

## MICROCAPITAL BRIEFS | TOP STORIES

### Jamaica's Access Financial Buys Micro Credit Limited for \$630k

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

### FMO Lending \$5m to First MicroFinance Bank-Afghanistan

The Netherlands Development Finance Company, a government-backed institution also known by its Dutch acronym FMO, recently announced it will loan the local-currency equivalent of USD 5 million to First MicroFinance Bank-Afghanistan (FMFB-A), which is owned by the Aga Khan Agency for Microfinance, a unit of the Switzerland-based Aga Khan Development Network. Established in 2004, FMFB-A seeks to alleviate poverty and promote economic development "through the provision of sustainable financial services to the poor and underserved." FMFB-A reports total assets of USD 158 million, a gross loan portfolio of USD 74 million outstanding to 57,000 borrowers, deposits of USD 93 million held for 131,000 customers, return on assets of 1.1 percent and return on equity of 6.3 percent. FMO is disbursing the loan from the Massif investment vehicle, which is funded by the Dutch government and "focuses on small businesses and micro-entrepreneurs, women and youth entrepreneurs, as well as supporting innovations in inclusive business."

July 29, 2017

### Cambodian MFIs Refusing to Charge Clients Value-added Tax

The 82-member Cambodian Microfinance Association (CMA) recently announced that its member microfinance institutions are declining to enforce the 10-percent value-added tax (VAT) that the country's Ministry of Economy and Finance recently levied on financial services. CMA Chairman Hout Ieng Tong reportedly criticized the lack of lead time given to adjust to the change, saying, "We are worried that clients will be annoyed when they use our financial services because in the past they have never been informed that they are obligated to pay VAT." Government officials have agreed to meet with CMA representatives to discuss the issue. July 28, 2017

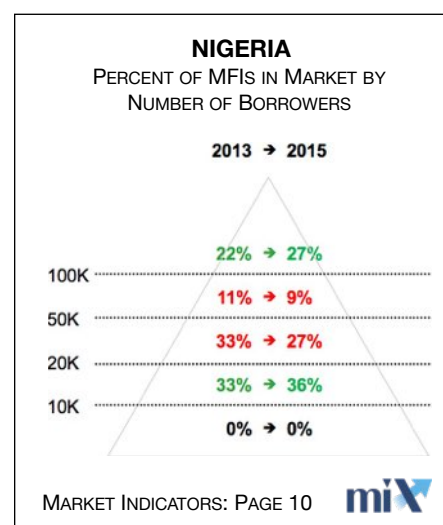
### First Merchant Bank Acquiring Malawi's Opportunity

First Merchant Bank, a Malawi-based financial institution, recently announced it will pay an undisclosed price to acquire Opportunity International Bank of Malawi (OIBM), a microbank affiliated with US-based NGO Opportunity International. The sellers are Opportunity International and its British and Canadian affiliates. OIBM provides loan and deposit services to 400,000 customers as of 2017. As of 2015, it reported 690,000 customers, total assets of USD 38 million, deposits of USD 24 million and a gross loan portfolio of USD 9 million. Founded in 1971, Opportunity International provides loans, savings, insurance and training to 14 million individuals - nearly all women - in 24 countries in Africa, Asia, Europe and Latin America. First Merchant, which operates in Botswana, Malawi, Mozambique and Zambia, reports assets equivalent to USD 455 million. Its primary shareholder, Magni Holdings Limited, controls one third of the bank's shares. July 19, 2017

### IFC Syndicates \$81m Loan for BIB to Support SMEs in Brazil

The International Finance Corporation (IFC), a member of the World Bank Group, recently announced it has arranged a loan package of USD 81 million for Banco Industrial do Brasil (BIB). Of this amount, Switzerland-based responsAbility, Germany's Commerzbank, Brazil's Itaú BBA International and US-based Sunstate Bank will supply a total of USD 35 million with a term of two years. IFC is providing the remainder of the funds for five years as follows: USD 27 million from IFC's internal accounts and USD 20 million from the IFC Managed Co-Lending Portfolio Program, a facility that allows institutional investors to participate in IFC's senior-loan portfolio. USD 20 million of the total is earmarked for small and medium-sized enterprises (SMEs) run by women as part of the Women Entrepreneurs Opportunity Facility, a collaboration between IFC's Banking on Women program and Goldman Sachs 10,000 Women. Founded in 1994, BIB is a privately owned commercial bank that specializes in financing SMEs. It reports total assets equivalent to USD 883 million. July 18, 2017

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## MICROCAPITAL BRIEFS

### VisionFund Appoints Michael Mithika as CEO

As of October 2017, Michael Mithika will become the new President and CEO of VisionFund International (VFI), a UK-based affiliate of US-based NGO World Vision. In addition to founding the School of African Microfinance in 2005, Mr Mithika co-founded J M Mantle & Company, a management consulting and financial services firm helping investors, donors and financial institutions deepen financial inclusion in sub-Saharan Africa. He has also served on the VFI board of directors since 2011. VFI provides financial services to poor people with the goal of increasing “economic resilience in communities to help children grow up with improved nutrition, healthcare and access to education,” particularly in rural areas. During 2016, VisionFund lent USD 729 million to 1.2 million people, about 75 percent of whom are women. World Vision reports serving 99 countries with 2015 revenues of USD 2.7 billion. July 31, 2017

### IIX Preparing \$8m “Livelihood” Bond for Women in Southeast Asia

Impact Investment Exchange Asia (IIX), a Singapore-based, for-profit facilitator of investment in social enterprises, recently announced that it is seeking to raise USD 8 million via a “Women’s Livelihood Bond” issue to support women-owned businesses in Southeast Asia. The funds are to be supplied to microfinance institutions and other organizations supporting women for purposes including financing business equipment and tuition for vocational training. The US government’s Agency for International Development is guaranteeing half of the bond principal. IIX is floating the issue on the Singapore Exchange, offering a total return of 5.65 percent over four years. IIX has facilitated investments totaling USD 22 million in 30 enterprises in Asia since its founding in 2009. July 31, 2017

### UN Uses Blockchain to Deliver Support to 10k Syrian Refugees

The United Nations’ World Food Programme (WFP) is helping Syrian refugees in Jordan’s Azraq camp buy food from supermarkets in the camp utilizing blockchain technology from Switzerland’s Ethereum Foundation. The identity of the purchaser is established using a retina scan, and the blockchain system is used to record each transaction. “Through blockchain, we aim to cut payment costs, better protect beneficiary data, control financial risks, and respond more rapidly in the wake of emergencies,” according to Robert Opp, WFP’s Director of Innovation and Change Management. July 31, 2017

### Vision Microfinance Funds Lend \$10m

During June, the two Vision Microfinance Funds of Austria’s C-Quadrat Asset Management extended credit totaling approximately USD 10 million to microfinance institutions (MFIs) in countries including Armenia, Bosnia and Herzegovina, China, Colombia, India and Indonesia. For example, an MFI in El Salvador will borrow funds to increase its lending to micro-, small and medium-sized enterprises, including those in rural areas. The MFI was founded in 1995 and partners with local NGOs to build trust among clients and get more information about their creditworthiness. The MFI also provides financial education to reduce the risk of over-indebtedness. The name of the MFI and the amount C-Quadrat will lend it remain confidential. The Vision funds manage assets with an aggregated value of USD 580 million. July 31, 2017

### India’s Disha Receives License to Run Fincare Small Finance Bank

Disha Microfin, an Indian microfinance institution (MFI), recently received a license from the Reserve Bank of India to open a “small finance bank” that it is launching under the name Fincare. The license allows Fincare to accept deposits, access international funding, offer debit cards, provide services via automated teller machines and disburse “higher ticket loans to micro- and small enterprises, as well as gold and affordable housing loans.” Founded in 2009, Disha reports total assets of USD 46 million as of 2015. July 31, 2017

### EIF to Guarantee \$6m in CKB Credit Lines in Montenegro

In partnership with the EU’s European Commission, the European Investment Fund (EIF), a member of the EU-backed European Investment Bank Group, recently agreed to guarantee financing to “up to 700 Montenegrin micro-borrowers” disbursed by Crnogorska Komercijalna Banka (CKB), a member of Hungary’s OTP Group. The plan is to facilitate the delivery of the euro-equivalent of USD 5.9 million over five years via overdraft facilities, which are a new product for CKB. Each account will have a cap of USD 11,800 and will be backed by personal recognizance. The terms also include “a reduction of the fees and the interest margin.” The OTP Group serves 13 million clients via 1,400 branches and 4,000 automatic teller machines in nine countries in Southeast Europe. July 30, 2017

### Nigeria’s Lagos Creates IBILE Microfinance Bank to Serve MSMEs

The government of the Nigerian state of Lagos recently established Ikeja Badagry Ikorodu Lagos Island Epe (IBILE) Microfinance Bank with the aim of boosting economic growth and reducing poverty. The bank, which is to focus on lending to small-scale entrepreneurs, will draw on the equivalent of USD 79 million from the Lagos State Employment Trust Fund over four years as well as access the Central Bank of Nigeria’s MSME (Micro, Small and Medium Enterprises) Development Fund, which has a budget of USD 698 million. July 27, 2017

### IFC Planning Credit Bureau, Lending \$13.5m to MFIs in Myanmar

The World Bank Group’s International Finance Corporation (IFC) recently announced it will loan a total of USD 13.5 million and provide related advisory services to three microfinance institutions in Myanmar. Fullerton Finance and Early Dawn Microfinance are each borrowing USD 6 million, and Maha Agriculture is borrowing USD 1.5 million. In addition, IFC plans to help create a credit bureau in the country. Fullerton Finance, of which IFC owns 15 percent, is affiliated with Fullerton Financial Holdings, which in turn is a unit of Singapore’s Temasek Holdings that “invests in and operates financial institutions [with a]... focus on the [small and medium-sized enterprise] and mass market customer segments.” Dawn, which lends to women in urban areas, is owned by US-based NGO Accion. Dawn has total assets of USD 9.7 million, and the Accion network holds an aggregate loan portfolio of USD 7.7 billion and USD 5.6 billion in deposits for customers in 40 countries. Maha, which is a subsidiary of agricultural input manufacturer Myanma Awba Group, focuses on digital agri-lending products. Financial data on these two firms are not available. July 27, 2017

### Zimbabwe’s IPEC Creates Enabling Framework for Microinsurance

The Insurance and Pension Committee (IPEC) of Zimbabwe recently announced it has issued a regulatory framework for microinsurance products to be distributed through “microfinance institutions, mobile network operators, church organisations and burial societies.” The framework encompasses products mitigating the financial risk related to “death, injury and illness, loss of property, effects of drought and other contingent events.” The intended customers are “low income earners” as well as small and medium-sized enterprises. July 27, 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!*

**EBRD, TaiwanICDF Lending \$4m to Moldovan Express Leasing**

The European Bank for Reconstruction and Development (EBRD), a UK-based multilateral development institution, recently announced it will loan USD 4 million to Express Leasing and Microcredit, a non-bank financial institution in Moldova that is owned by US-based private equity firm NCH Capital Group. The Taiwan International Cooperation and Development Fund, an arm of the Taiwanese government, is providing one quarter of the loan funds. Financial data on Express, which has nine branch locations, is not available. NCH manages assets valued at USD 3 billion from offices in Brazil, Europe and New York City. July 26, 2017

**Myanmar Finance Borrows \$2m from Maybank, Symbiotics**

Myanmar Finance International Limited (MFIL), a microfinance institution founded in 2014 by Myanmar Investments International Limited (MIIL) and Myanmar Finance Company Limited (MFCL), recently announced that it has secured a local-currency loan worth USD 1 million from Switzerland-based Symbiotics. MFIL intends to use the facility to open additional branches in the cities of Bago and Yangon. MFIL also recently borrowed USD 1 million from Malaysia-based Malayan Banking Berhad (Maybank). MIIL and MFCL each own 37.5 percent of MFIL, and the Norwegian Investment Fund for Developing Countries (Norfund) owns 25 percent. Financial data on MFIL, which has seven branches, are not available. July 25, 2017

**Rwanda Cooperative Agency to Establish Bank**

The Rwanda Cooperative Agency (RCA), a government regulator, is establishing a cooperative bank to provide “long-term” loans to farmers. Initially, 8,000 cooperatives agreed to invest the equivalent of USD 3.6 million in the bank. Now, 480 saving and credit cooperatives (SACCOs) and other community-based institutions in the country have agreed to invest an additional USD 2.4 million. The SACCOs plan to share branches and technology infrastructure with the new bank. July 24, 2017

**Accion (Nigeria) Borrowing \$1.6m from Citibank for 5k MSEs**

Accion Microfinance Bank, the Nigerian partner of US-based nonprofit Accion, recently announced it will borrow the local-currency equivalent of USD 1.58 million from Citibank Nigeria, an arm of US-based financial services provider Citigroup, for on-lending to “support the development of approximately 5,000 micro- and small enterprises.” The loan is supported by Citi Inclusive Finance, Citigroup’s “specialised unit for microfinance and inclusive finance transactions.” Accion Nigeria, which was incorporated in 2006, seeks to empower microentrepreneurs and other low-income earners. Founded in 1961, Accion partners with 90 institutions in 40 countries as of 2017. As of 2015, Accion and its partners held a loan portfolio of USD 7.7 billion outstanding to 5.4 million borrowers and USD 5.6 billion in deposits for 4.4 million savers in 23 countries. July 24, 2017

**ASA Pakistan Borrowing \$7.5m to Educate, On-lend to Women**

The Netherlands Development Finance Company, a government-backed institution also known by its Dutch acronym FMO, recently announced it will loan USD 7.5 million to the Association for Social Advancement (ASA) Pakistan “to provide funding and financial education to about 50,000 women and their families.” FMO is disbursing the loan from the Massif investment vehicle, which is funded by the Dutch government and “focuses on small businesses and microentrepreneurs, women and youth entrepreneurs, as well as supporting innovations in inclusive business.” ASA Pakistan is owned by ASA International, which has 1,300 branches in 12 countries and USD 244 million in loans outstanding to 1.5 million borrowers. ASA International was founded by Bangladeshi NGO ASA, which offers microfinance, healthcare, education, agricultural support, sanitation programs and remittance services. The vision of FMO is to help abolish extreme poverty, increase equality and support measures that reduce climate change. It has total assets equivalent to USD 9.5 billion and 2016 profit before taxes of USD 245 million. July 24, 2017



Botswana | Ghana 2016-2017

**JUMO** **Letshego** **afb**

GHS 92 M (USD 23 M)  
Sole Financial Advisor

Sale of 100% of afb Ghana to Letshego Group Holdings

Namibia 2016

**TRUSTCO** **oshl nawa**

ZAR 450 M  
Sole Advisor and Arranger

Debt Capital Raise

Ghana 2016

**FIRST ALLIED**

GHS 60 M (USD 15 M)  
Sole Advisor and Arranger

Debt Capital Raise

UK | Zambia 2016

**PAN AFRICAN BUILDING SOCIETY**

USD 3 M  
Sole Advisor and Arranger

Debt Capital Raise

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### Nonpayments Rise from 0.5% to 11% After India's Demonetization

India Ratings, a subsidiary of US-based Fitch Group, recently announced that its "0+ days delinquency index" increased from 0.45 percent to 10.8 percent, reflecting a downturn in the micro-lending industry during the four months following India's demonetization last year. In November 2016, the government removed from circulation all banknotes worth INR 500 (USD 7.7) and INR 1,000 (USD 15), which amounted to 86 percent of the value of notes nationwide. July 22, 2017

### COMUBA of Benin, COOPEC SIFA of Togo Borrow \$1m from GCAMF

The Grameen Credit Agricole Microfinance Foundation, a Luxembourg-based provider of financial services to social businesses, recently informed MicroCapital that it will disburse loans in stages over three years to two organizations that focus on serving women in rural West Africa. La Coopérative Des Membres Unis Bethel Actions (COMUBA) of Benin is borrowing the equivalent of USD 615,000. Coopérative d'Epargne et de Crédit des Soutien aux Initiatives de Femmes pour l'Autopromotion (COOPEC SIFA) of Togo is borrowing USD 350,000. Both loans are denominated in West African Communauté Financière Africaine (CFA) francs. COMUBA is a credit union that provided credit and deposit services to 42,500 customers as of 2014. COOPEC SIFA is a microfinance institution that provided enterprise loans to 21,000 people in northern Togo as of 2015. No recent financial information on either organization is available. July 21, 2017

### Equator's Shore Capital Fund III Raises \$15m from AfDB

The African Development Bank recently agreed to invest USD 15 million in Shore Capital Fund (ShoreCap) III, which is managed by Equator Capital Partners LLC, a US-based "impact" fund manager, with the goal of "expand[ing] access to affordable and responsible financial products and services for the underserved market." Equator plans to invest an "average ticket size of USD 8 million" in 15 "small business banks, microfinance institutions, insurance providers, leasing companies, housing finance companies and financial technology providers." Equator has invested in 21 financial institutions in 25 countries through ShoreCap International Limited, which closed in 2014, and ShoreCap II Limited. ShoreCap III is the first of the series to focus exclusively on Africa. July 21, 2017

### UNDP Offers Training for Women, Youth in Uzbekistan

The UN Development Program has launched the third phase of a program aimed at empowering youth and women entrepreneurs in Uzbekistan. It offers general business training and trade-specific content, such as sewing and growing apples, as well as facilitates access to financing. Previous phases of the program addressed regulatory reform and "mechanisms for the private sector to actively participate in... national, regional [and] sector-specific development strategies." July 20, 2017

### GCAMF Loans \$1.7m to FMCC, Oxus Kyrgyzstan

The Luxembourg-based Grameen Credit Agricole Microfinance Foundation recently committed to extending euro-denominated loans in phases over three years to two institutions in Kyrgyzstan. First MicroCredit Company (FMCC) is borrowing the equivalent of USD 1.15 million, and Oxus Kyrgyzstan is borrowing half that amount. FMCC is operated by Switzerland's Aga Khan Agency for Microfinance, an affiliate of the Aga Khan Development Network that serves 10 countries. FMCC reports total assets of USD 11 million, a gross loan portfolio of USD 9.5 million and 14,800 active borrowers. Oxus Kyrgyzstan, an affiliate of French microfinance NGO Oxus Group, was established in 2006 and has a gross loan portfolio of USD 5.2 million outstanding to 5,400 clients, primarily in the south of the country. The Oxus Group provides consulting services as well as controls MFIs in the Democratic Republic of the Congo and three countries in Central Asia. July 19, 2017

### Cuba's Banco Popular de Ahorro Launches Mobile Banking

Banco Popular de Ahorro (BPA), a government-owned bank in Cuba, recently began offering a mobile banking service called Banca Movil. The service allows users to perform balance inquiries, view recent transactions, transfer money between accounts, and make electricity and telephone bill payments. To enroll, users must have mobile phones that use the Android operating system and present their identity cards and BPA payment cards at a bank branch. BPA was founded in 1978 and has a portfolio valued at USD 2.5 billion. July 18, 2017

### Jamaica's Access Financial Buys Micro Credit Limited for \$630k

Access Financial Services Limited, a Jamaican provider of payday and business loans, recently bought Jamaican microfinance institution Micro Credit Limited (MCL) for the equivalent of USD 630,000. MCL offers loans for vehicles, education and farming as well as for business and personal use. Founded in 2003, it has six branches and a net portfolio of USD 720,000. Earlier in 2017, Access Financial paid USD 1.4 million to acquire Damark Limited, a Jamaican microfinance institution serving mainly government workers. Access Financial will retain both brand names, Damark and Micro Credit Limited. Founded in 2000, Access has 17 branches, total assets of USD 24 million, a gross loan portfolio of USD 20 million and a 12-month net profit of USD 5.3 million as of March. July 18, 2017

### FMO Issues \$344k Convertible Loan to Kenyan Ag Fintech Umati

The Netherlands Development Finance Company, a government-backed institution also known by its Dutch acronym FMO, recently announced it will finance Umati Capital Kenya, a financial technology firm, with a convertible facility in local currency equivalent to USD 344,000. Umati is a non-bank financial institution that provides funding via the internet for medium-sized companies in agricultural value chains. Financial details on the firm, which was founded in 2012, are not available. FMO is disbursing the loan from the Massif fund, which is funded by the Dutch government and "focuses on small businesses and micro-entrepreneurs, women and youth entrepreneurs, as well as supporting innovations in inclusive business." July 18, 2017

### Central Bank of Egypt Sets Standards for Banks' Loans to MFIs

The Central Bank of Egypt (CBE) recently issued a uniform set of standards for banks to use in evaluating requests for funding by microfinance institutions. Banks now also must track retail and microfinance loans separately, as well as monitor the gender of borrowers and the type of economic activity for which each retail loan is intended. In addition, CBE is piloting a project with banks and "civil associations" to leverage digital financial services (DFS). Among its goals is to train field staff in the know-your-customer rules that CBE has established for DFS. July 18, 2017

### GCAMF Loans \$6m to Proximity, BRAC, Vision Fund in Myanmar

The Grameen Credit Agricole Microfinance Foundation (GCAMF), a Luxembourg-based provider of finance to social businesses, recently informed MicroCapital that it has committed to extending euro-denominated loans equivalent to the following totals in phases over three years: USD 3 million to Myanmar's Proximity Finance; USD 1.6 million to BRAC Myanmar; and USD 1.4 million to VisionFund Myanmar. Proximity Finance is a rural microbanking program of local NGO Proximity Designs. Proximity Finance reports USD 14 million in total assets. BRAC Myanmar, which has total assets of USD 3.5 million, is an affiliate of Bangladesh-based Building Resources Across Communities (BRAC), an NGO that provides a range of services in 14 countries. VisionFund Myanmar, which extends small-business loans in rural areas, is affiliated with UK-based VisionFund International and US-based NGO World Vision, which reports 2015 revenues of USD 2.7 billion. A portion of the loans from GCAMF is routed through the TCX/LIFT facility, enabling the borrowers to access funds in local-currency at subsidized rates. July 17, 2017



### **EBRD Lending \$11m to Belarus's Bank Moscow-Minsk for MSMEs**

The European Bank for Reconstruction and Development, a UK-based multilateral development institution, recently announced it will loan the euro-equivalent of USD 23 million to Bank Moscow-Minsk, which is owned by the National Bank of Belarus. Half of the funds will be in the form of a credit line for on-lending to micro-, small and medium-sized enterprises. The other half is earmarked to finance international trade and will be complemented by relevant technical assistance. The transaction is part of a process intended to facilitate the privatization of the bank, which has total assets equivalent to USD 435 million, a gross loan portfolio of USD 265 million, deposits of USD 294 million and a 2016 net profit of USD 1.5 million. July 17. 2017.

### **Women's FI Community of Practice Launches Website**

As part of its launch, the Women's Financial Inclusion Community of Practice (COP) recently unveiled several web pages at <https://www.microfinancegateway.org/organization/womens-financial-inclusion-community-practice>. The COP is intended to facilitate discussions on best practices and solving shared challenges relating to delivering financial services to women with low incomes. Its working groups cover: (1) measurement and data; (2) social norms; and (3) technology. The COP is a membership organization supported by US-based nonprofit CGAP (Consultative Group to Assist the Poor). July 16. 2017

### **EPIC Organizing Angel Investors That Back Caribbean SMEs**

The World Bank Group's Entrepreneurship Program for Innovation in the Caribbean (EPIC) is building a framework for "angel" investors to work together to entertain pitches from and fund the development of "start-ups and early-stage enterprises" in the Caribbean region. One of its goals is to allow investors to "spread financial risk across more investments." As of June, five angel investment groups have formed under EPIC and invested USD 1 million in small and medium-sized enterprises after meeting with 50 entrepreneurs, of which 20 underwent due diligence. EPIC is part of the World Bank Group's Info-Dev Link Caribbean program, which was inaugurated in 2016 with the goal of facilitating private investment in the region. It has a budget of USD 1.6 million from the government of Canada and is overseen locally by the Barbados-based Caribbean Export Development Agency. July 15. 2017

### **Rwandan Association Rolls Out "Responsible Finance" Program**

The Association of Microfinance Institutions of Rwanda (AMIR) recently rolled out the Responsible Finance Through Local Leadership and Learning Program with USD 3.9 million in funding from The MasterCard Foundation of Canada. By 2020, the program is intended to "scale the application of consumer protection principles for at least 2 million low-income financial service customers in Rwanda." To do this, AMIR will, with technical support from the US-based nonprofit Small Enterprise Education and Promotion (SEEP) Network, aid savings and credit cooperatives (SACCOs) in revising their business plans to incorporate consumer protection principles. AMIR, which was established in 2007, has 318 members. July 14. 2017

### **FMO Lending \$4m to Nigerian Consultancy Babban Gona**

Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden, a development bank controlled by the Dutch government, recently offered a loan of USD 4 million to Babban Gona, a Nigerian for-profit company that provides business services to small-scale farmers such as assistance with crop insurance; soil analysis; marketing; distribution; and access to seeds, fertilizer and storage facilities. The company extends these services through credit, with repayment scheduled at the end of each growing season. Since it was established in 2012, Babban Gona has served 21,000 customers. July 14. 2017

### **IFC Lending \$6m to Romania's Garanti Leasing for Women's SMEs**

Garanti Leasing, a subsidiary of the Garanti Group Romania that specializes in financing real estate, vehicles and agricultural equipment, recently announced it will borrow the euro-equivalent of USD 5.6 million from the World Bank Group's International Finance Corporation to increase funding for women-owned small and medium-sized enterprises. Garanti Group Romania is a unit of Turkey-based Garanti Bank, which has been operating since 1990 and reports assets of USD 89 billion and 2016 net income of USD 1.5 billion. July 14. 2017

### **FMO Issues \$568m Bond to Finance Green, FI Investments**

The government-backed Netherlands Development Finance Company recently completed a fixed-rate bond issue totaling the euro-equivalent of USD 568 million to fund projects including "climate change mitigation (renewable energy and energy efficiency) and climate change adaptation, as well as inclusive finance projects." The bonds carry a coupon rate of 0.125 percent and mature in 2023. Rating agencies Fitch and S&P assigned the bond issue a rating of AAA. FMO reports total assets of USD 9.5 billion and 2016 profit before taxes of USD 245 million. July 13. 2017

### **Symbiotics Raises \$18.5m via Bonds for Georgia's TBC Bank**

Tbilisi Business Centre (TBC) Bank, a commercial bank in Georgia, recently raised the local-currency equivalent of USD 18.5 million from unidentified investor(s) via the MSME bond platform of Symbiotics, a Swiss investment services provider focused on micro-, small and medium-sized enterprises (MSMEs). The term of the agreement is three years. TBC Bank CEO Vakhtang Butskhrikidze reportedly stated that the deal "will enable TBC Bank to further expand its operations throughout the country," including its provision of local-currency loans. Founded in 1992, TBC Bank reports total assets of USD 2.7 billion and 12-month net profit of USD 24 million as of March 2016. July 13. 2017

### **IDB Loan to Colombia to Benefit SMEs, Boost Financial Inclusion**

The Inter-American Development Bank, a US-based multilateral finance institution, recently announced it will loan USD 450 million to the government of Colombia with the goal of helping to "solidify macroeconomic stability, boost development, encourage public/private partnership financing, strengthen regulation of the financial system [and] promote financial inclusion." This is to include facilitating financing for small and medium-sized enterprises, "raising transparency within the financial system and hastening the development of Colombia's capital markets." Another goal of the effort is to buttress Colombia's case for joining the Organization for Economic Co-operation and Development. July 12. 2017

### **IFC Invests \$4.5m in Fund to Support Health SMEs in Africa**

The International Finance Corporation, a member of the US-based World Bank Group, recently announced it will invest USD 4.5 million in the Medical Credit Fund, a holding of the Dutch nonprofit PharmAccess Group, to finance small and medium-sized enterprises that provide healthcare services in Africa. PharmAccess, which has raised USD 40 million for its fund, also offers a training program intended to enhance the business and clinical outcomes of its investees. July 11. 2017

### **Rwanda Rolls Out Data Warehouse to Automate Reporting**

The National Bank of Rwanda (NBR), the central bank of the country, recently implemented an electronic data warehouse system to automate the reporting processes of three microfinance institutions and 11 other financial services providers. NBR plans to incorporate the country's SACCOs (savings and credit cooperative organizations) into the system within two years. July 11. 2017

### Russia May Cut Payday-loan Rate Cap from 600% to 150%

The government of Russia is considering cutting the maximum effective rate on payday loans - up to the equivalent of USD 500 - from 600 percent to 150 percent per annum. Payday loans have become controversial as the number outstanding in the country tripled in two years. Warning against a ban on the loans, Bank of Russia Governor Elvira Nabiullina reportedly stated that, "The need for loans before payday will not go anywhere, and people will fall into the hands of illegal 'black creditors' who are not regulated by the Central Bank." July 5. 2017

### PNG Sets Gender Equity, Social Inclusion Policy for MFIs

The government of Papua New Guinea (PNG), with support from the Asian Development Bank, the government of Australia and the PNG-based Centre for Excellence in Financial Inclusion, has released a gender equity and social inclusion policy for microfinance institutions intended to narrow the gender gap in financial inclusion, especially in rural PNG. It is an outgrowth of the Global Policy Forum held in Fiji in 2016 by the Alliance for Financial Inclusion, a Malaysia-based convener of regulators and policymakers. July 4. 2017

### MIF Invests \$5m in Nxtp Fund for "Impact" Tech Firms in LatAm

The Multilateral Investment Fund, a member of the Inter-American Development Bank Group, recently announced it will place USD 5 million in a fund launched by Nxtp Labs, an Argentine supporter of technology start-ups in areas such as finance (fintech), education (edtech), and reducing environmental impacts (cleantech). The fund targets firms in Argentina, Paraguay and Uruguay. Founded in 2011, Nxtp offers funding, training and consulting to entrepreneurs in Latin America in exchange for stakes of up to 10 percent. July 3. 2017

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### Access Bank, FMO Launch Women's Leadership Program in Ghana

Access Bank Ghana, an affiliate of Nigeria's Access Bank, recently partnered with the government-backed Netherlands Development Finance Company to launch a Female Leadership Programme, which offers workshops and one-on-one coaching to entrepreneurs in Ghana. The program is part of Access Bank's W Initiative, which is facilitated by Better Future, a provider of leadership development services. Access Bank is a commercial institution with assets equivalent to USD 11 billion from operations in nine African countries and the UK. July 1. 2017

### EBRD to Lend \$11m to Kazakhstan's Kassa Nova Bank

The European Bank for Reconstruction and Development, a UK-based multilateral development institution, recently announced it will extend a credit line to Kassa Nova Bank worth USD 11 million in Kazakhstani tenge. Kassa Nova will allocate USD 6.6 million of the total to micro-, small and medium-sized enterprises (MSMEs) located outside of major metropolitan areas. The remainder will be lent to MSMEs led by women, as part of the Financial Institutions Framework - Kazakhstan Women in Business project launched by US-based NGO Agricultural Cooperative Development International-Volunteers in Overseas Cooperative Assistance (ACDI-VOCA). The Damu Entrepreneurship Development Fund, which is controlled by Kazakhstan's government, will guarantee the loans on-lent by Kassa Nova. Founded in 2009, Kassa Nova operates branches in nine cities in Kazakhstan. July 1. 2017

### EBRD Lending \$23m to BT Leasing for Romanian MSMEs

The UK-based European Bank for Reconstruction and Development recently announced it will loan the equivalent of USD 23 million to BT Leasing, a holding of Romania's Banca Transilvania (BT), to finance micro-, small and medium-sized enterprises. BT Leasing financed assets totaling USD 47 million during the first four months of 2017. BT reports total assets of USD 13 billion, a net annual profit of USD 326 million and 7,800 staff members. BT is the primary member of the BT Financial Group, which offers financial services including leasing, securities and asset management. July 1. 2017

### Solomon Islands Sets Goal of 80% Electronic Payments by 2020

The government of the Solomon Islands recently announced it will attempt to shift to using "electronic payment channels for [80 percent of its] payments and receipts" by 2020. The country's Minister of Finance and Treasury, Snyder Rini, stated that the change is meant "to drive greater efficiency, reach and provide quality services to the public." The effort is associated with the country's joining the Better Than Cash Alliance, a UN-affiliated effort. The Solomon Islands will be assisted in the digitization process by the UN's Pacific Financial Inclusion Program. June 28. 2017



## Online Master of Leadership in Development Finance





## SPECIAL REPORT

*This interview is part of a sponsored series on the third **Semaine Africaine de la Microfinance (SAM)**, which will take place during the week of October 9 in Addis Ababa. It is organized by ADA, an NGO based in Luxembourg, with the support of Luxembourg's Ministry for Development Cooperation and Humanitarian Affairs, in partnership with the Microfinance African Institutions Network, the African Rural & Agricultural Credit Association (AFRACA), African Microfinance Transparency, the Association of Ethiopian Microfinance Institutions and Kenya's Association for Micro-finance Institutions.*

### Semaine Africaine de la Microfinance (SAM)

*MicroCapital: What is your perspective on SAM's theme this year, "Creating Value for SMEs: A New Frontier for Inclusive Finance"?*

Saleh Usman Gashua: Small and medium-sized enterprises (SMEs) in Africa are facing numerous challenges, especially in accessing finance. SMEs, particularly those in the "missing middle," comprise a segment whose growth and development will go a long way in generating jobs for young Africans. With 11 million youth entering Africa's labour market each year, we cannot ignore SMEs. Microfinance institutions (MFIs) and other organizations serving these enterprises therefore have a major role to play in the future of Africa. I hope this edition of SAM will generate a range of concrete solutions for this segment.

*MC: AFRACA is one of several networks that collaborated to create SAM.*

SUG: Organizing a forum of this magnitude is by no means an easy task! Given the experience of AFRACA organizing similar forums in the past, we know that a partnership approach is necessary. The coordination process so far has been seamless, with the lead institution, ADA, facilitating a well-coordinated, consultative process that has engaged all stakeholders.



*MC: Please tell us a bit about AFRACA.*

SUG: AFRACA is a regional association of institutions involved in promoting rural and agricultural finance in Africa. It was established with the support of the UN's Food and Agriculture Organization in 1977 alongside similar institutions serving other parts of the globe.

AFRACA's activities hinge on four strategic pillars: (1) Policy Development and

Advocacy; (2) Capacity Building; (3) Knowledge Management and Information Sharing Services; and (4) Partnerships and Networking Programmes. One of the key strengths of AFRACA is the diversity of its members, which include MFIs, microfinance networks, commercial banks, NGOs, governmental institutions and research organizations.

*MC: What have your members said about past editions of SAM?*

SUG: Our members' engagement in SAM has been very positive. They have found the event to be a great opportunity to meet other like-minded individuals to create opportunities for their businesses and drive a sustainable agenda.

*MC: What would you say to someone considering attending SAM for the first time?*

SUG: SAM is indeed a unique event. It not only offers conference sessions but also numerous side events offering opportunities for learning and networking. For an investment of EUR 500, participants access a menu more than 20 events to choose from, making it a good value for the money. I would like to single out the Investor's Fair as a key event. This should be of interest to all MFIs that are looking for new investment.

*Saleh Usman Gashua serves as the Secretary General of AFRACA. ■*



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## EAR TO THE GROUND

### Growth Through Partnerships: The Real Sharing Economy

If financial services providers are going to do a better job of serving low-income households, we need innovation. And with fintechs dominating the attention of both investors and donors, it can be tempting to equate innovation with technology. But what if our greatest innovations are not about technology at all? Indeed, many are about partnerships. Sure, some of these partnerships involve technology, but there is much more to a successful partnership model.

Of course, there are some big players that can develop a business model and capture significant market share without partnerships. Kenya's Safaricom is one that purposely builds out its own services, and its 66-percent share of the telecom market offers a fertile platform from which those services can flourish. Gentera, through its microfinance bank, Compartamos, has over 3.3 million microcredit customers in Mexico, Peru and Guatemala. Compartamos' market share of nearly 25 percent in Mexico offers a similar business dynamic to that of Safaricom. For example, Gentera has incubated the insurance broker Aterna in-house and acquired remittance operator Intermex and the agent network Yastás. Why partner when you can incubate or acquire?

Alas, not every company is positioned with the capital and captive market to expand like Safaricom or Gentera. For most "little guys," partnerships are the only way to go. In microinsurance, for example, I have seen insurers looking to enter revenue-sharing deals with MFIs that allow both partners to have "skin in the game," incentivizing innovation to improve client value. One of my most gratifying consultancies involved a complex partnership among an insurer, an MFI, a reproductive health NGO, a chain of funeral homes and a large supermarket. To understand why it works, we have to understand the business interests of each partner. The NGO needed a new revenue stream, the supermarket

wanted to build goodwill in the low-income segment and the funeral home wanted to reduce its default risk. Meanwhile, the insurer needed to offer value-added services to convince the MFI that it was looking out for clients' best interests. In the end, everyone won, especially the clients.

Of course partnerships aren't easy. In June, I was in Santo Domingo, assessing a partnership between a provider of construction-related technical assistance (TA) and an MFI providing housing loans. The logistics of timing the TA so it didn't slow down the loan process were complex. The TA often got sidelined, sometimes to the detriment of the client and her construction plan.

A lot of thinking and implementing still needs to go into improving partnerships if financial services providers are going to deliver products that better meet the needs of low-income households. The innovation that is needed may include an app or other technology solution, but it also requires new models for revenue sharing, training partners' staff members and distributing services.

Some of the bigger players in the sharing economy have been in the spotlight recently, most famously Uber and its less than collaborative approach. If these companies are turning out to be more valuable to venture capitalists than to their users and staff, then perhaps we should reconsider the definition of a sharing economy. Perhaps the "real" sharing economy is about sharing revenue to meet the needs of users and staff through mutually beneficial partnerships.

*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](https://twitter.com/BarbaraatEA).*

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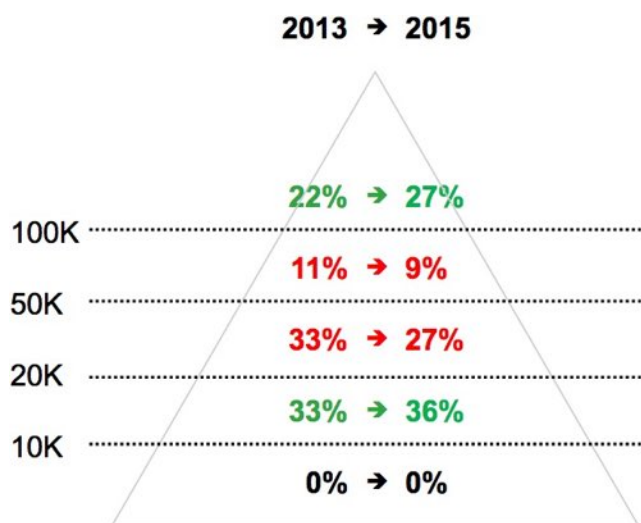
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9 MICROFINANCE INSTITUTIONS (MFIs) REPORTING<sup>1</sup>

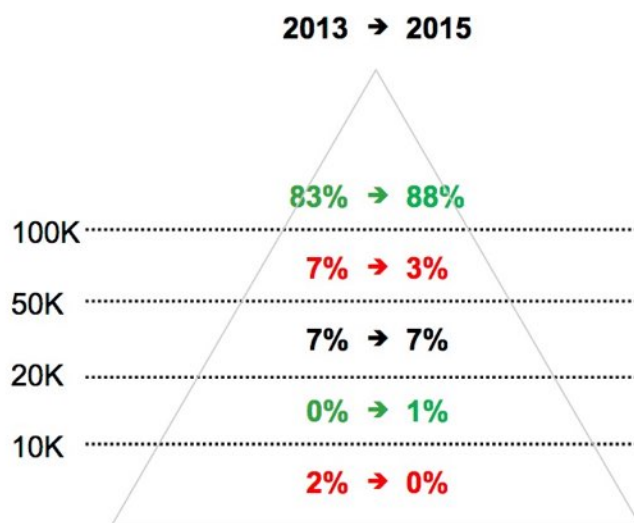
### MFIs BY GROWTH IN GROSS LOAN PORTFOLIO: CHANGE IN USD

MFI NAME	AVERAGE ANNUAL USD INCREASE	AVERAGE ANNUAL % INCREASE	2013	2015
LAPO Nigeria	38,467,360	23%	146,515,411	223,450,131
Grooming Centre	28,074,355	41%	56,252,913	112,401,624
Fortis Microfinance Bank	9,392,935	17%	52,249,838	71,035,709
AB Microfinance Bank	9,244,526	21%	40,164,445	58,653,496
Accion Microfinance Bank Nigeria	4,467,362	21%	19,586,952	28,521,676
Advans Nigeria	4,216,157	128%	1,998,971	10,431,285
Hasal Microfinance Bank	2,726,310	25%	9,862,301	15,314,920
DEC (Development Exchange Centre)	282,527	2%	11,373,688	11,938,742
MicroCred Nigeria	-331,685	-4%	9,321,476	8,658,107

### 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 2013 and 2015 to the Microfinance Information Exchange (MIX) Market

Source: MIX, July 2017

## UPCOMING EVENTS

### 3rd Conference on Microfinance and Enterprise Development

August 23 - August 24, 2017; Benin City, Nigeria

The goal of this conference is to maximize microfinance and enterprise development on the African continent. The fee to attend is NGN 50,000. Additional information is available via +234 8135776286, info[at]lapoinstitute.org or <http://conference.lapoinstitute.org>.

### Financial Inclusion Innovation Summit 2017

August 29 - August 31, 2017; Port Moresby, Papua New Guinea

Previously known as Pacific Microfinance Week, this summit will address topics such as wealth creation, microenterprise development, meeting customer needs, and access to finance for small and medium-sized enterprises. The full fee to attend is USD 300, with discounts offered to members of the Microfinance Pasifika Network and groups of four or more. For additional information, you may call +617 3217 2924, email info[at]microfinance-pasifika.org or visit <http://www.microfinance-pasifika.org/event/financial-inclusion-innovation-summit-2017/>.

### 5th International Conference on Sustainable Development

September 6 - September 7, 2017; Rome, Italy

This conference offers a forum for the discussion of research in “sustainability science.” The cost to attend is EUR 300. For more details, you may visit <http://www.ecsdev.org/index.php/conference>, call +39 0692958486 or email conference[at]ecsdev.org.

### Scaling Impact Investing

September 18, 2017; New York, New York, USA

This “conversation among senior leaders in impact investing” will address issues such as “the urgent need for impact capital,” examples of large-scale blended funds and aligning with the UN’s Sustainable Development Goals. There is no fee to attend, and more details are available via <https://www.eventbrite.com/e/scaling-impact-investing-a-conversation-among-senior-leaders-tickets-35177856917>, info[at]thegiin.org and +1 646 837 7430.

### Third Sankalp Southeast Asia Summit

September 19 - September 20, 2017; Jakarta, Indonesia

The goal of this summit is to “strengthen Southeast Asia’s entrepreneurship ecosystem” in areas such as health, energy, financial services and agriculture. The full fee to attend is USD 300, with lower rates available for entrepreneurs. For more information, you may email [sankalpforum\[at\]intellectcap.com](mailto:sankalpforum[at]intellectcap.com), visit <http://www.sankalpforum.com/events/3rd-sankalp-southeast-asia-summit-2017/> or call +91 22 61952746.

### Global Youth Economic Opportunities Summit

September 27 - September 29, 2017; Washington, DC, USA

Themed “The Future of Work: Youth Economic Opportunity in a Changing World,” this event will address topics such as the diminishing role of traditional labor, self-employment, preparing youth for the workforce, and factors such as gender and armed conflict. The registration fee is USD 895; more details are available via +1 202 783 4090, [summit\[at\]makingcents.com](mailto:summit[at]makingcents.com) and <http://www.youtheosummit.org/>.

### 2017 SEEP Annual Conference

October 2 - October 4, 2017; Arlington, Virginia, USA

Themed “Catalyzing Transformative Change,” this event will cover strategies relating to: (1) Resilience through Market Systems; (2) Markets, Food Systems and Nutrition; (3) Financial Inclusion and Client Empowerment; and (4) Adaptive Management and Organizational Change. The fee to attend is USD 1,200, with various discounts offered including tiers for those registering before August 18 and September 22. For additional information, you may visit <http://www.seepnetwork.org/>, call +1 202 534 1400 or email [annualconference\[at\]seepnetwork.org](mailto:annualconference[at]seepnetwork.org).

### Semaine Africaine de la Microfinance (SAM)

October 9 - October 13, 2017; Addis Ababa, Ethiopia

The 2017 iteration of this event will focus on small and medium-sized enterprises. In addition to two days of conference presentations, it will include an Innovation Fair and an Investor’s Fair. **Although the standard fee to attend is EUR 550, MicroCapital readers may enjoy a rate of EUR 500 until July 31 by citing the code ZSM38C.** More details are available via <http://www.microfinance-africa.org/>, info[at]ada-microfinance.lu or +352 45 68 68 1. MicroCapital has been engaged to promote and document SAM.

### Opportunity Collaboration

October 15 - October 20, 2017; Ixtapa, Mexico

This networking and problem-solving event is “dedicated to building sustainable solutions to poverty.” It includes a “Capacity Building Clinic” and seminars on topics ranging from social impact to economic justice. The all-inclusive fees start at USD 2,950. For more information, you may contact Tracie Hudgins at +1 602 647 9121 or [thudgins\[at\]opportunitycollaboration.net](mailto:thudgins[at]opportunitycollaboration.net), or you may visit <http://opportunitycollaboration.net>.

### Making Finance Work for Women Summit

October 24 - October 25, 2017; Dar Es Salaam, Tanzania

Themed “Digital Financial Inclusion,” this event includes sessions on topics such as “The State of Digital Financial Services,” how policymakers can empower women, drivers of outreach to women, financing women-owned businesses and ensuring safety for girls. The fee to attend is USD 750, with a discount of USD 250 for registrations paid before September 22. For additional information, you may visit <https://www.mfiww2017.womensworldbanking.org>, call +1 212 768 8513 or email [communications\[at\]womensworldbanking.org](mailto:communications[at]womensworldbanking.org).

## MORE DETAILS COMING SOON ON:

### Sa-Dhan National Conference

September 14 - September 15, 2017; New Delhi, India

### 7th Annual Central Asian & Caucasus Microfinance Forum

October 26 - October 27, 2017; Tbilisi, Georgia

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

November 1 - November 3, 2017; San Diego, California, USA

### Sanabel Annual Conference

November 7 - November 8, 2017; Beirut, Lebanon

### 13th International Microinsurance Conference 2017

November 7 - November 9, 2017; Lima, Peru

### The MasterCard Foundation Symposium on Financial Inclusion

November 8 - November 9, 2017; Accra, Ghana

### Mondato Summit Asia

November 8 - November 9, 2017; Yangon, Myanmar

### Tenth Annual Social Finance Forum

November 9 - November 10, 2017; Toronto, Canada

### European Microfinance Week

November 29 - December 1, 2017; Luxembourg

### 9th Sankalp Global Summit 2017

December 7 - December 8, 2017; Mumbai, India





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## PAPER WRAP-UPS

### The Social Dilemma of Microinsurance: Free-riding in a Framed Field Experiment

By Wendy Janssens and Berber Kramer, published by Elsevier, March 2016, 15 pages, available at <http://www.sciencedirect.com/science/article/pii/S0167268116300166>

This paper analyzes the incentives for individuals to buy health microinsurance while active in borrowing groups. Health issues are consistently among the top reasons people become unable to repay loans. However, when borrowing as part of a solidarity group, the burden to repay falls on the group if the individual cannot do so. After conducting a field experiment with credit groups in Tanzania, the authors found that group insurance is a potential remedy for this “free-riding.”

Those deemed more risk averse usually chose to buy insurance whether it was individual or group insurance. Among those deemed less risk averse, however, 46 percent were willing to buy individual insurance compared with 85 percent choosing group insurance.

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### Responsible Pricing: Field Evidence

Published by MicroFinanza Rating, June 2017, 3 pages, available at [http://www.microfinanza-rating.com/images/MFRInsight\\_ResponsiblePricing\\_June2017\\_Final.pdf](http://www.microfinanza-rating.com/images/MFRInsight_ResponsiblePricing_June2017_Final.pdf)

When pricing their products, financial service providers (FSPs) have to balance profitability with keeping prices affordable to their customers. One way FSPs can reduce this pressure is by increasing operational efficiency. The authors find significant room for improvement in FSPs' methods for training employees, documenting and monitoring procedures, and communicating pricing to customers.

### The State of Microinsurance: The Insider's Guide to Understanding the Sector

Edited by Jenny Glaesener Nasr et al, published by the Microinsurance Network, 2017, 68 pages, available at [http://www.microinsurancenet.org/sites/default/files/State%20of%20Microinsurance%202017\\_Microinsurance%20Network.pdf](http://www.microinsurancenet.org/sites/default/files/State%20of%20Microinsurance%202017_Microinsurance%20Network.pdf)

The theme of this report is climate change and how climate risks can be mitigated in developing countries. Among the examples cited by the authors are the R4 Rural Resilience Initiative, which offers micro-insurance in Senegal, and an index-insurance pilot project serving rice farmers in Mali. 🌱



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