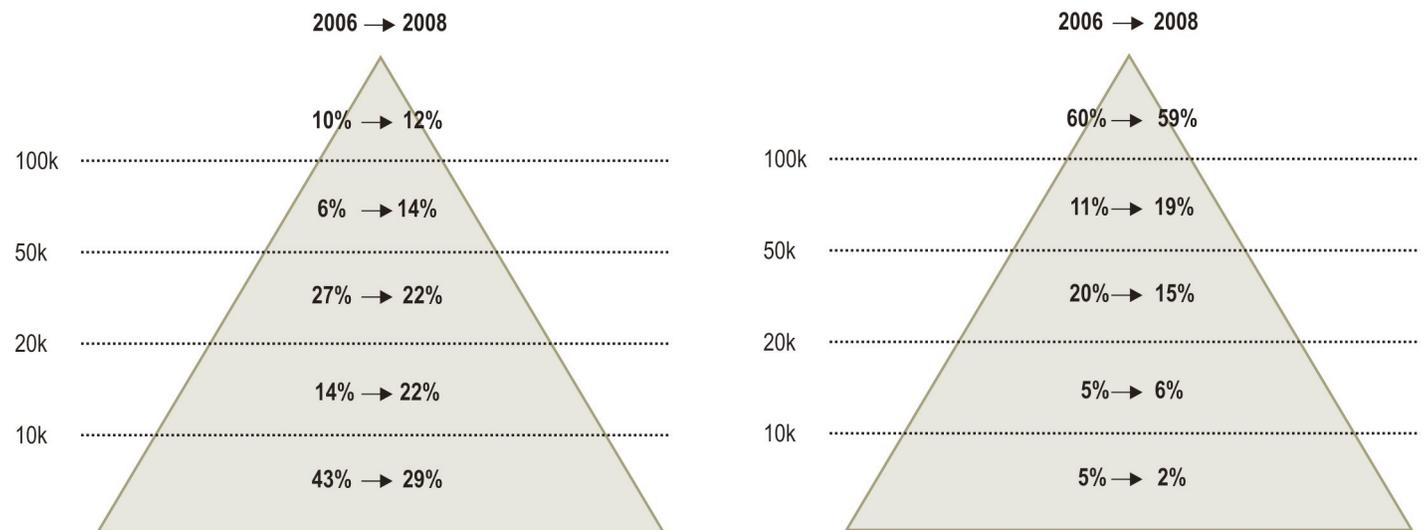
MICROCAPITAL MARKET INDICATORS | PERU

49 MFIs REPORTING

TOP 10 MICROFINANCE INSTITUTIONS (MFIs) BY GROWTH IN GROSS LOAN PORTFOLIO: CHANGE IN USD

MFI NAME	AVERAGE ANNUAL USD INCREASE	AVERAGE ANNUAL % INCREASE	2006	2008
MiBanco	230,296,814	56	320,620,384	781,214,013
Caja Municipal de Ahorro y Crédito - Arequipa	69,493,985	33	182,764,896	321,752,866
CMAC Piura	68,215,418	33	176,791,456	313,222,293
Caja Municipal de Ahorro y Crédito de Trujillo	62,013,339	28	193,425,552	317,452,229
Financiera Edyficar S.A.	52,964,271	53	79,361,904	185,290,446
Caja Municipal de Ahorro y Crédito de Sullana S.A.	47,080,309	40	97,772,728	191,933,347
Caja Municipal de Ahorro y Crédito de Huancayo	32,384,894	34	82,701,576	147,471,363
Caja Municipal de Ahorro y Crédito - Cusco	30,811,581	31	87,667,920	149,291,083
EDPYME Confianza	24,010,920	51	37,825,080	85,846,919
EDPYME Raíz	21,232,072	42	41,813,532	84,277,676

PERCENT OF MFIs IN MARKET BY SIZE (NUMBER OF ACTIVE BORROWERS) MARKET SHARE BY MFI SIZE (NUMBER OF ACTIVE BORROWERS)



(1) Denotes only MFIs that report data for 2006 - 2008 to MicroBanking Bulletin (MBB) or MIX Market.
 Source: Microfinance Information Exchange, Inc., November 2009, based on MFIs reporting to MBB or MIX Market.

UPCOMING EVENTS

Third International Microfinance Country Forum

November 21, 2009, Islamabad, Pakistan

This event will focus on “mass accessibility and user-friendly resources” and will connect industrial and economic experts in an effort to take microfinance in Pakistan “to the next level.” The registration fee is equivalent to USD 18. Details are available via <http://shamrockconferences.net/upconferences.htm> or from Menin Rodrigues via +92 0300 8230853 or menin@shamrockcom.net.

European Microfinance Week

November 24 - November 26, 2009, Luxembourg

This meeting of the European Microfinance Platform will examine how the sector has reacted to the global financial crisis. Registration costs USD 430, with student discounts available. More details are available via <http://www.e-mfp.eu/microfinance-week>, contact@e-mfp.eu or +352 26 27 13 55.

Risk Management Excellence in Microfinance: Connecting Luxembourg to Leading MFIs

November 27 - December 1, 2009, Luxembourg

Agence de Transfert de Technologie Financière, Appui au Développement Autonome and Professionals of Risk Management are hosting the second edition of this workshop, which is targeted at executives of the top 100 microfinance institutions that have already created or are about to create internal risk management departments. Pricing details are expected soon at <http://www.attf.lu/> or may be requested via microfinance@attf.lu or +352 26 86 73.

Lessons Learnt in the Field of Micro Health Insurance in Africa

December 2 - December 3, 2009, Lilongwe, Malawi

This event will cover the work of the two-year Pro MHI Africa project on micro health insurance in Ghana, Botswana and Malawi. The conference fee is MWK 2,500 for citizens of Malawi and EUR 50 for international attendees. Financial assistance is available. More details are available from Lisa-Marie Rohrdantz at +49 221 470 2646 or lisa-marie.rohrdantz@uni-koeln.de or at <http://www.microhealthinsurance-africa.org/247.html>.

Central America Regional Forum on Microinsurance

December 3 - December 4, 2009, Panama City, Panama

Sponsored by the Central American Microfinance Network (REDCAMIF), this event aims to contribute to the development of a sustainable microinsurance market in Central America. The cost to attend is USD 200 or USD 175 per person for groups of three or more. Further details are available via <http://foromicroseguros.org/>, foromicroseguros@redcamif.org or +1 507 265 6530.

Mobile Money Transfer Asia-Pacific Conference & Expo

December 8 - December 9, 2009, Manila, Philippines

This event will outline how to make mobile money programs succeed. The registration fee is USD 1799 with add-on classes and group discounts available. More information is available from Sonum Puri at +44 20 7067 1831 or mmtapac@clarionevents.com or at <http://www.mobile-money-transfer.com/apac/>.

Africa Finance & Investment Forum 2009

December 13 - December 15, 2009, Amsterdam

Themes at this event will include capacity building, energy, trade, microfinance and infrastructure. The registration fee is EUR 1750, with various discounts available. More details are available via +32 2 626 15 15, info@emrc.be or <http://www.emrc.be/>.

Milagrow World SME Conference 2009

December 16 - December 17, 2009, New Delhi, India

This event will cover policies, competitiveness, financial products, IT solutions and marketing as they relate to small and medium-sized enterprises. The registration fee is INR 10,000 plus tax, with various discounts available. More details are available from Nishant Pathak at +91 97 1119 2803, nishant.pathak@milagrow.in or <http://events.milagrow.in/>.

Second Microfinance & Sustainable Development Summit

January 25 - January 27, 2010, New York, USA

This event will look at broadening the scope of impact investing - both inside and outside the microfinance community - to identify opportunities for investors looking for both social and financial benefits. A discount registration fee of USD 799 is available for MicroCapital Monitor subscribers. More information is available via <http://www.microfinanceconference.com/>, +1 646 378 6026 or info@iqpc.com.

Microfinance Investments in Asia: Capturing the Untapped Potential of Asian Markets & International Investors

January 26 - January 27, 2010, Singapore

This conference is intended for policy makers and investors to gain exposure to microfinance investment opportunities in Asia. The full registration fee is USD 2399, with an add-on workshop and various discounts available. More information is available via <http://hansonwade.com/events/microfinance-investments-in-asia/>, +44 203 178 3420 or info@hansonwade.com.

Nepal Microfinance Summit

February 14 - February 16, 2010, Kathmandu, Nepal

Presented by Nepal's Center for Microfinance, this event is aimed at uniting microfinance stakeholders in Nepal in committing to a strong and inclusive microfinance sector through the development of a joint microfinance strategy and action plan. The registration fee for domestic attendees is NPR 1,000 and the fee for international participants is USD 100. More details are available via Tejhari Ghimire at +977 1 4434041, +977 1 4443984, tejhari@cmfnepal.org or <http://microfinancesummitnepal.org/>.

MMT Americas Conference and Expo

March 8 - March 11, 2010, Cancun, Mexico

This mobile money transfer event promises to focus on interactive roundtable discussions and actionable advice on launching mobile financial services. Although registration details are not yet available, more information is available via mmt@clarionevents.com, <http://www.mobile-money-transfer.com/americas> or +44 (0) 20 7067 1831.

Microfinance Investment Summit

March 10 - March 11, 2010, Geneva, Switzerland

This event, organized by C5, offers the opportunity to learn about and discuss the latest trends in microfinance investment. Fees range from GBP 1199 to GBP 1499, with add-on workshops available. Details can be found via <http://www.microfinancesummit.com/>, +44 (0) 20 7878 6888 or registrations@C5-online.com.

Third Annual Global Microfinance Investment Congress

May 17 - May 18, 2010, New York, USA

Presented by PlaNet Finance, this conference consists of workshops, case studies and panels focused on the latest strategies for success in microfinance investing. The fee for registrations completed by March 20 is USD 1395, with add-on workshops available. Details are available via Kristy Perkins at k.perkins@americanconference.com, +1 416 927 8200 or <http://www.microfinancecongress.com/>.

PAPER WRAP-UPS

CGAP Microfinance Dealbook Quarterly Review, Third Quarter 2009

By CGAP (Consultative Group to Assist the Poor), powered by MicroCapital, October 2009, 5 pages, available at: <http://microcapital.org/cgap-microfinance-dealbook/>

This listing of capital market transactions for July 2009 through September 2009 was released as part of an ongoing effort to bring greater transparency to the industry. This information is made freely available as a public service. All parties to microfinance transactions are encouraged to submit their deals to this project.

The Global Financial Crisis and Indian Microfinance

By Amit Garg and Diana Levin, published by MicroSave India, August 2009, 2 pages, available at: <http://www.microfinancegateway.org/gm/document-1.9.37780/The%20Global%20Financial%20Crisis%20and%20Indian%20Microfinance.pdf>

This note analyzes the impacts of the financial crisis on the Indian microfinance sector. The authors focus especially on the microfinance institution (MFI) Sonata Finance Private Limited and Dia Vikas Capital Private Limited, a microfinance investor. The authors provide several recommendations for MFIs on how to cope with the effects of the crisis.

The authors first argue that, due to the recession, Sonata found it extremely difficult to raise the necessary funding for growth, which caused a delay in providing loans to clients. Consequently, the organization was forced to reduce operation costs by 71 percent and downscale its financial projections and growth strategy. It was also obliged to prioritize loans to existing clients over loans to new clients in order to maintain good repayment rates.

Dia, the investor, responded to the financial crisis and its impacts on MFIs by lobbying banks to provide funds to start-up MFIs. In addition, it has begun to provide both short-term loans and subordinated debt to its partners in order to increase their leverage and allow them to develop into attractive candidates for loans from mainstream financial institutions.

Having studied how Sonata and Dia have reacted to the crisis, the authors recommend various coping strategies for Indian MFIs. MFIs ought to consider reworking their capital and financial management by diversifying their debt sources. They should take out loans from both private and public banks and should increase equity to reduce risk. The authors state that Indian MFIs tend to be characterized by high leverage and debt obligations in times

of economic crisis. Therefore they ought to turn to equity to cushion their losses and risk of default. They also recommended that they increase loan terms to reduce refinancing risk, that is, the possibility that new funding sources will either be costly to obtain as old sources mature. The cost of this strategy is that when the market is down, the MFI may face higher costs than competitors. Finally, Indian MFIs must improve their asset-liability management practices by reorganizing their cash inflows and outflows and should negotiate with bankers well in advance to ensure funding availability.

More generally the authors recommend that organizations emphasize improving sustainability, measuring growth, strengthening the governance of their MFI and reducing operational costs through efficient systems and the use of technology.

The authors conclude that MFIs now face an unfamiliar environment of limited funding and stagnant growth. Therefore they argue that, in order to survive this downturn, Indian MFIs must emphasize product diversification, product quality, management and governance to ensure future sustained growth.

Half the World is Unbanked

By Alberto Chaia, Aparna Dalal, Tony Goland, Maria Jose Gonzalez, Johnathan Morduch and Robert Schiff, published by the Financial Access Initiative, October 2009, 18 pages, available at: http://financialaccess.org/sites/default/files/110109%20HalfUnbanked_0.pdf

This paper uses data on financial usage, socioeconomic and demographics to construct an estimate of how many people over 15 years old worldwide do not use formal financial services. The main findings are as follows: (1) the majority of adults - 2.5 billion - do not use formal financial services to save or borrow, (2) of the 1.2 billion adults who use formal financial services in Africa, Asia and the Middle East, about 800 million live on less than USD 5 per day, (3) in Sub-Saharan Africa 80 percent of the adult population remains unserved, as compared to 8 percent in high income OECD countries.

Additionally, the authors studied the “drivers” of financial usage in low-income countries. Per capita income had a “moderate to strong” positive relationship with financial usage. Some countries, however, such as Thailand and India, did not fit this correlation due to their high financial usage relative to per capita incomes. This is evidence that factors such as “effective regulatory and policy environments and enabling the actions of individual financial services providers” can have a large impact. The fact that urbanization had only a “weak” positive relationship with financial usage is further evidence for this assertion.

2009 Microfinance Funder Survey

Published by CGAP (Consultative Group to Assist the Poor), October 2009, 7 regional documents, available at <http://www.cgap.org/p/site/c/template.rc/1.26.12206/>

Donors and investors continued to direct a growing stream of funding to microfinance in 2008, according to a new survey by CGAP (Consultative Group to Assist the Poor). In 2008 microfinance funders disbursed USD 3 billion and increased their commitments by 24 percent, reaching USD 14.8 billion committed as of December 2008. Two thirds of funders reported that the financial crisis had not affected their funding projections for 2009.

This second annual survey included responses from 38 donors and 23 investors, with the two groups each representing an estimated 40 percent of microfinance funding. Half of total funding came from Germany's KfW, the Asian Development Bank, the World Bank, the European Bank for Reconstruction and Development and the International Finance Corporation.

Nearly two thirds of total funding commitments were in the form of debt instruments, with grants comprising 17 percent, equity 11 percent and guarantees 5 percent.

Much of these funding flows continue to be concentrated in two regions, with Eastern Europe and Central and South Asia attracting about half of the total funding.

Of the USD 14.8 billion in total funding committed for microfinance as of December 2008, USD 3.65 billion is allocated to South Asia, USD 3.27 billion to Eastern Europe and Central Asia, USD 2.17 billion to Latin America and the Caribbean and USD 1.97 billion to Sub-Saharan Africa. East Asia and the Pacific have USD 1.10 billion and the Middle East and North Africa USD 717 million. The remaining USD 1.92 billion is allocated to multi-region initiatives.

Growth in commitments was strongest in East Asia and the Pacific, with a 33 percent increase over 2007, followed by Eastern Europe and Central Asia, and Latin America and the Caribbean, at 31 percent each.

The survey further reveals that 84 percent of funding is earmarked for financing retail institution portfolios, while 9 percent of funding is for capacity-building within MFIs. More than one third of the funding for capacity building is for Sub-Saharan Africa.

Advances in Measuring Social Performance for Microfinance

By Micol Pistelli, published by the Microfinance Information Exchange, October 2009, 2 pages, available at: <http://www.themix.org/publications/executive-summary-social-performance-standards-presentation-2009>

Micol Pistelli argues that social performance indicators are necessary to allow for increased transparency. This is important not only to microfinance institutions (MFIs) looking to attract funds, but also to ensure that clients' needs are met. A universal set of indicators that allows for the comparison of MFIs on a level playing field can also help MFIs to benchmark their own progress and shortcomings.

With regard to the creation and implementation of such indicators, Mr Pistelli draws attention to the Social Performance Task Force (SPTF), an international group established in March 2005 by CGAP (Consultative Group to Assist the Poor), the Argidius Foundation and the Ford

Foundation. The purpose of the SPTF is to define social performance standards for the microfinance industry and address questions relating to social performance measurement and management. Consisting of 350 leaders from the microfinance field, the SPTF has developed 22 indicators for assessing an MFI's internal systems and activities, related outputs and observed changes in the lives of clients.

In February 2009, the Microfinance Information Exchange (MIX) sent a survey to MFIs to collect information on the 22 indicators. Since then, over 100 MFIs have reported on their social performance. Half of these reports are now available on the MIX website.

Mr Pistelli concludes by acknowledging that the integration of social performance into management is a gradual process, one which requires extensive planning and a management information system that can keep track of indicators.

Gender and Rural Microfinance: Reaching and Empowering Women

By Linda Mayoux and Maria Hartl, published by the United Nations International Fund for Agricultural Development, August 2009, 79 pages, available at http://www.ifad.org/gender/pub/gender_finance.pdf

This report covers gender issues for rural finance practitioners including questions to consider when trying to promote gender equality and women's empowerment through credit, savings, insurance and remittances.

Extending the Reach of Financial Services Through Mobile Payment Systems

By Alaina McMurray, published by the Foundation for Development Cooperation, October 2009, 40 pages, available at: <http://www.fdc.org.au/>

This is the first in the Foundation for Development Cooperation's occasional paper series *Nai Sema*, which means "to connect" in Fijian. It reviews of the status of various mobile financial service initiatives around the world, including case studies and a review of benefits and challenges facing the industry.

Welcome MFI Leaders

(Our audience just
took a big jump.)

2005 - 2006: MicroCapital begins reporting original microfinance news at MicroCapital.org and in *The MicroCapital Monitor* monthly news digest

2007 - 2008: Readership of *The MicroCapital Monitor* exceeds 6,000; investors dominate paid readership

2009: The complete edition of *The MicroCapital Monitor* is delivered every month to an additional 2,000 MFI leaders

 MicroCapital

Access to Finance Highlights Report 2009

Published by the International Financial Corporation, October 2009, 40 pages, available at: [http://www.ifc.org/ifcext/gfm.nsf/AttachmentsByTitle/A2F-HighlightsReport2009/\\$FILE/A2F-HighlightsReport2009.pdf](http://www.ifc.org/ifcext/gfm.nsf/AttachmentsByTitle/A2F-HighlightsReport2009/$FILE/A2F-HighlightsReport2009.pdf)

The International Financial Corporation, the investment arm of the World Bank, has published its annual report on its efforts to expand and improve financial access. Selected highlights include:

- IFC Small and Medium Enterprise Banking clients have generated USD 41.3 billion in financing and helped improve access to finance for 486,550 small and medium enterprises;
- IFC’s microfinance clients have provided USD 4.5 billion in financing to 5 million microenterprises;
- IFC’s leasing clients provided 18,211 leases to micro-, small and medium-sized enterprises worth USD 1.7 billion;
- IFC’s housing finance clients financed 57,734 homeowners with more than USD 3.1 billion in mortgage loans;
- IFC has helped its trade finance clients originate over USD 1.5 billion trade in 33 countries through advisory services;
- IFC has helped create or improve credit bureaux in 13 countries over the last 5 years; in 2008 these credit bureaux received 38.9 million inquiries and helped generate about USD 19 billion in new financing;
- Case studies have been completed in various countries on topics such as microfinance, leasing, crisis response, institutional development, credit information sharing, agricultural insurance and bond issuance.

SUBSCRIBE TO THE MICROCAPITAL MONITOR

Issues of the MicroCapital Monitor are available only by paid subscription. Please subscribe today to support a representative voice for microbankers and investors at MicroCapital.org or by calling +1 617 648 0043. Subscriptions include twelve monthly issues and access to all back issues.

Bronze: USD 149 per year - Sent to one email address
Silver: USD 299 per year - Emailed to three people at an organization
Gold: USD 699 per year - Customized, organization-wide access
Discount: USD 99 per year - Available only OUTSIDE rich countries

Turning Principles into Practice: A Nicaraguan MFI Commits to Consumer Protection

Published by the Microfinance Gateway, July 2009, 2 pages, available at: <http://microfinancegateway.org/p/site/m/template.rc/1.26.10904/>

This article covers the steps taken by Banex, a Nicaraguan microfinance institution (MFI), to implement the following client protection principles put together by ACCION International’s Center for Financial Inclusion and CGAP (Consultative Group to Assist the Poor).

To avoid over-indebtedness, Banex is using credit information from a new credit bureau and has lowered the maximum debt-to-net income ratio for its clients. As a result, they reject 80 percent of all loan applications compared to a previous figure below 25 percent. In addition, they are segmenting their products so as to find products that are best suited to various clients, and using a measure called the Progress out of Poverty Index to help determine poverty levels of clients and applicants.

To improve transparency, Banex has simplified its pricing and provided clients with other information such as rights, responsibilities and financial terms in simple language.

In terms of collection, Banex has employed software that helps track work and payment habits to better coordinate with their clients. It also has de-prioritized collecting minor amounts, refrained from taking legal action against clients and is refinancing delinquent loans.

Banex also now has a code of ethics for staff, including one uniquely for attorneys and collectors. Violations of the code are reported monthly by the human resources manager. An annual evaluation of board members is published online.

For grievances, Banex has created the role of the Financial Client Ombudsman, which acts as a liaison between clients and the MFI when a client has a grievance against Banex. The Ombudsman also conducts client surveys to identify weaknesses such as unclear terms or poor service.

Lastly, Banex takes many precautions regarding the privacy of client data including the use of security software. ☑



PERFECT POINT PARTNERS
 Consultants for Microfinance and Microenterprise

www.perfectpointpartners.com

Expertise for Transparency in Microfinance

**MicroFinanza Rating:
 your Best Partner for Rating and Social Rating**

info@microfinanzarating.com
 www.microfinanzarating.com

Italy | Ecuador | Kenya | Kyrgyz Republic | Nicaragua | Mexico |  MICROFINANZA RATING