

## MICROCAPITAL BRIEFS | TOP STORIES

### Incofin Raises \$71m for agRIF Fund for Agricultural, Rural Enterprises

Please see page 4 for coverage of this “MicroCapital Deal of the Month.”

### Bank of Ghana Rejects Appeal for Cash by DKM Diamond Customers

The Bank of Ghana (BoG), the country’s central bank, recently rejected an appeal by customers of DKM Diamond Micro-Finance Limited who had requested the return of their cash deposits and matured investments. BoG suspended DKM’s operations in May for 90 days due to suspected unlawful activity. The central bank argues that it would have to establish that the microbank violated the Ghanaian banking act before it could distribute funds to customers. DKM holds the equivalent of USD 24.4 million in deposits. July 9. 2015

### IFC, Ecobank to Share Risk on \$110m in Loans for SMEs in Africa

The International Finance Corporation (IFC), a member of the World Bank Group, and Ecobank Transnational, a Togo-based bank with operations in 36 African countries, recently announced the launch of a risk-sharing facility in the amount of USD 110 million. The two parties will share the risk equally on loans to small and medium-sized enterprises in troubled counties in West and Central Africa. Saran Kebet-Koulily, IFC’s director for West and Central Africa, said that “IFC places a strategic priority on promoting a sustainable architecture to improve access to finance and spur job creation in fragile and conflict-affected states.” Ecobank reports assets of USD 24 billion, a loan portfolio of USD 12 billion, return on equity of 17 percent, return on assets of 1.7 percent, 11 million customers and 1,265 branches. July 3. 2015

### Banco Continental Borrows \$75m from IFC for SMEs in Paraguay

The World Bank Group’s International Finance Corporation (IFC) recently agreed to loan USD 50 million to Banco Continental, a commercial bank in Paraguay. Additionally, IFC will disburse USD 25 million to the bank from its Managed Co-Lending Portfolio Program, whose first investor is the People’s Bank of China. According to a statement attributed to Banco Continental CEO Hugo Ubeda, “IFC’s continued support to Banco Continental will bolster our efforts to expand lending to small and medium-sized enterprises, especially those focused on the export sector. This new investment will consolidate our leadership in the financial sector in Paraguay and our capacity to lend to SMEs that in many cases are located in rural areas with low banking penetration.” Banco Continental has total assets equivalent to USD 2.6 billion. June 29. 2015

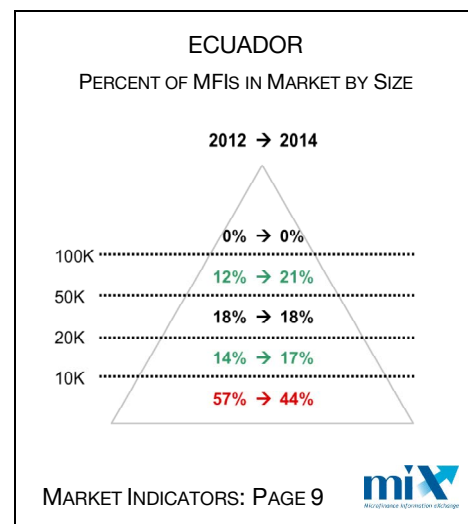
### India’s SKS Microfinance Cuts Interest Rates by 1.55%

Indian microfinance institution SKS Microfinance is reducing its microloan interest rates from 23.55 percent to 22 percent. Per a statement released by the company, the move is made possible by the firm’s “sustained turnaround, improved profitability..., capital raise in May 2014, rating upgrade and issuance of commercial papers and non-convertible debentures.” Publicly traded SKS, which offers both loans and insurance, reports a gross loan portfolio of USD 518 million and 5 million customers. June 18. 2015

### EU, EBRD, Turkish Government to Loan \$380m to 15k Women

The UK-based European Bank for Reconstruction and Development has agreed to loan the equivalent of USD 337 million via credit lines to banks on-lending to women-led businesses in northwest Turkey. The EU and the Turkish government will support the effort with a combined USD 43 million in mentoring and entrepreneurship training, networking opportunities, and credit enhancements for such businesses. The programme intends to serve 15,000 businesswomen. June 12. 2015

INSIDE	Page
<b>MicroCapital Briefs</b>	<b>2</b>
Microfinance news	
<b>SPECIAL REPORT</b>	<b>6</b>
Semaine Africaine de la Microfinance	
<b>SPECIAL REPORT</b>	<b>7</b>
Youth Financial Inclusion Action Group	
<b>Ear to the Ground</b>	<b>8</b>
Coming Out of the Kitchen	
<b>Market Indicators</b>	<b>9</b>
Courtesy of MIX	
<b>Upcoming Events</b>	<b>10</b>
Industry conferences	
<b>Paper Wrap-ups</b>	<b>11</b>
Latest research and reports	
<b>Subscribe to the Monitor</b>	<b>11</b>



## MICROCAPITAL BRIEFS

### Grameen Credit Agricole Lends \$1.3m in Sri Lanka, Tajikistan

The Grameen Credit Agricole Microfinance Foundation (GCAMF), a Luxembourg-based provider of financial services to microfinance institutions (MFIs) and other social businesses, recently informed MicroCapital that it has issued the following loans: (1) the equivalent of USD 424,000 in local currency over three years to Janamithu Lanka Limited, a MFI in Sri Lanka that offers loans to poor people for education and asset building; and (2) the euro-equivalent of USD 841,000 over 12 months to Humo and Partners, an MFI in Tajikistan that was founded by the local affiliate of Switzerland-based NGO CARE International. While financial data on Janamithu Lanka are not available, the MFI reports 16,000 active borrowers, of which 95 percent are women and 79 percent live in rural areas. Humo and Partners, which lends mainly to farmers and other rural entrepreneurs, received a license to accept deposits in 2013. It reports total assets of USD 46 million, a gross loan portfolio of USD 36 million, return on assets of 1 percent, return on equity of 6.7 percent and 39,000 active borrowers. July 16. 2015

### EBRD May Loan \$22m to Belinvestbank for MSMEs in Belarus

The European Bank for Reconstruction and Development, a multilateral investment institution headquartered in London, is considering extending a credit line equivalent to USD 22 million to Belinvestbank, a state-owned bank in Belarus, for on-lending to micro-, small and medium-sized enterprises. The funding would be paired with a loan of USD 33 million for a trade facilitation program. Belinvestbank reports assets worth USD 1.9 billion. July 15. 2015

### Symbiotics Sells Bonds Worth \$11m for South Africa's SA Taxi

Symbiotics, a Switzerland-based investment company that focuses on emerging markets, recently completed a bond transaction worth USD 11 million to benefit SA Taxi Development Finance, a South African leasing company that finances "minibus taxi" operators in the country. The bonds were denominated in a mix of USD and ZAR. The financing is intended to help entrepreneurs start their own taxi services as well as to replace older vehicles with more "environment-friendly" ones. The transaction was completed in partnership with the Dutch development bank Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden. SA Taxi is a subsidiary of the South Africa's Transaction Capital. July 14. 2015

### MetLife Donates \$1.8m to Opportunity to Expand in Rural China

The MetLife Foundation, an affiliate of the Chicago-based insurance company MetLife, recently announced that it is donating USD 1.8 million to Opportunity International, a microfinance NGO also based in the US city of Chicago, to support its outreach via mobile vans as well as traditional branches in rural China. The funding is meant to expand financial access to 4,200 small businesses, provide financial training and support to 3,600 individuals and create 20,000 new jobs. Opportunity International serves 2.9 million borrowers and 1.5 million insurance customers in 28 countries. July 13. 2015

### Bank of Kigali, MTN Rwanda to Offer Mobile Financial Services

Rwanda's Bank of Kigali and the local arm of South Africa's Mobile Telecommunications Network (MTN) recently entered into a partnership that will allow MTN phone subscribers to transfer funds between their Bank of Kigali accounts and Mobile Money, a service of MTN that allows domestic money transfers as well as utility and other service payments. Of the 3.8 million MTN subscribers in Rwanda, 85 percent are registered to use Mobile Money. Bank of Kigali has assets equivalent to USD 688 million and 70 branches. July 12. 2015

### CGAP Accepting Photo Contest Entries Through September 9

CGAP (Consultative Group to Assist the Poor), a US-based, nonprofit policy and research center that aims to facilitate the expansion of financial access, has announced the opening of its annual photo contest. Prizes range in value up to USD 2,000, and submissions can be uploaded via <https://photocontest.cgap.org> until September 9. July 8. 2015

### EBRD Backs \$21m Société Générale Loan to AgroInvest of Serbia

The European Bank for Reconstruction and Development, a multilateral institution headquartered in London, recently announced that it will provide a 50-percent guarantee for a local-currency credit line worth USD 21.2 million to be disbursed by the Serbian subsidiary of France-based Société Générale. The funding will go to rural microenterprises via AgroInvest Serbia, a microlending affiliate of US-based NGO VisionFund International. AgroInvest has a total loan portfolio of USD 13 million outstanding to 16,000 borrowers, and VisionFund has a loan portfolio of USD 474 million outstanding to 1 million borrowers in 32 countries. July 7. 2015

### Sanad, Bankmed to Support SMEs in Lebanon

The Sanad Fund for MSME (micro-, small and medium-sized enterprise), a Luxembourg-based provider of "medium- and long-term" debt and equity to financial institutions in the Middle East and North Africa, recently loaned USD 15 million to Bankmed, a Lebanese commercial bank, for on-lending to small and medium-sized enterprises. Sanad reports total investor commitments of USD 129 million, and Bankmed has total assets equivalent to USD 15 million. July 6. 2015

### FINCA Tanzania Goes Commercial to Accept Deposits

The Foundation for International Community Assistance (FINCA) Tanzania, an affiliate of US-based microfinance network FINCA International, recently converted into a commercial bank, a status that allows it to accept deposits. The institution, which has been preparing for the conversion since receiving a banking license from the Bank of Tanzania in 2013, is adopting the name FINCA Microfinance Bank. It serves 121,000 customers with a loan portfolio of USD 32 million via 26 branches. Through subsidiaries in 22 countries, FINCA International serves 1.7 million clients with total assets of USD 1.1 billion. July 5. 2015

### Software Provider Aspekt Acquires EuroNetCom

Aspekt, a Macedonian financial software provider, recently announced that it has acquired EuroNetCom, also of Macedonia, adding an integrated banking software solution to Aspekt's product suite. Aspekt also offers microfinance portfolio management software in addition to consulting, application development, data migration and integration services. Financial information on Aspekt and the acquisition are unavailable. July 1. 2015

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*Please refer to <http://MicroCapital.org> for information sources for all briefs. MicroCapital recognizes the individuals at CGAP, the Microfinance Gateway and the Microfinance Information Exchange for their outstanding work disseminating information on microfinance. Thank you!*

### EU's EaSI to Spur \$213m in Loans to Micro-, Social Enterprises

Two EU entities, the European Commission and the European Investment Fund (EIF), recently partnered to introduce the European Programme for Employment and Social Innovation (EaSI), which will fund “microfinance and social entrepreneurship” with a budget equivalent to USD 213 million. Of this total, EaSI will provide guarantees totaling USD 107 million through 2020, with coverage of up to 80 percent for each retail loan, subject to an overall loss rate cap of 30 percent per lending intermediary. The remainder of the funds is to be invested as loans and equity in local intermediaries, such as microfinance institutions and banks. EaSI is the successor to the Progress Microfinance Initiative. So far, the program is being rolled out in most EU countries plus Iceland and Turkey. July 1, 2015

### BSTDB to Loan \$7m to FINCA Georgia for MSEs

Foundation for International Community Assistance (FINCA) Bank Georgia, a microlending subsidiary of the US-based nonprofit FINCA International, recently announced that it will borrow USD 7 million from the Black Sea Trade and Development Bank, a Greece-based multilateral institution, for on-lending to micro- and small enterprises in the industrial, agricultural and service sectors. Ihsan Ugur Delikanli, the President of the Black Sea Trade and Development Bank, said his organization intends the investment to “increase access to finance for women entrepreneurs and people in rural areas.” FINCA Georgia reports total assets of USD 84 million, a loan portfolio of USD 71 million, 55,000 borrowers, return on assets of 3.4 percent and return on equity of 13 percent. Through subsidiaries in 22 countries, FINCA International serves 1.7 million clients with total assets of USD 1.1 billion. July 1, 2015

### BIO, Oikocredit Invest \$8m in Fusion Microfinance of India

Fusion Microfinance, a microfinance institution (MFI) based in New Delhi, recently received two local-currency equity investments worth USD 4.1 million, one each from the Belgian Investment Company for Developing Countries, a government-backed investor known by its Dutch acronym BIO, and the Dutch cooperative investment fund Oikocredit. Fusion, which serves women primarily in rural and semi-urban environments, plans to use the funds to continue to expand in north-central India, including via the acquisition of other firms. Fusion reports assets of USD 24 million, a gross loan portfolio of USD 23 million, 128,000 active borrowers, return on equity of 8.4 percent and return on assets of 2.8 percent. July 1, 2015

### Nicaragua's Promerica Borrows from DEG, FMO, Triodos

Promerica Financial Corporation, a commercial bank based in Nicaragua, recently borrowed unspecified amounts from Dutch development bank Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO); German development bank Deutsche Investitions-und Entwicklungsgesellschaft (DEG); and two funds managed by a division of the Netherlands' Triodos Bank, the Triodos Microfinance and Fair Share Funds. David Harleman, senior investment officer at Triodos Investment Management, stated that “small businesses are the main source of job creation in emerging markets and subsequently contribute to local development and social cohesion.” Founded in 1991, Promerica has affiliates serving 1.3 million clients in five Central American countries with a loan portfolio of USD 2 billion, deposits of USD 1.6 billion, return on assets of 1.9 percent and return on equity of 21 percent. July 1, 2015

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### India's Bandhan to Begin Accepting Deposits in August

Indian microfinance institution Bandhan Financial Services, which received a provisional banking license from the Reserve Bank of India in 2014, recently received approval to accept deposits. It plans to roll out this service during August mostly outside of cities, in about a quarter of its 2,000 branches. Bandhan reports 5.4 million borrowers, return on assets of 5 percent and return on equity of 28 percent. June 26, 2015

### Incofin Raises \$71m for agRIF Fund for Rural Enterprises

Incofin Investment Management, a Belgian manager of microfinance investment funds, recently announced the first close of agRIF, a 10-year debt and equity investment fund, with investments totaling USD 71 million. In addition to Incofin, investors in the fund include the EU's European Investment Bank; France-based development finance institution Proparco; the government-backed Swiss Investment Fund for Emerging Markets; German cooperative Bank für Kirche und Caritas; and the following Belgian organizations: Belgian Investment Company for Developing Countries (also known by its Dutch acronym BIO); investment company Volksvermogen, trade union ACV-CSC Metea, KBC Bank and VDK Spaarbank. The fund is the successor to Rural Impulse Funds I and II. Incofin manages eight facilities valued at the equivalent of USD 479 million. June 25, 2015

### EBRD, EU Donate \$11m to Tech Assistance for SMEs in Tunisia

The European Bank for Reconstruction and Development, a UK-based multilateral financial institution, recently announced that it will work with the Tunisian government to provide advisory services and technical support to 475 small and medium-sized enterprises, at least 80 of which are to be led by women, particularly in information and communication technology, transport and logistics, professional services, tourism, and handicrafts. The effort is funded with the equivalent of USD 11.3 million from the EU's Programme d'Appui à la Compétitivité des Services. June 25, 2015

### Sanad Donates \$28k to Vitas for Client Protection in Middle East

The Luxembourg-based Sanad Fund for MSME (micro-, small and medium-sized enterprise) recently donated USD 28,000 to Vitas Group, a commercial holding company created by US-based NGO Global Communities. The funding will be used to train the staff of Vitas Group's microfinance institutions in Iraq, Lebanon and the Palestinian Territories on topics such as preventing over-indebtedness, responsible pricing and complaint resolution. Vitas Group also has subsidiaries in Jordan and Romania. June 24, 2015

### Good World Mobile-phone Surveys Promote Client Protection

Good World Solutions, a US-based NGO that develops anonymous tools for people to report on how companies treat them, has built a phone survey system to gather information from borrowers in India to determine whether microfinance institutions are following the client protection principles of the US-based Smart Campaign. Good World reports achieving nine times greater disclosure on sensitive questions compared with call center surveys or interviews. June 24, 2015

### GlobeOne, Eximbank to Bring e-Banking to Vietnam

GlobeOne, a US-based company providing phone- and internet-based financial services, recently signed a letter of intent with Eximbank, a bank controlled by the Vietnamese government, to bring its platform to Vietnam. The service will offer demand deposit accounts with debit card access and no minimum balance; lines of credit; domestic and international money transfers; and access to SocialBoost, a lending program that gives half of the interest charged by member banks to communities in need. GlobeOne also has signed letters of intent to launch services during 2015 in the US in partnership with MetaBank and in Mexico with InvestaBank and Bankaool. June 22, 2015

### EBRD Planning to Loan \$30m to Bank Audi for SMEs in Egypt

The UK-based European Bank for Reconstruction and Development (EBRD) is planning to loan USD 60 million to the Egyptian arm of Lebanon's Bank Audi. Half of this amount is for on-lending to small and medium-sized enterprises, and half is for trade financing. The terms of the deal stipulate that Bank Audi must meet a range of "environmentally and socially sustainable business practices." Bank Audi has operations in six countries and total assets of USD 42 billion. June 21, 2015

### Silotech Develops Shariah-compliant Crowdfunding Website

Silotech, a Qatar-based social enterprise aiming to increase youth employment and entrepreneurship in the Middle East and North Africa, recently announced Narwi, a nonprofit crowdfunding platform that will support microentrepreneurs via Islamic charitable giving. The website will allow donors to give as little USD 25 to fund microentrepreneurs that borrow from institutions in Egypt, Iraq, Jordan, Lebanon, Palestine, Somalia and Yemen that are compliant with Shariah, the Islamic legal system. The loans will be structured as "cost plus markup" contracts called murabaha, through which marked-up prices of the assets acquired are charged in lieu of interest. June 20, 2015

### EBRD May Loan \$50m to CenterCredit of Kazakhstan for MSMEs

The UK-based European Bank for Reconstruction and Development is considering loaning the local-currency equivalent of USD 50 million to Bank CenterCredit, a commercial bank in Kazakhstan. The proceeds of the five-year senior loan are intended to be on-lent to micro-, small and medium-sized enterprises in rural areas. Bank CenterCredit reports total assets of USD 6.1 billion, a loan portfolio of USD 4.9 billion and a deposit portfolio of USD 2.3 billion. June 17, 2015

### Canada to Contribute \$8m to IOF for Entrepreneurship in Africa

The government of Canada recently agreed to contribute the equivalent of USD 7.8 million to the International Organization of La Francophonie (IOF), a Paris-based network of 80 French-speaking countries. The program will be implemented in five to seven yet-to-be-named countries in francophone Sub-Saharan Africa. In addition to supporting the economic activities of women and youth directly, the objectives include strengthening the environment for the creation and development of businesses as well as improving the assistance provided by local stakeholders. June 15, 2015

### EBRD Loans \$10m to BasisBank of Georgia for SMEs, Energy

The UK-based European Bank for Reconstruction and Development has announced that it is lending USD 31.5 million to Georgia's BasisBank to fund small and medium-sized enterprises (SMEs), international trade transactions and energy efficiency projects. Of the total, USD 10 million is slated for SMEs to "finance acquisitions, expansion or modernization, and working capital needs." BasisBank, which is majority-held by China's Xinjiang Hualing Industry & Trade Group, reports total assets equivalent to USD 246 million. June 14, 2015



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## African Microfinance Week

Dakar, SENEGAL  
29 June - 3 July 2015

### SPECIAL REPORT

*This is the final piece of a sponsored series on the second Semaine Africaine de la Microfinance (SAM), which was held by ADA, an NGO located in Luxembourg, in partnership with the African Microfinance Network (AFMIN), the African Microfinance Transparency (AMT) Forum, the African Rural and Agricultural Credit Association (AFRACA) and the Microfinance African Institutions Network (MAIN). The text is distilled from coverage of the event published by MicroCapital live from Dakar.*

#### SAM Opens with Talk of Value Chains, Government Support

Bonnie Brusky of French NGO Cerise explained a model of three-way agreements among producers' organizations, importers and funders that allows producers to be paid a portion of their income before delivering their crop. While importers retain the option to refuse shipment based on product quality, the model has been successful with crops such as cocoa and coffee.

Erick Sile of the German government's Gesellschaft für Internationale Zusammenarbeit cited the 2003 Maputo Declaration, whereby African heads of state agreed to earmark 10 percent of government funding for agriculture. Although this commitment was reiterated in 2013, very few countries have met the goal. However, Mr Sile cited the example of Rwanda's public investment in agriculture correlating with annual sector growth averaging over 5 percent from 1999 to 2012. During this time, incomes rose 40 percent for the poorest quintile of families in the country and 20 percent for the next two quintiles.

#### Making Microinsurance Viable

Solenn Marquette of Bima, a Sweden-based insurer operating in 13 developing countries, explained her firm's strategy for using mobile phones to sell insurance. Although building branches is too expensive, "we still put education teams on ground" to market products. And instead of chasing customers to pay their premiums each month, Bima draws payments directly from customers' mobile phone credits.

Stella Wambui Ndirangu of Kenya-based Agricultural and Climate Risk Enterprise Africa explained that her team found marketing to individuals too expensive, so it now brings on customers through aggregators. Some retailers include the cost of the insurance in their goods. A seed packet, for example, might include a card explaining how to register for the pre-paid coverage via mobile phone. Some membership organizations pay the premiums as a service to their members, in which cases they collect customers' phone numbers, planting dates, etc. "The aggregators do a lot of work; this saves us on human resources, which is expensive," explained Ms Ndirangu. Her customers report investing 20 percent more in their farms and earning 16 percent more profit, with average insurance cover of USD 100.

### Building Holistic Approaches

Mark Rueegg of Swiss microinsurer CelsiusPro explained how his firm distributes some of the satellite data it collects for actuarial purposes directly to farmers via mobile phones. "These data can give optimal planting dates instead of farmers going by what they were taught by their father, their neighbor.... This can allow them to increase their yield dramatically without extra costs, such as for additional fertilizer," he said.

Brian Kuwik of US-based NGO Accion explained the work of its investee, Kenya-based Umati Capital, which is using crowd-funding to bring working capital to dairy and grain farmers via "invoice discounting." This arrangement involves buyers of agricultural products agreeing to repay farmers' loans directly upon delivery of the crop.

Regarding bringing new services to rural areas, Mr Kuwik stated that, "Where we've seen the most mistakes is when internal controls are not there and a new product is rolled out without market research." Also, the "original concept must be tested and adjusted [in] a much more iterative process."

Henri Dommel of the UN Capital Development Fund (UNCDF) explained his organization's new focus on data. In partnership with two South African NGOs, FinMark Trust and the Centre for Financial Regulation and Inclusion, UNCDF created the Making Access Possible (MAP) program, publishing "Finscope" surveys for 12 countries. In each country, researchers survey 3,000 to 6,000 individuals and analyze regulation and distribution networks. Mr Dommel said, "MAP gives the kind of detailed data that is interesting to the private sector. So much so that private banks in South Africa financed the survey there."

### The Synergies of Partnership

Raphaël de Guerre of the French government's Agence Française de Développement stated, "In Guinea we have added value for coffee producers. In Cameroon, we have increased honey prices by a factor of three, showing private investors that this is viable."

Edvardas Bumšteinas of the EU's European Investment Bank explained some of the ways his organization builds groundwork for its investments: "Before lending to a bank, we talk to the ministry of agriculture to take its goals into account. And you also need partners on the ground that are strong in distribution."

Patrick Akinwuntan of Togo-based Ecobank Transnational added, "To be true to ourselves, we have to make a difference in rural areas, which means making a difference in agriculture."

### Coordinating AFMIN, AFRACA, AMT Forum, MAIN

Mitima Mpanano Rémy of the Togo-based MAIN proposed, "Let's get these networks together to build common goals. We should set up an action plan to guide us instead of tackling issues individually.... When can the four networks meet to decide how to work together rather than waiting until the next SAM to ask the same question?" 📧





## SPECIAL REPORT

*This interview is part of a sponsored series relating to European Microfinance Week, which is held each November by the European Microfinance Platform (e-MFP), a 120-member network located in Luxembourg. MicroCapital will report live from the event.*

### More Inclusive Finance for Youth

*MicroCapital: What is the motivation for the new study “More Inclusive Finance for Youth: Scalable and Sustainable Delivery Models for Financial and Non-Financial Services,” which was published recently by e-MFP’s Youth Financial Inclusion Action Group?*

Severine Deboos: Almost 73 million youth worldwide are looking for work. The UN’s International Labour Office (ILO) considers financial inclusion an important ingredient to fostering youth employment. While young people may need access to services such as savings, credit, insurance and payments, potential employers may need loans to fund apprenticeships.

*MC: What ingredients lead microfinance institutions (MFIs) to success in serving young people?*

Jared Penner: We found that MFIs have an easier time achieving scale and sustainability when there is: 1) a favourable regulatory environment; 2) a wide enough range of services for older youth, including higher value savings and loans; and 3) a focus on youth in urban settings. Other

factors, such as strong institutional commitment to integrated services from MFIs’ management, also proved to be integral to scale and sustainability.

SD: Public authorities can support lending by participating in risk-sharing mechanisms. Also, it is important to provide financial education targeting young people.

*MC: Can you cite an MFI that has been successful in serving this market?*

JP: Among several mentioned in the publication, Poverty Eradication and Community Empowerment (PEACE) in Ethiopia is a small institution that was able to achieve impressive scale largely based on favourable regulatory conditions along with a staunch commitment from the organization’s leadership. In Ethiopia people may open accounts from the age of 14 without parental approval if they can show a valid work contract.

Another example is Rwanda’s Umutanguha Finance, which has attained sustainability through wide-reaching youth products such as microleasing.

*MC: What types of non-financial services are important?*

JP: One example that we have seen be successful is a “unified” model in which young people receive educational instruction from loan officers in as few as three 30-minute increments. As we say in the study, “Emerging best practices are suggesting that youth receive the most benefit from financial services when they are offered in tandem with non-financial services such as mentoring, financial education, internship opportunities and social asset building.” We have also seen MFIs successfully build entrepreneurship, gender equality and health education into their programming.

*Severine Deboos serves as a technical officer for the Social Finance Programme of the Switzerland-based ILO. Jared Penner is the manager of global engagement and evaluation for the Dutch NGO Child and Youth Finance International. “More Inclusive Finance for Youth” can be accessed at [http://www.e-mfp.eu/sites/default/files/resources/2015/05/European\\_Dialogue\\_No\\_8\\_web.pdf](http://www.e-mfp.eu/sites/default/files/resources/2015/05/European_Dialogue_No_8_web.pdf).*

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## EAR TO THE GROUND

### Women in Microfinance in LAC: Coming Out of the Kitchen

I recently traveled with a branch manager of a microfinance institution (MFI) in Colombia to visit some of his clients. Among the lessons of his extensive experience in the field was, “It is better to lend to the woman in the family.... She is more responsible.” Surely, he wasn’t insinuating that the borrower should be a woman regardless of her role in the family business. But alas, as we sat in the house of the borrower drinking juice that she brought out from the kitchen as we chatted with her husband, I became aware that indeed the woman, who spent most of our visit in the kitchen, was the preferred borrower regardless of her role in the household business. Women are often the ones to squeeze the juice, serve the guests and clean up the kitchen. They might take care of the children as they supervise and feed other workers, count the money or help pick fruit off trees. But none of this means that they are in the conversation, that they can decide when to borrow and how much, or whether a loan should be used for the business rather than to purchase a new motorcycle, for example.

On this same trip, I interviewed a pair of mothers-in-law in their 60s who are microfinance borrowers, not because they have their own business but because of their clean credit records. Their respective son and son-in-law had no credit histories, and they relied on their moms to borrow on their behalf. “What if they don’t pay the loan back?” I asked. Both ladies recognized that while they had some influence on these men, they could not guarantee their prompt payment. Instead, they suggested, they would likely respond by borrowing from another institution to pay the loan in the short term.

While many low-income women have control over the decision to take out loans and make subsequent payments, others don’t. The “women are more responsible” argument is beginning to feel outdated as loans become increasingly available to women and men, and better informa-

tion enables institutions to make more precise choices over who to lend to and why. So what is keeping many MFIs from recognizing that a woman should not have to bear the responsibility of repaying a loan her husband is controlling? I would argue that, in part, MFIs can claim blindness. Not over what is happening, but over the consequences. I often bring this point up with senior managers, suggesting that these policies are adding to the stress and other burdens on poor women. They respond by saying that the household makes decisions as a unit. Well, possibly, but any woman in the region will tell you that unequal partnerships abound. According to the Pan American Health Organization, women who were married or in union in Latin America and the Caribbean reported experiencing physical or sexual violence by an intimate partner at rates ranging from 17.0 percent in the Dominican Republic (2007) to 53.3 percent in Bolivia (2003). Exacerbating the problem is the fact that managers setting loan policies often are men. While women play a large role at the bottom tier of the staffing pool, CEOs, managers and even board members are more likely to be male.

Andares, Mujeres para las Microfinanzas is working with EA Consultants on a study that aims to quantify the role of women in microfinance leadership in Latin America and to better understand why women continue to be underrepresented. We hope to start a conversation that can move some bright, dynamic women out of the MFIs’ “kitchens” to make big decisions about MFI policy rather than only “serving the juice” of these institutions.

*About the Author: Ms Barbara Magnoni is President of EA Consultants, a development-consulting firm based in New York. She has over 20 years of international finance and development experience and has worked with organizations including Goldman Sachs, Chase and BBVA and has advised institutions such as the International Finance Corporation, the US Agency for International Development and the International Labour Organization. She may be reached at +1 212 734 6461 or [bmagnoni\[at\]eac-global.com](mailto:bmagnoni[at]eac-global.com), or you may follow her on Twitter at [BarbaraatEA](#). *



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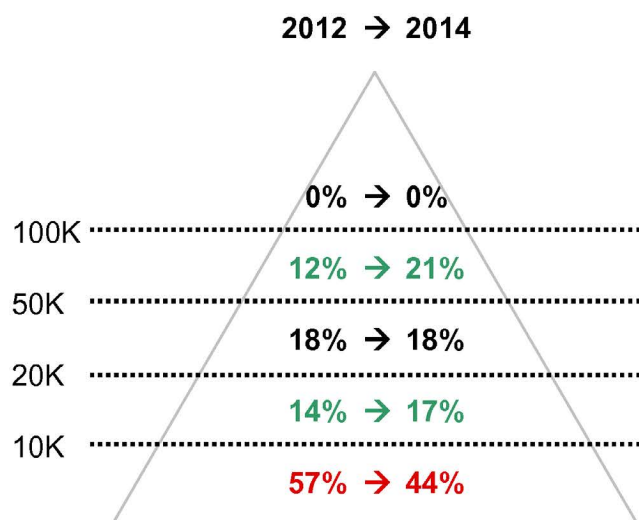


25 MICROFINANCE INSTITUTIONS (MFIs) REPORTING<sup>1</sup>

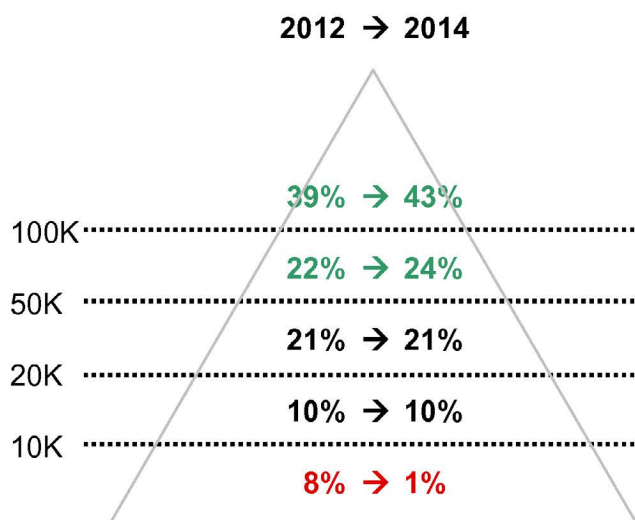
### TOP MFIs BY GROWTH IN GROSS LOAN PORTFOLIO: CHANGE IN USD

MFI NAME	AVERAGE ANNUAL USD INCREASE	AVERAGE ANNUAL % INCREASE	2012	2014
Banco Solidario	139,927,046	35%	346,363,000	626,217,092
Cooperativa de Ahorro y Crédito Jardín Azuayo	71,739,284	25%	259,812,085	403,290,652
Cooperativa de Ahorro y Crédito 29 de Octubre	30,817,589	14%	202,379,084	264,014,262
Cooperativa de Ahorro y Crédito Cooprogreso	23,570,962	12%	182,789,885	229,931,808
Banco Des Arrollo	13,626,094	17%	73,637,101	100,889,288
Banco D-Miro	13,381,414	25%	48,614,048	75,376,876
Cooperativa de Ahorro y Crédito Mushuc Runa	11,435,515	10%	107,218,304	130,089,333
Cooperativa de Ahorro y Crédito San José	10,000,791	18%	50,502,524	70,504,105
Cooperativa de Ahorro y Crédito Atuntaqui	9,919,572	11%	84,951,292	104,790,435
Cooperativa de Ahorro y Crédito Chibuleo	8,164,880	22%	32,732,144	49,061,903

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



### MARKET SHARE BY MFI SIZE (NUMBER OF ACTIVE BORROWERS)



<sup>1</sup>Denotes only MFIs that reported data for 2012 and 2014 to the Microfinance Information Exchange (MIX) Market

Source: MIX, June 2015

## UPCOMING EVENTS

### Bridging the Gap: Financial Policy Solutions for Women in Africa

July 22, 2015; Yamoussoukro, Côte d'Ivoire

Preceding the Third Annual African Mobile Phone Financial Services Policy Initiative (AMPI) Leaders' Roundtable, this invitation-only event will enable financial regulators to discuss and increase awareness of policies intended to increase financial inclusion for women. More details may be found via <http://www.afi-global.org/news-events/network-news/afi-events/bridging-gap-financial-policy-solutions-women-africa>, [info\[at\]afi-global.org](mailto:info[at]afi-global.org) or +60 3 2776 9000.

### AITEC Banking & Mobile Money Lagos 2015

July 28 - 29, 2015; Lagos, Nigeria

Themed "Financial Empowerment Through Trusted Payment Solutions," this event will address issues in Nigeria's financial services sector, including developments in payment technologies, best practices in information technology project deployment and trends in customer service delivery. Additionally, broader themes of risk management, governance, regulation and compliance will be covered. The cost to register is USD 590, with group discounts available. For additional information, you may contact the organizers at +44 (0)1223 891680, [info\[at\]aitecafrica.com](mailto:info[at]aitecafrica.com) or <http://aitecafrica.com/event/view/136>.

### M2Money & Payments LATAM 2015

July 29 - July 30, 2015; Quito, Ecuador

This event will cover topics in mobile payments such as public-private partnerships, interoperability, retail payments, mobile wallets, mobile banking, and alliances between mobile and payment card providers. The fee to attend is USD 1250, with group discounts available. More details may be sought via Danilo Bilbao at +1 305 567 2492 or [dbilbao\[at\]frecuenciaonline.com](mailto:dbilbao[at]frecuenciaonline.com), or you may visit <http://2015.mobilemoneylatam.com/>.

### East Africa Microfinance Summit 2015

August 17 - August 19, 2015; Nairobi, Kenya

This event will cover topics including: (1) the impact of mobile banking and agent-based banking; (2) the role of regulation; (3) credit information sharing; (4) the role of youth and women in advancing social and economic development; (5) microfinance and socially-responsible enterprise; and (6) recent trends. The fee to attend is USD 600, with a rate of USD 500 available for representatives of East African Community countries and members of the Association of Microfinance Institutions. For additional information, you may contact Nancy Chotero at +254 0737409059 or [eacsummit\[at\]amfkenya.com](mailto:eacsummit[at]amfkenya.com), or you may visit <http://www.amfkenya.com>.

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## MORE DETAILS COMING SOON ON...

### M2Banking LATAM

September 1, 2015; Miami, Florida, USA

### Alliance for Financial Inclusion Global Policy Forum

September 1 - September 4, 2015; Maputo, Mozambique

### Pacific Microfinance Week 2015

September 21 - September 25, 2015; Honiara, Solomon Islands

### Global Youth Economic Opportunities Summit

October 6 - October 8, 2015; Washington, DC, USA

### Social Capital Markets' SOCAP15

October 6 - October 9, 2015; San Francisco, California, USA

### Opportunity Collaboration

October 11 - October 16, 2015; Ixtapa, Mexico

### Foromic (Foro Interamericano de la Microempresa)

October 26 - October 28, 2015; Santiago, Chile

### 11th International Microinsurance Conference

November 3 - November 5, 2015; Casablanca, Morocco

### SRI Conference on Sustainable, Responsible, Impact Investing

November 3 - November 5, 2015, Colorado Springs, USA

### 18th Annual MFC Conference

November 4 - November 6, 2015; Prague, Czech Republic

### Making Finance Work for Women Summit

November 11 - November 12, 2015; Berlin, Germany

### European Microfinance Week

November 18 - November 20, 2015; Luxembourg

### Cracking the Nut: Regenerating Rural & Agricultural Development

March 1 - March 2, 2016; Washington, DC, USA

### Latin American MicroInsurance Summit 2016

March 29 - March 30, 2016; Miami, Florida, USA 🇺🇸



# MicroCapital Monitor

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## PAPER WRAP-UPS

### Is Health Microinsurance Sustainable? An Analysis of Five South Asian Schemes

By Michael Weiland, published by the International Labor Organization, May 2015, 45 pages, available at [http://www.impactinsurance.org/sites/default/files/mp41\\_final.pdf](http://www.impactinsurance.org/sites/default/files/mp41_final.pdf)

This paper analyzes five health microinsurance schemes in an effort to evaluate their ability to achieve scale, manage subsidies and control claims and other costs.

Argya Raksha Yojana (ARY) was launched in India by the HDFC-Ergo General Insurance Company Limited and charges annual premiums equivalent to USD 3.20. India's Biocon Foundation markets the scheme in rural areas at no cost to HDFC-Ergo.

Rashtriya Swasthya Bima Yojana (RSBY), which is offered by India's Tata AIG General Insurance Company, charges premiums that vary depending on location from USD 6.20 to USD 15 to cover a family of five. The majority of this cost is government-subsidized.

Gonoshasthaya Kendra (GK) of Bangladesh charges premiums that vary according to health status and geography. GK also offers subsidies based on socio-economic status and offers lower prices via member cost-sharing, whereby patients pay for a portion of costs not covered by insurance.

The Sajida Foundation of Bangladesh operates Niaprotta, which is compulsory for the organization's borrowers. The premium for up to five family members varies from USD 2.10 to USD 6.20 depending on the loan term.

Naya Jeevan (NJ) is a for-profit enterprise in Pakistan that serves as an insurance intermediary, aggregating groups of low-income individuals and negotiating premiums for each group. Most of its premiums are paid by employers. For USD 2 per person per year, NJ also offers benefits such as access to a "tele-health" line and health education sessions.

In conclusion, the author labels GK, Niaprotta and NJ "unprofitable with losses subsidized;" RSBY as "profitable with explicit subsidy;" and ARY as "profitable with implicit subsidy," in the form Biocon's outreach.

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### Ending the Microfinance Crisis in Morocco: Acting Early, Acting Right

Published by the International Financial Corporation, October 2014, 45 pages, available at <http://www.ifc.org/wps/wcm/connect/5e1e5a0047850bdba0d4f5299ede9589/IFC+Morocco+MicroFinance+Crisis+report.English.pdf?MOD=AJPERES>

This study assesses how Morocco's micro-finance market has evolved since its 2009 downturn, which the authors argue was caused by rapid growth, aggressive competition, poor lending discipline, poor governance and lax regulatory controls. Improvement followed the deployment of a credit bureau and micro-finance institutions focusing their efforts on longer-term institutional development with the aid of USD 15 million in technical assistance from the US and Moroccan governments. 🇲🇦



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