

MICROCAPITAL BRIEFS | TOP STORIES

Greenlight Planet Nets \$60m, in Equity, Debt for Sun King Solar Products

Please see page 2 for coverage of this *MicroCapital Deal of the Month*.

Bima Raises \$97m from Allianz for Microinsurance

German insurer Allianz, through its Allianz X digital investment arm, recently bought a stake of undisclosed size in microinsurer Bima for USD 97 million. Bima, which has main offices in Sweden and the UK, serves 2.4 million life- and accident-insurance customers in Africa, Asia and Latin America. Premiums, which Bima collects via mobile phones, begin at USD 0.60 per month, and payouts range up to USD 1,000. As part of the transaction, Mauritius-based Leapfrog Investments sold its stake in Bima for an undisclosed price. Allianz, which has operations in 70 countries, manages assets valued at the equivalent of USD 1.6 trillion. December 22, 2017

Lebanon's Fransabank Borrows \$20m from Sanad for Rural Lending

Fransabank SAL, a Beirut-based commercial bank, recently borrowed USD 20 million from the Sanad Fund for MSME (micro-, small and medium-sized enterprise), a European investor in North Africa and the Middle East. Fransabank plans to use the funds to expand its small and medium-sized enterprise and housing lending. Established in 1921, it provides retail, commercial, corporate, investment and international banking services in eight countries. The bank reports net annual profit of USD 201 million on total assets of USD 21 billion. December 19, 2017

India's Aavishkaar Bharat Fund Attracts \$95m for Impact Investing

Indian fund advisor Aavishkaar recently completed the first close of the Aavishkaar Bharat Fund, with commitments equivalent to USD 95 million. The fund, which seeks to generate a commercial rate of return, will support businesses in India that further Aavishkaar's mission to "enhance livelihoods and reduce vulnerabilities for the low-income population" in "a range of sectors, namely agriculture, dairy, education, energy, handicrafts, health, water and sanitation, technology for development, microfinance and financial inclusion." The anchor investors of the Aavishkaar Bharat Fund are CDC Group, which is backed by the British government; India's Munjal Family Office (Hero Corporation); the government-backed Small Industries Development Bank of India (SIDBI); and the US-based NGO Teachers Insurance and Annuity Association of America (TIAA). CDC invested USD 25 million in the fund; Hero invested USD 15 million; and SIDBI invested USD 11.5 million. The amount placed by TIAA has not been disclosed. December 14, 2017

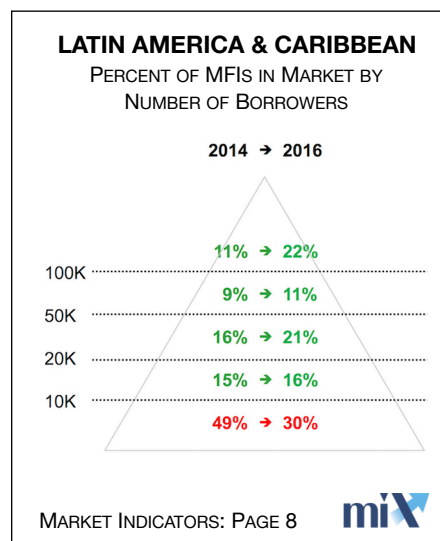
Mexico's Adobe Raises \$21m for SMEs in Latin America

Adobe Capital, the venture-capital unit of Mexico-based New Ventures, recently raised USD 21 million for its second investment vehicle, Adobe Mezzanine Fund II (AMF II), which will seek to finance small and medium-sized enterprises in Mexico and elsewhere in Latin America. The names of the investors have not been made public. Adobe offers financing and strategy support to businesses that have fewer than 50 employees, have less than USD 5 million in sales and seek to "drive social and environmental impact with innovative, profitable and scalable models." The firm plans to raise an additional USD 19 million for AMF II through subsequent funding rounds. Adobe has completed six investments in sectors including alternative energy, housing, healthcare and education. December 12, 2017

Uganda, Zambia Launch National Financial Inclusion Strategies

The governments of Uganda and Zambia each recently issued National Financial Inclusion Strategies covering the next five years. Both are intended to promote the usage of a variety of financial services. Uganda's goals include to reduce the portion of people in the country who are excluded from financial services from 15 percent to 5 percent and to increase the country's credit-bureau coverage from 6 percent to 40 percent. Zambia's goals include to increase formal and informal financial inclusion from 59 percent to 80 percent and to raise the number of "financial access points" to at least 7 for every 10,000 adults. November 27 and November 29, 2017

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MICROCAPITAL BRIEFS

FINCA Pakistan Hires Out to Improve Customer Experience

FINCA Pakistan, an affiliate of the US-based Foundation for International Community Assistance (FINCA International), recently hired Analytics Private Limited (APL), a Pakistani technology company, to help it deepen its understanding of consumer trends; improve the customer experience it offers; and further develop SimSim, its recently launched digital financial services platform. As part of the project, APL will use the analytics platform of US-based technology firm IBM. FINCA International's affiliates serve 1.9 million people in 20 countries. December 18, 2017

"Microinsurance Master" Offers Immersion, Coaching

A new program called Microinsurance Master is offering two weeks of training at Pioneer Microinsurance, a Philippines-based firm with 18 million customers, followed by eight weeks of remote coaching intended to help participants "focus on client-centric solutions that reduce the vulnerability of low-income people and make your business thrive." The fee to attend is USD 10,650, including hotel and some meals. December 15, 2017

Greenlight Planet Nets \$60m for Sun King Solar Products

Greenlight Planet, which has offices in Kenya, India and the US, recently raised a total of USD 60 million in equity and debt "to expand its solar-energy product lines, distribution networks, and financing capabilities in Africa and Asia." Three entities purchased stakes of unspecified sizes in Greenlight, including Apis Growth Fund I, the lead investor in the funding round, which is managed by Nigeria- and UK-based Apis Partners. The other two entities increased existing stakes in Greenlight, Eight Roads Ventures and Bamboo Capital Partners. The lenders included Deutsche Bank, Global Partnerships, SunFunder, the "impact" unit of Partners Group, responsAbility Investments and Social Investment Managers & Advisors (SIMA Funds). Greenlight reports having sold products to a total of 5.5 million households as of 2017, saving an estimated 400,000 tons of greenhouse gas emissions per year. December 13, 2017

USAID to Back \$15m in Lending to Cambodian Agriculture

Through its Development Credit Authority, the US Agency for International Development recently agreed to guarantee a portion of agricultural loans totaling USD 15 million to be disbursed in Cambodia over seven years by Angkor Mikroheranhvatho Kampuchea Microfinance Institution; LOLC Cambodia, a microfinance institution member of Sri Lanka's LOLC Group; and the local arm of Thailand-based Rochester Midland Asia (RMA), a provider of equipment, hospitality and other services. Saing Ngorn, the CEO of RMA Cambodia, was quoted as saying, "Farmers in one of these provinces can now take out a lease with our company on any agricultural machinery, like tractors, [and] if they face any problems repaying the loan due to low agricultural fields, the fund can be used to help them out." The LOLC Group, whose name derives from the former Lanka Orix Leasing Company, is a member of the Japanese firm Orix. RMA is an affiliate of the US-based Rochester Midland Corporation. December 13, 2017

Erste Group Pilots Roma Housing Microfinance Project in Slovakia

The Erste Group Bank, an Austria-based institution with 16 million clients in seven European countries, recently completed the pilot phase of a homeownership program for members of the Roma community in Slovakia. Of the 100 families that enrolled in the financial education component, 60 completed 12 months of savings, making them eligible to apply for housing loans. Of the 46 who applied, 25 were funded to purchase housing plots and construction materials. The borrowers perform the construction work themselves. While the program is not financially self-sufficient, Erste is looking to expand it. Erste has total assets equivalent to USD 262 billion. December 12, 2017

Somalia's KIMS Wins \$100k Serving Returning Refugees

Somalia's Kaah International Microfinance Services (KIMS) recently won USD 100,000 through the Ethical Finance Innovation Challenge and Awards (EFICA), which are sponsored annually by Thomson Reuters, a media firm traded on the New York and Toronto stock exchanges, and UAE-based Abu Dhabi Islamic Bank. KIMS earned the recognition for two products it offers in the city of Kismayo, a "start-up micro-credit product for youth returnees...coupled with financial literacy and business training" and the provision of "growth financing for fisheries cooperatives in Kismayo, enabling them to expand activities including boat building [and] fish processing, packing and distribution." Since its inception in 2014, KIMS has loaned USD 7 million to 8,000 clients. The other two EFICA finalists, which each won USD 20,000, are Arabesque, whose S-Ray tool uses "big data" to assess corporate social responsibility, and Malaysia's Employees Provident Fund, a Shariah-compliant retirement plan. December 11, 2017

FMO, Proparco Lend \$30m to BPR to Boost SME Services

Two government-backed institutions, the Netherlands Development Finance Company (also known by its Dutch acronym FMO) and France's Proparco, each recently loaned USD 15 million to Banque Populaire du Rwanda (BPR), a unit of the British Virgin Island's-based Atlas Mara Group. BPR plans to use the funding to expand its branch network to facilitate better access to traditional and digital services for small and medium-sized enterprises. FMO Chief Investment Officer Linda Broekhuizen said, "Helping BPR support more entrepreneurs and businesses to flourish by offering them the means they need, is key to FMO's strategy." Proparco served as "lead arranger" of the loan. Launched in 1975, BPR has 191 branches, 1,600 employees and 400,000 active clients as of 2017. December 11, 2017

Vietnam's Co-opBank, DiD Partner on Products for Rural Clients

The Cooperative Bank of Vietnam (Co-opBank) has been working with Développement international Desjardins, a unit of Canadian cooperative Desjardins Group, to build the capacity of Co-opBank to support the country's 1,200 people's credit funds (PCFs), which provide loan, deposit, remittance and electronic banking services in much of Vietnam. Co-opBank is pilot testing the project with 75 PCFs, focusing on "credit management, risk management, [information technology] solutions, governance and products and services development." Co-opBank holds assets equivalent to USD 920 million as of 2014, the most recent year for which data are available. December 8, 2017

Telma Introduces Mvola Mobile Loans, Savings in Madagascar

Madagascar's Telma Mobile recently rolled out Avance and Epargne products through its preexisting Mvola mobile money service. With Mvola Avance, customers can borrow the equivalent of USD 0.30 to USD 157 for 30 days, with a flat interest charge of 9 percent. Mvola Epargne allows customers to save between USD 0.20 and USD 3,200, while earning annual interest of 2 percent. These services were developed in partnership with BNI Madagascar, a bank controlled by Mauritius-based holding company Ciel Group. Telma Mobile has 3 million subscribers, of whom 2 million use Mvola. December 6, 2017

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

MFI in BiH Borrows from C-Quadrat

C-Quadrat Asset Management, a unit of Austrian fund manager C-Quadrat, disbursed the equivalent of USD 47 million during November via its Dual Return Vision Microfinance funds to microfinance institutions (MFIs) in Asia, Europe and Latin America. The identities of the MFIs and the amounts borrowed by each remain confidential. One of the borrowers, which is located in Bosnia and Herzegovina, reportedly focusses on client protection and has 40 percent of its portfolio invested in farmers. December 5, 2017

Mastercard, FSD Uganda Partnering on Digital Payments

Mastercard, a US-based financial technology company, and the nonprofit Financial Sector Deepening (FSD) Uganda recently agreed to partner to create digital payment solutions focused on the agriculture, education, health and trade sectors. FSD is funded by the UK government. December 4, 2017

Australia Investing \$30m in Asia-Pacific SMEs

The Australian government recently launched the Emerging Market Impact Investment Fund in an effort to support “positive social and development outcomes for poor communities in the Asia-Pacific” region. The fund will disburse the equivalent of USD 30 million as equity and guarantees in parcels of at least USD 1.5 million to support small and medium-sized enterprises, with a particular emphasis on those managed by women. November 30, 2017

Opportunity International, FINCA Nigeria Partner on School Loans

FINCA Microfinance Bank Nigeria, an affiliate of the US-based Foundation for International Community Assistance (FINCA International), recently partnered with the EduFinance unit of US-based NGO Opportunity International to lend money to parents in southeast Nigeria to pay private-school fees. The organizations are also planning to offer loans for school owners to upgrade their facilities. November 28, 2017

IFC, KfW, OeEB Renew MEF Commitments of \$310m

The Microfinance Enhancement Facility (MEF) recently negotiated an extension until 2025 of investments from the World Bank Group's International Finance Corporation, German development bank Kreditanstalt für Wiederaufbau (KfW) and Austrian development bank Oesterreichische Entwicklungsbank (OeEB). This funding totals USD 310 million out of MEF's USD 700 million in total assets. Although it originally was created to assist microfinance institutions in the wake of the financial downturn that began in 2008, MEF has since begun disbursing both “regular debt and emergency liquidity funding.” November 27, 2017

Le Levier, DiD Launch MFI in Haiti's Grand Nord Region

Le Levier, a federation of cooperatives in Haiti, and Développement international Desjardins (DiD), a unit of Canadian cooperative Desjardins Group, recently inaugurated an Entrepreneur Financial Centre (EFC) owned by six cooperatives in Haiti. Based in the city of Cap-Haïtien, the EFC will focus on serving the cooperatives' 400 entrepreneur members. In addition to Haiti, DiD owns or supports EFCs in Panama, Sri Lanka and four African countries. Le Levier works with 42 cooperatives serving 500,000 members. November 22, 2017

OJK Licenses 10 Islamic MFIs in Indonesia

Otoritas Jasa Keuangan, the financial services regulator of Indonesia, recently granted operating licenses to 10 Islamic microfinance institutions (MFIs) in the country. The MFIs are funded by unidentified donors seeking to encourage community development via tools such as Islamic lending, which uses mechanisms including the sharing of profit and loss in lieu of conventional interest payments. Many of the institutions are affiliated with Islamic boarding schools, known as pesantren, as part of a strategy to increase financial inclusion in rural areas via “role models such as pesantren caregivers.” November 22, 2017

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SPECIAL REPORT

This feature closes a sponsored series on European Microfinance Week, which was held from November 29 through December 1 by the European Microfinance Platform (e-MFP), a 130-member network located in Luxembourg. MicroCapital was engaged to promote and document the event.

Clients Come Clean on Sneaking Contraception, Encouraging Providers to Focus on Households, Not Just Women

Imran Matin of US-based Innovations for Poverty Action stressed the importance of thinking beyond whether women will use financial services to “what account ownership will translate into in terms of achievement.” Foreshadowing a theme of the session, he added that “intra-household dynamics is very important and also particularly difficult to measure.” Mr Matin also cited a project that “found men’s enterprise up and women’s down” as the result of a particular intervention. However, upon investigating “disaggregated numbers, women’s [entrepreneurial efforts] were down when mixed with men’s in same household, but up when no men’s enterprise existed in the home.”

Bdour Al-Hyari of Jordan’s Microfund for Women (MFW) described an insurance product offered by her microfinance institution (MFI) that provides cash to clients when a family member is hospitalized. While health issues were a major cause of default in the past, women who got “hospital cash” from MFW reportedly repaid their loans at a rate of 100 percent. Over the course of 10 years, the women have come to understand the product much better. Instead of asking for a refund after not using the benefit for a period of time, they now understand that their neighbors benefit from the money they spent.

Bobbi Gray of the US-based Grameen Foundation described an example in Burkina Faso in which women’s caregiving responsibilities allowed them to spend two hours per day on the enterprises for which they had borrowed money. Thus lenders shouldn’t expect the return that they would estimate based on eight-hour workdays.

Ms Gray offered another example from Burkina Faso, in which linking banks with women’s savings groups caused pushback from men. In response, the organization began offering the same services to men’s groups. Ms Gray described this as addressing the concerns of clients’ partners, rather than seeking to bypass them. During a project in Benin, Ms Gray’s team was surprised at men’s openness to discussing family planning. The men said, approximately, “We knew our wives were sneaking out to get contraception.”

Mexico’s Cooperativa de Ahorro y Préstamo Tosepantomin Wins \$120k European Microfinance Award

The Cooperativa de Ahorro y Préstamo Tosepantomin, a Mexican cooperative, won the 2017 European Microfinance Award for its savings and home loan products paired with technical support for eco-friendly residential housing improvements. The prize includes EUR 100,000 (USD 120,000) from the Directorate for Development Cooperation and Humanitarian Affairs of Luxembourg’s Ministry of Foreign and European Affairs. The other two finalists, Mibanco of Peru and the First MicroFinance Bank-Afghanistan, each received EUR 10,000 (USD 12,000).

Rural Outreach & Innovation Action Group Highlights Apps, Soil Test Kits, Challenges of Funding Cooperatives

The e-MFP Rural Outreach & Innovation Action Group presented a range of services that are reaching rural areas today. Michael de Groot of the Netherlands’ Rabobank Foundation discussed SoilCares, which offers soil test kits for as little as USD 10. One user group in Kenya boosted its maize yield by 55 percent.

Amsalu Alemayehu of Ethiopia’s Wasasa Microfinance explained that financing agricultural cooperatives is difficult because so many of them need significant capacity building to become creditworthy.

Marina Kortenbusch of Switzerland’s Business & Finance Consulting (BFC), who is also the chair of the Action Group, spoke passionately about using ideas from farming, gardening and cooking to increase job satisfaction.

Mariel Mensink of Netherlands-based ICCO Terrafina Microfinance discussed the Mastercard Rural Finance Program, through which Terrafina paired agricultural extension officers with loan officers to support farmers. In one instance, an extension officer was able to redirect a farmer using 10 times the allowable amount of pesticide on his tomato crop. Regarding encouraging the use of spreadsheets to track farm data, she described her approach as “high tech, high touch,” stating that program uptake may be as low as 20 percent without a strong training component.

Etienne Mottet of BFC described efforts to fund apps that offer information such as weather data, crop advice and pricing updates. An app called Akido, which allows farmers in Georgia to order inputs, brings in money from advertisements placed by home improvement and other firms.

Zemidjam Drivers in Benin, Senegalese Retirees Design Mobile Money Products

Karima Wardak of the UN Capital Development Fund argued that simply replicating digital financial products from country to country is not working. She said country-specific products “that were designed in the board room” also are failing. Gilda Zarate Chabluk of international consultancy Innate Motion argued that all staff involved in a project should work with end-users early in the design process. Ms Wardak gave an example of replicating a product from South Africa to Zambia. Users in Zambia found the South African password system unworkable. The fact that this was a surprise to developers supports Ms Wardak’s contention that “it’s not just your marketing team that should go to the field.” Ms Zarate Chabluk suggests meetings that last about two hours, with most of that time focused on the user’s life rather than the product.

Lisa Chassin of Belgium’s PHB Development described a project in Benin supporting South Africa’s MTN Group in rolling out a digital wallet. MTN predicted that the tens of thousands of Zemidjam motorbike-taxi drivers in the country wanted insurance in case of injury. However, when given the chance, “Zem” drivers expressed other priorities such as the security of the cash they carry.

Ms Chassin explained a project with Senegal’s Ministry of Finance involving the management of pension payments for 30,000 retirees. The existing system required the beneficiaries to appear in person at a certain office within five days each month, often waiting in the heat for long periods. The Ministry was concerned that moving to digital payments would deny the retirees an important social outlet provided by the office visits. However, listening to the retirees revealed that the social aspect was not valued because many felt shame about no longer being providers to their families and communities.

Microfinance & Environment Action Group Looks to Leverage Solar-product Rollouts on 3 Continents

At the meeting of the e-MFP Microfinance & Environment Action Group, Carla Palomares of Luxembourgish nonprofit ADA described working with the Microfinance Council of the Philippines to support its member microfinance institutions (MFIs) in financing clients' solar lamps. A similar ADA program with Red Centroamericana y del Caribe de Microfinanzas (REDCAMIF) facilitates purchases of solar lamps, microleasing of agricultural equipment and the implementation of environmentally sustainable farming practices. Giulia Corso of Germany's MicroEnergy International described her firm's work with three MFIs in Ethiopia that began lending for home solar systems in January 2017. By June, they had lent a total equivalent to USD 119,000 for 600 home solar systems, attracting additional loan funding from the Ethiopian government.

Aldo Moauro of Italy's MicroFinanza Rating reported that his firm has completed 36 Green Index ratings as part of social ratings in 21 countries over the past year. Geert Jan Schuite of Netherlands-based Enclude described the Action Group's pivot from projects such as creating toolkits to helping scale up successful models. Jurgen Hammer of the Grameen Credit Agricole Foundation argued in favor of studying the profitability of green microfinance products to help convince more MFIs to offer them.

Finding Markets First, Adding Value Post-harvest to Engage Youth in Agriculture

Yves Moury of Colombia-based Fundacion Capital, argued that digital financial services are lowering usage of automated teller machines and agents and that cash will be used minimally within five to 10 years. In terms of services, he said youth "need access to savings, transfers, insurance; but credit is for maybe 5 percent of youth." Regarding savings, he said "if we want young people to save, we should give them accounts and matching deposits" of perhaps 50 cents per dollar saved.

Ken Lohento of the Netherlands-based Technical Center for Agricultural and Rural Cooperation cited Agribusiness TV, which provides mobile-optimized videos of youth profiting from agriculture, and a service in Senegal that connects owners of underused land with young people looking for acreage to till.

Dr. Jonathan Agwe of the UN's International Fund for Agricultural Development (IFAD) stated that youth rarely are motivated to engage in the planting and weeding of primary agriculture. They often are more interested in activities that are less labor-intensive, such as using machinery to process crops or transporting products to market. Dr. Agwe suggests first "locating a market that is paying premium prices" and then recruiting youth to exploit that opportunity. Rahul Antao, also of IFAD, described supporting Senegalese youth with market access for activities such as brokering sesame. At first, local lenders weren't interested in the project, so IFAD financed it (in declining amounts each year). In its fourth year, local lenders began to fund it, and the project eventually grew to involve 16,000 youth.

Marie Joseph Medzeme Engama of Cameroon-based Plateforme Régionale des Organisations Paysannes d'Afrique Centrale described a cassava cooperative in Cameroon that packages, exports and distributes products such as flour, starch and chips. Among the keys to success, she cited identifying market demand before choosing the crop and then adding value to it before selling. Regarding barriers, Ms. Medzeme Engama said it is difficult to finance processing machines.

On the question of keeping youth engaged over time, Dr. Agwe argued that in addition to access to loans, youth need wrap-around services. They should write commitment letters to their programs, and perhaps there should be a penalty if they leave a program before completing it. Several panelists expressed agreement.

Registering Property, Charging 3% Interest per Month, Promoting Local Currency for Housing Loans

R V Verma, a former Chairman of India's National Housing Bank and a consultant to the World Bank Group, described efforts in India to mitigate risk for housing lenders - both credit risk and issues with land title. Among the active tools is a central registry of outstanding property loans. Mortgage insurance is available even to informal workers, as long as lenders are willing to issue them loans.

Adedeji Adesemoye of the Central Bank of Nigeria (CBN) described its efforts to address the country's housing shortage, including the use of USD 15 million for housing microfinance from the World Bank's International Development Association. Nine microlenders used this funding to test loan products for experienced clients to pay for land acquisition, incremental construction and home improvement. After the initial phase of the program, CBN extended the maximum loan term to two years, and it now is considering boosting the limit to three years.

Mr. Adesemoye said interest rates of 2.5 to 3 percent per month are common in Nigeria. Eugen Doce of the Frankfurt School of Finance and Management pointed out that rates are much lower in India and Armenia. Mr. Verma said that, in India, lender rates of 11 percent per year are often subsidized to 5 percent.

Hayk Voskanyan, who recently worked for Armenia's National Mortgage Company (NMC), described issues in Armenia's market, such as the need to improve energy efficiency. Much of the housing stock was built during Soviet times with the expectation of heavily subsidized natural gas. To reduce foreign exchange risk, NMC has been offering more local-currency refinancing. Regarding credit risk, Mr. Voskanyan says the rate of default is under 2 percent, a figure he attributes to strong credit scoring infrastructure in the country.

Scaling Up Implementation of Social Performance Management

Panelists in this session argued that social performance management (SPM) tools developed over the last 10 years have reached a level of maturity warranting their wider rollout. Cecile Lapenu of France-based Cerise described SPI4, the fourth iteration of a set of Social Performance Indicators that incorporates the Smart Campaign's Client Protection Principles and the Social Performance Task Force's Universal Standards for SPM. It also includes optional modules on poverty, gender and the environment. To date, 432 SPI4 audits have been completed on institutions in 88 countries.

Kinga Dabrowska of Poland's Microfinance Centre (MFC), a network of national microfinance networks, said that the MFIs her organization has studied are often willing to share knowledge with their competition in the area of client protection. These MFIs often have growing levels of interest in green products as well as good social mission statements, financial education efforts and other client protection practices. However, they often are weak in terms of outcomes measurement, community support and specificity of social goals.

Adhy Suryadi of Koperasi Syariah BMT itQan, an Islamic cooperative in Indonesia, described his organization's use of the SPI4 self-assessment to build elements of SPM into the organization's business plan. A representative of the UN's International Labour Organization stated that "in the long term, this is good for business," but "MFI managers don't want SPM to cut into [short-term] profits." Johanna Ryan of US-based VisionFund International said that of her organization's 31 MFIs, there is better client retention among those using the SPI4 audit tool.

The next [European Microfinance Week](#) is scheduled for November 14 through November 16, 2018. 

EAR TO THE GROUND

Is the Real Action in Latin America? Uncovering Quiet Innovators

Over the past few weeks, I have been checking out the much-ignored financial inclusion scene in Latin America. Since there is very little to read about it from academics or donors, the visits have been eye opening. I will start with Peru, where a vibrant and mature financial sector offers one agent or other point of service for every 238 citizens - more than even in Kenya. Most impressive to me is that regulators have developed a thorough approach to consumer protection that incorporates key elements of financial inclusion without overburdening institutions. When you hear regulators in Peru talk about financial inclusion, they emphasize not only “access,” but more importantly “use” and “quality” of financial services. Meanwhile, microfinance institutions in the country are adopting client-centric language and approaches. When I attended a panel discussion with local giants MiBanco, Caja Arequipa and Caja Sullana at the Munich Re Foundation’s annual microinsurance conference in Lima last month, all three shared new business approaches that are less about products and more about clients. Why? I suspect the answer is a combination of regulatory pressure, increasing delinquencies and intense competition pushing them to think about how to keep clients financially healthy - and simply how to keep them as clients. While this may seem obvious to anyone in a direct-to-consumer business, it is groundbreaking compared with what I see in the financial inclusion sector in other regions - or even what I saw in Peru three years ago.

Argentina, arguably the least developed financial inclusion market in the region, is trying to play catch-up, backed by the Inter-American Development Bank’s (IDB’s) steadfast support for a new center-right government that has adopted some of the latest financial inclusion buzzwords (think “fintech” and “regtech”). During the annual FOROMIC conference held by IDB’s FOMIN, speakers argued that

ubiquitous smart phone usage will enable financial service providers to leapfrog brick-and-mortar financial services for the poor. This must be a huge relief to the many Argentine financial service providers who have long resisted serving the low-income market. However, other participants at FOROMIC argued that the poorest communities may not buy into digital finance because their economic lives are still very cash-based. Others worried that digital models are too costly for smaller institutions to adopt and thus would lead to oligopolistic or even monopolistic behavior...which brings me to Mexico. “Families” of large Mexican corporations have tapped into their retail and financial value chains to corner the low-income market with both digital and brick-and-mortar financial services at significant scale. There is little market pressure to serve customers better or more cheaply.

However, lessons abound across Latin America. In Colombia and Nicaragua, I found interesting efforts to reach rural households with climate-adaptation assistance and value-chain linkages that help reduce lending risk. Along with several from Peru, these examples convince me that - with mature markets, relatively large middle classes and stronger banking infrastructure - Latin America will be the source of many financial inclusion experiments and subsequent lessons that can be learned in 2018 and beyond. But with many of these lessons in the hands of private companies, with little incentive to share them, uncovering these gems may be tough!

About the Author: Ms Barbara Magnoni is President of EA Consultants, a development-consulting firm based in New York. She has 25 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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MICROCAPITAL MARKET INDICATORS LATIN AMERICA AND THE CARIBBEAN

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173 MICROFINANCE INSTITUTIONS (MFIs) REPORTING¹

TOP 10 MFIs BY GROWTH IN GROSS LOAN PORTFOLIO: CHANGE IN USD

MFI NAME	COUNTRY	AVERAGE ANNUAL USD INCREASE	AVERAGE ANNUAL % INCREASE	2014	2016
MiBanco	Peru	594,095,710	36	1,384,764,309	2,572,955,729
Banco Fassil	Bolivia	409,880,758	56	567,275,841	1,387,037,357
BanGente	Venezuela	187,300,442	43	360,518,941	735,119,826
Banco para el Fomento a las Iniciativas Económicas (Banco FIE)	Bolivia	148,967,248	13	1,034,369,065	1,332,303,560
BancoSol	Bolivia	126,206,781	11	1,052,367,409	1,304,780,971
Caja Municipal de Ahorro y Crédito (CMAC) Huancayo	Peru	115,264,391	20	532,271,123	762,799,904
CMAC Sullana	Peru	109,566,005	19	539,109,638	758,241,647
Banco Prodem	Bolivia	101,245,351	13	739,956,202	942,446,904
CMAC Arequipa	Peru	83,507,019	8	944,617,092	1,111,631,130
Caja Rural de Ahorro y Crédito (CRAC) Raíz	Peru	81,168,566	171	25,593,435	187,930,568

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

2014 → 2016



MARKET SHARE BY MFI SIZE (NUMBER OF ACTIVE BORROWERS)

2014 → 2016



¹Denotes only MFIs that reported data for 2014 and 2016 to the Microfinance Information Exchange (MIX) Market

Source: MIX, December 2017

UPCOMING EVENTS

Second European Microfinance Summit

January 25 - January 26, 2018; Vienna, Austria

This conference will compare and contrast microfinance in Eastern and Western Europe, focusing on the inclusion of people in very rural areas, environmental impacts, technology and the future of the sector. The standard fee to attend is EUR 1,199. For more information, you may contact Aneta Djambaska via aneta.djambaska@euro-events.co or +420 734 655 262. Alternatively, you may visit the event website at <http://euro-events.co/2nd-annual-european-microfinance-summit/>.

Investing for Impact Conference

February 15, 2018; New York, New York, USA

Hosted by the UK-based weekly newspaper *The Economist*, this conference will cover inequality and how investors can take advantage of related opportunities to invest in a socially responsible way. The standard fee to attend is USD 1,795, and group rates are available. For more information, you may email emeaevents@economist.com, call +41 22 56 68 460 or visit <https://events.economist.com/events-conferences/americas/impact-investing/>.

Customer Centricity: Enabling Financial Choices and Positive Outcomes for Low-income Customers

February 19 - February 22, 2018; Mamallapuram, India

This meeting of the Social Performance Task Force will encourage “understanding and serving the unique and diverse needs of poor people.” The full fee to attend is USD 550 with lower rates from task force members and Indian residents. For more details, you may visit <https://sptf.info/annual-meetings/2018-learning-event> or email info@at@sptf.info. No telephone number is offered.

Mobile World Congress

February 26 - March 1, 2018; Barcelona, Spain

The event includes sessions on “Embracing Digital Transformation,” “Ensuring Digital Inclusion for All,” “Capturing the Big Data Potential for Social Good” and “The Mobile Future of Humanitarian Crises” as well as the Global Mobile Awards ceremony. The organizers expect 100,000 attendees. Entry pass options begin at EUR 799 plus VAT. For more details, you may visit <https://www.mobileworldcongress.com/>. That website includes a contact form, but no email address or telephone number is available.

Metrics from the Ground Up

February 27 - February 28, 2018; Nairobi, Kenya

Through the ninth iteration of this event, the organizers seek collaboration on defining “the African impact agenda” through various definitions of “impact,” which can depend on “context, country, and culture of origin.” The registration cost is USD 350, with a rate of USD 125 offered to members of the Aspen Network of Development Entrepreneurs. For additional information, you may visit <http://www.andeglobal.org/events/EventDetails.aspx?id=984362>, email ande.info@at@aspeninst.org or call +1 202 736 2298.

Sankalp Africa Summit

March 1 - March 2, 2018; Nairobi, Kenya

This conference focuses on harnessing small and medium-sized enterprises to create growth in Africa. Sample session topics include “Taking African Impact Investing to the Next Level,” “INGOs in Impact Investing” and “Scaling Impact Through Social Replication.” The standard fee to attend is USD 700, however, discounts are available for those registering by January 15. For more information, you may email sankalpafrica@intellectap.com, call +91 22 61952750 or visit <https://africasummit2018.sankalpforum.com/>.

14th Annual Global Microfinance Forum

March 15 - March 16, 2018; Munich, Germany

This conference will include sessions on microleasing, “green” micro-credit, managing foreign exchange risk, crowdfunding, serving small and medium-sized enterprises, technology, leveraging guarantees and insurance. The fee to attend is EUR 1,000 plus 19 percent VAT. For more information, you may contact Pavel Isachkin by emailing pavel@uni-global.eu or calling +420 226 220 430. Alternatively, you may visit <https://www.uni-global.eu/portfolio-page/14th-annual-global-microfinance-forum/>.

Africa Banking & Finance Conference

April 10 - April 11, 2018; Lagos, Nigeria

This seventh iteration of this event, which will focus again on financial inclusion, offers a trade show and sessions on insurance, savings, payments, capacity building, measuring success, regulation, agent banking, how banks can downscale to microfinance, and serving women and youth. The fee to attend is USD 1,000, with an early-registration rate of USD 500 available until the end of December. For more details, you may visit http://www.aidembs.com/banking_conference/, email [abfc\[at\]aidembs.com](mailto:abfc[at]aidembs.com) or call +254 20 221 8114.

Financial Inclusion Summit for Practitioners in Sub-Saharan Africa

April 24 - April 25, 2018; Accra, Ghana

This event offers sessions on accelerating financial inclusion, financial technology, the role of donors, new products, raising capital, and small and medium-sized enterprise. The fee to attend is USD 500, with a 20-percent discount offered to groups. The registration deadline is January 31. For more information, you may contact Ademola Tosoye via [ade\[at\]microfinanceassociation.org](mailto:ade[at]microfinanceassociation.org) or +44 1322 312078.

MORE DETAILS COMING SOON ON:

International Conference on Responsible and Inclusive Finance

March 21 - March 22, 2018; Kigali, Rwanda

Global Forum on Remittances, Investment and Development Asia-Pacific

May 8 - May 10, 2018; Kuala Lumpur, Malaysia

Global Savings Groups Conference

May 22 - May 24, 2018; Kigali, Rwanda

Africa Innovation Summit (AIS II)

June 6 - June 8, 2018; Kigali, Rwanda

Cracking the Nut 2018: Promoting Agricultural Technology Adoption & Resilience

June 12 - June 13, 2018; Antigua, Guatemala

Subsistence Marketplaces Conference

June 22 - June 24, 2018; Champaign, Illinois, USA

Global Youth Economic Opportunities Summit

September 25 - September 27, 2018; Washington, DC, USA

Opportunity Collaboration

October 14 - October 19, 2018; Cancún, Mexico

SOCAP18

October 23 - October 26, 2018; San Francisco, California, USA

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PAPER WRAP-UPS

Evidence on the Financial Performance of Impact Investments

By Abhilash Mudaliar and Rachel Brass, published by the *Global Impact Investing Network*, November 2017, 36 pages, available at https://thegin.org/assets/2017_GIIN_FinancialPerformanceImpactInvestments_Web.pdf

The authors of this paper compare data on the financial performance of private equity, private debt and real assets in the impact investing and traditional investment arenas.

For private debt, the largest class in impact investing, the authors deem average returns to be within the 2.7 percent to 9.2 percent range attributed to “vintage debt investments.”

Likewise, the internal rates of return for impact-oriented timber, real estate and infrastructure investment were found to be in line with those for conventional markets.

For private equity, the authors again find impact investing returns comparable to traditional market returns. The variability of returns also was within the norms of traditional private equity. One aspect of impact investing that differed in the sample is that larger funds did not outperform smaller ones on a consistent basis.

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State of Investment in Affordable Housing

By Patrick Elmer, published by *Habitat for Humanity*, November 2017, 24 pages, available at http://www.microfinancegateway.org/sites/default/files/publication_files/state_of_investment_in_affordable_housing_report-published-11152017.pdf

This paper reviews the activity of 28 investors active in the “emerging and frontier market” affordable housing arena. Thirty-five percent of them invest in companies that provide building materials, and 35 percent invest in financial institutions that fund affordable housing. The remaining 30 percent invest in both of these. Regarding motivation, all of the investors cited the desire for social impact, 44 percent cited financial return as a top goal, and 44 percent cited diversification.

Mastercard Index of Women Entrepreneurs 2017

By Mastercard, March 2017, 31 pages, available at <https://newsroom.mastercard.com/eu/files/2017/03/Report-Mastercard-Index-of-Women-Entrepreneurs-2017-Mar-3.pdf>

The authors of this study apply a set of 37 indicators to data from 54 economies with the goal of measuring the state of women’s business success. They find the presence of supporting entrepreneurial conditions to be strongly correlated with the income of the country, but no high-income countries score well in terms of women’s advancement. In terms of knowledge assets and financial access, all regions score well except for the Middle East and most of Africa. 🇺🇸



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