

MICROCAPITAL BRIEFS | TOP STORIES

ResponsAbility Buys 9% of Center-Invest, Vendor to Russian SMEs

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

Fiji's HFC Bank, Vodafone, PFIP, Epay Partner on Mobile Banking

With funding from the UN's Pacific Financial Inclusion Program, the Home Finance Company (HFC) Bank of Fiji is launching a mobile banking service in collaboration with Hong Kong-based online payment platform Epay. Users will be able to make payments through the M-PAiSA service of British telecom Vodafone as well as withdraw and deposit funds at 1,000 point-of-service outlets in Fiji. Founded in 1962, HFC Bank has six branches and 31,000 retail customer accounts. For 2016, the bank reported USD 702 million in total assets and net operating profit of USD 7 million. October 30, 2017

Oikocredit Sells Stake in Peru's Confianza to Fundacion BBVA

Dutch cooperative Oikocredit recently sold its stake in Financiera Confianza, a Peruvian microbank, to Fundacion BBVA MicroFinanzas, an affiliate of Spain's Banco Bilbao Vizcaya Argentaria (BBVA). The size and price of the stake, which Oikocredit assembled in multiple purchases since 2005, remain confidential. Oikocredit Investment Analyst Sébastien Rigaud stated that "selling Oikocredit's shares to BBVA Foundation ensures that Financiera Confianza's social mission will remain at its core." Founded in 1998, Confianza serves 470,000 clients via 150 branches, with a focus on rural areas of central Peru. Fundacion BBVA MicroFinanzas, which was already a shareholder in Confianza, holds stakes in six institutions in Chile, Colombia, Panama and Peru. October 24, 2017

Nestlé, Telenor Issue Digital Loans to Dairy Farmers in Pakistan

The Pakistani subsidiary of Switzerland-based food company Nestlé recently partnered with Telenor Microfinance Bank Limited, a Pakistani branch of Norway's Telenor Group, to provide microloans to its suppliers via Telenor's mobile wallet service, Easypaisa. The program reportedly uses a "digital credit score card and analytics, thus considerably reducing the loan approval turnaround time." Since it began earlier this year, Telenor Microfinance has disbursed loans totaling the equivalent of USD 71,000 under the program. John Michael Davis, the CFO of Nestlé Pakistan, said, "...we have been able to extend lending through digital means to our dairy farmers, [who] initially did not have access to basic financial services. This...will contribute greatly towards their financial sustainability." Established in 2005, Telenor Microfinance reports USD 330 million in total assets and an annual profit of USD 3 million. Nestlé reports USD 92 billion in annual group sales. October 18, 2017

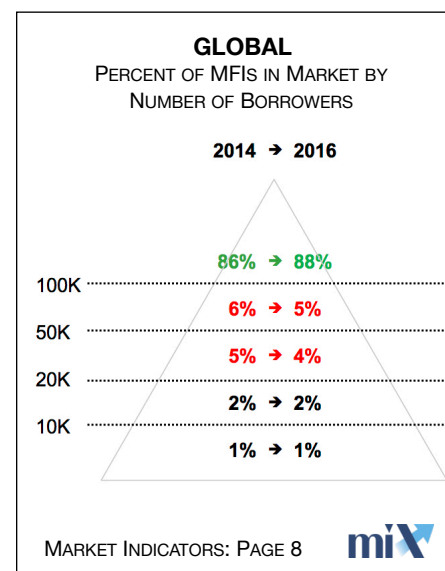
Credit Suisse Opens Impact Investing Department

Credit Suisse, a Switzerland-based financial services company with total assets of USD 840 billion, recently announced that it has opened an Impact Advisory and Finance department to direct capital to "companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return." This includes those in sectors such as agriculture, microfinance, housing and healthcare. October 16, 2017

Everex Raises \$17m in Initial Coin Offering for Remittances, Loans

Everex, a Singapore-based startup that plans on "deploying fiat currency on the blockchain providing affordable immediate microfinance on mobile devices," recently closed its first token sale, raising BTC 1,580 (USD 5.4 million) and ETH 49,479 (USD 11.7 million) from 8,300 buyers. Everex uses the blockchain system of Switzerland's Ethereum Foundation, which employs open-source technology to facilitate exchanges of funds and the documentation of contracts. During a pilot program in 2016, Everex enabled money transfers by 100 migrant workers from Thailand to Myanmar totaling the equivalent of USD 24,000. In addition to transfers, the firm plans to offer microcredit, bill payment and foreign exchange services, with cash-out available at bank machines and retailers. September 30, 2017

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MICROCAPITAL BRIEFS

Somalia Launches iRise Technology Hub for Youth Entrepreneurs

The government of Somalia recently created the iRise Hub, a technology innovation center in the city of Mogadishu offering young entrepreneurs work space, business training, mentorships, internet access and project evaluation services. October 31. 2017

MicroFinanza Rating Issues 27 Reports, Rating Updates

During October, MicroFinanza Rating (MFR) issued a Microfinance Institutional Rating (MIR) of BB with a Stable outlook to Rangtay sa Pagrang-ay Microfinance of the Philippines. MFR also updated the MIRs of three affiliates of US-based Pro Mujer Incorporated. Pro Mujer Mexico's grade of BBB- was confirmed, but its outlook was upgraded from Negative to Under Observation. Pro Mujer Argentina and Pro Mujer Nicaragua both had their ratings confirmed at, respectively, BB+ with a Positive outlook and BBB+ with a Stable outlook. MFR also issued Credit Ratings for 12 Ecuadorian and 11 Bolivian institutions. October 30. 2017

EBRD Loans \$2.3m to Kosovo's KRK for "Green" Lending

The UK-based European Bank for Reconstruction and Development (EBRD) recently loaned the euro-equivalent of USD 2.3 million to Kreditimi Rural i Kosoves (KRK), a microfinance institution in Kosovo that primarily serves the agriculture sector and low-income individuals. The funding is earmarked for residential technologies that lower energy usage and carbon emissions. The loan was disbursed from EBRD's Green Economy Financing Facility for the Western Balkans, which is funded by the EU and the governments of about 20 European countries. KRK, which was established to help restore production capacity lost during the Kosovo war of 1998 and 1999, reported total assets of USD 16 million, a gross loan portfolio of USD 15 million, 7,700 borrowers, return on assets of 14 percent and return on equity of 43 percent as of 2015. October 27. 2017

ResponsAbility Buys 9% Equity Stake in Russia's Center-Invest

Via two investment vehicles it manages, Switzerland's ResponsAbility Investments recently purchased a total of 9 percent of the shares of Center-Invest Bank, which serves individuals as well as small and medium-sized enterprises in Russia. According to Dr Vasily Vysokov, the Board Chair of Center-Invest, ResponsAbility "...will expand access to financing sources for the growing global market for environmental and socially responsible investments, including energy efficiency projects, agribusiness development, loans for apartment building repairs, [and] women and youth entrepreneurship." Founded in 1992 and headquartered in Rostov-on-Don, Center-Invest has 134 branches and reported USD 1.6 billion in total assets, USD 1.1 billion in total deposits, USD 1.3 billion in net loans, return on average assets of 0.6 percent and return on average equity of 5.3 percent as of 2015. October 26. 2017

Incofin Raises \$6.5m from KfW for Fairtrade, DRC Funds

Belgium's for-profit Incofin Investment Management recently received investments from German development bank Kreditanstalt für Wiederaufbau (KfW) into two funds that it advises, the Fairtrade Access Fund (FAF), which invests in initiatives supporting farmers in developing countries, and FPM SA (Fonds pour l'inclusion financière en République Démocratique Congo), which lends "medium-term" funds to institutions serving micro-, small and medium-sized enterprises in DRC. KfW invested USD 3.5 million in FAF, which requires its investees to have third-party certification that they meet environmental, labor and other standards. The fund reports USD 28 million in loans outstanding to cooperatives, microfinance institutions, traders and processors in 16 countries in Latin America and Africa. FPM SA, which received an investment of USD 3 million from KfW, was founded in 2014 as a companion to FPM ASBL, which has been providing technical assistance to financial institutions in DRC since 2007. October 25. 2017

CPMI, ITU, World Bank Group Fund Research on Digital Inclusion

The Switzerland-based Committee on Payments and Market Infrastructures, the UN's International Telecommunication Union and the World Bank Group recently introduced the Financial Inclusion Global Initiative to support policy research on digital finance in developing countries, with foci on China, Egypt and Mexico. October 24. 2017

Green for Growth Loans \$6m to Halkbank for Housing in Serbia

The Green for Growth Fund (GGF), which was founded by Germany's Kreditanstalt für Wiederaufbau and the EU's European Investment Bank, recently disbursed the equivalent of USD 5.9 million to Halkbank AD Belgrade, a subsidiary of Halk Bank Incorporated, a government-controlled institution in Turkey. Kenan Bozkurt, the CEO of Halkbank Belgrade, said, "With this renewed cooperation with the GGF credit facility, we...are especially proud to offer a new housing loan product for buying flats in buildings that have been constructed according to the latest energy efficiency standards." As part of the agreement, GGF will provide "training on energy savings monitoring and activities that increase public awareness of energy-efficient housing and its benefits." GGF estimates that the funding will reduce energy usage by 43,000 megawatt-hours and carbon dioxide emissions by 13,000 metric tons per year. Halkbank Belgrade has branches in 24 Serbian cities and assets equivalent to USD 360 million. Halk Bank has total assets of USD 71 billion. October 23. 2017

Social Impact Hub Offers Library of Impact Investments

The Impact Investing Hub, a project of the Australian nonprofit Social Impact Hub, recently created a Current Deals Library listing opportunities meant to pay off financially as well as make a positive "social or environmental difference." Social Impact Hub Director Jessica Roth said, "The need for this resource was identified at the 2016 Impact Investment Summit, where participants noted that although information was readily available during the summit, it was largely inaccessible during the remainder of the year." Social Impact Hub provides education, consulting and funding opportunities to start-ups and NGOs seeking to create social and environmental impacts. Its 2017 Impact Investment Summit for Asia Pacific is scheduled for November 13 - November 15 in Sydney. October 17. 2017

Mundo Finance Launches in Jamaica, 50% Held by NCB

Linden "Mark" Mahfood and Robert Taylor recently launched Mundo Finance Limited, a Jamaican firm offering "short-term business loans, trade financing and personal loans" as well as financing for "solar installations" through an agreement with Alternative Power Sources Jamaica. Mundo CEO David Lee reports that his company's interest rates are 8 to 35 points lower than those of other microfinance institutions. Mundo, which has eight employees, is 50-percent held by the National Commercial Bank (NCB) Capital Markets Limited, the wealth and asset management division of Jamaica's NCB. The price NCB paid for the stake has not been released. October 14. 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!

Empower Launches Payment Plans for Solar Products in Nepal

To ease purchases of its home solar generator systems in Nepal, US-based Empower Generation recently began offering plans through which customers may pay for the systems in 12 monthly payments via mobile phone. Founded in 2012, the company sells its products via 20 women-owned rural enterprises, which it helped establish by providing technical and marketing support as well as products, such as solar-powered phone chargers, flashlights and rechargeable batteries. The firms have sold 60,000 products to 30,000 customers. October 11, 2017

Araratbank Borrows \$10m for Women's SMEs in Rural Armenia

The UK-based European Bank for Reconstruction and Development is providing local-currency loans worth a total of USD 10 million to Araratbank of Armenia to help the bank serve more small and medium-sized enterprises, with a particular emphasis on businesses run by rural women. Established in 1991, Araratbank offers securities, deposits and other products to commercial customers. It has USD 419 million in total assets. October 10, 2017

Nigeria to Charge Women Flat 5% for Microloans Totaling \$4.5m

The Nigerian government recently disbursed the equivalent of USD 4.5 million to launch the National Women Empowerment Fund, which is to provide women with 6-month, collateral-free loans of between USD 28 and USD 280. Each borrower will pay a 5-percentage administrative fee, but - in accordance with Islamic law - no traditional interest payments. The fund is part of the Government Enterprise and Empowerment Programme, which provides micro-credit to men and women as well as "skills development...training and business support" with the intent to "reduce poverty among rural dwellers." The program is administered by the government-owned Bank of Industry. October 5, 2017

Dual Return Vision Funds Lend \$31m in Asia, Latin America

C-Quadrat Asset Management, an arm of Austrian fund manager C-Quadrat, recently informed MicroCapital that its Dual Return Vision Microfinance funds lent a total equivalent to USD 31 million to unidentified microfinance institutions (MFIs) in five Asian countries, Bangladesh, Cambodia, India, Kyrgyzstan and Pakistan, as well as three Latin American countries, Ecuador, Mexico and Nicaragua. The Ecuadoran MFI has been providing microenterprise loans since the 1990s, largely to rural women. The MFI also offers financial literacy training and health services. October 5, 2017

Egyptian Mobile Firm Fawry Sells Stake to responsAbility Affiliate

An entity managed by Switzerland's responsAbility Investments recently purchased a stake of undisclosed size and price in Fawry, a mobile payments platform in Egypt. Fawry enables its customers to pay bills and make retail purchases via mobile phones, credit cards and automatic teller machines as well as accounts at 23 banks and point-of-sale machines at 65,000 agents. Fawry has 20 million customers, hosts 1.5 million transactions per day and also provides business services such as collections. October 4, 2017

Juvo Raises \$40m to Lend for Mobile Phone Credit

Juvo, a company that offers tiny loans for pre-paid mobile airtime, recently raised USD 40 million from investors including New Enterprise Associates and Wing Venture Capital. All three firms are based in the US state of California. Juvo, which originally served clients only in Latin America, plans to use the new funding to expand in Eastern Europe and Southeast Asia as well as "bring other partners on-board to provide financial services that go beyond mobile micro-loans." Founded in 2014, Juvo has 45 employees and 500 million subscribers in 25 countries. October 3, 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 **oshili 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

Lux | Zambia 2014-2015

MFinance
Madison Finance Company Limited

USD 10 M
Joint Advisor and Arranger

Debt Capital Raise

Pan-African | Capital Raising | Mergers & Acquisitions | Financial Institutions | Corporate Finance
Financial Institutions Sector Expertise: Non-Bank Financial Institutions; Banks; Financial Services Technology
Corporate Finance Expertise: Agri-Business; Consumer Goods; Manufacturing; Telecoms; Clean Energy

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SPECIAL REPORT

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

HR Challenges Within MFIs: “Banking Is People”

MicroCapital: Do you find that microfinance institutions (MFIs) tend to underinvest in human resources (HR)?

Rüdiger Meister: Definitely! Despite the efforts of many consultants in this field, the crucial role of HR management remains underestimated. Technical assistance interventions, which often accompany investments into MFIs, tend to focus on discrete areas rather than following a holistic and structured approach to capacity building.

There is also a problem of short-term versus long-term thinking. In the short term, the MFI will function even if there are weaknesses in HR management. But in the long term, the MFI will have to pay for mistakes in areas such as recruitment or compensation.

MC: Please expand on how you see investors addressing these issues.

RM: Normally, microfinance investors conduct thorough due diligence before investment decisions are made. There is a common set of criteria used to evaluate each MFI's soundness, entailing items such as vision, financial services, the management information system, information technology and sustainability. However, investors tend to prioritize financial data and undervalue “soft factors.” We have found that the maturity of HR management is as important to the performance of MFIs as risk management, information technology and governance. As we like to say, “Banking is people!”

We suggest MFIs create a list of HR “health indicators” relating to compensation policies, incentive schemes, organizational charts,

recruitment processes, talent management, succession planning and employee satisfaction surveys. It is also important to have competency-based job descriptions, an objective performance measurement system and statistics on staff turnover. For each criterion, benchmarks are available. And for approaches the MFI does not yet practice, investors can provide structured capacity building assistance.

MC: Please share a few success stories.

RM: Luckily, there are many examples of good practice. Quite often, the HR departments of smaller MFIs are under-staffed, the personnel do not have the required expertise, or there is no HR department at all. Two good options are to outsource the HR functions or to partner with another MFI to build up the needed expertise together.

Another example is from an MFI in Eastern Europe. There was a sudden need to replace a member of the management board, but there had been no succession planning. As a result, the directors immediately began building up an internal talent management pipeline in cooperation with an external HR-consultancy company. When the MFI next needs to bring on new board members, it will be prepared.

A key challenge for some larger MFIs is extremely fast growth. For HR staff, this means increased recruitment, on-boarding and staff development requirements. For the C-suite, it may mean letting go of administrative and operational issues to take on challenges that are more strategic in nature. Senior management is responsible for supporting and developing middle management. This requires training; we can't expect a branch manager who has been focusing on sales figures “automatically” to be able to act as a higher-level leader!

Rüdiger Meister is the Division Manager of ADG International, a Germany-based human resources consultancy specializing in serving cooperatives and other financial institutions. He will be a panelist in the session “Investing in MFIs: Importance of Human Resources to Achieve Impact” at European Microfinance Week. 🇪🇺



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 EUROPEAN
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SAM

African Microfinance Week

Addis Ababa, ETHIOPIA
from 9 October 2017

SPECIAL REPORT

This feature closes a sponsored series on the third SAM, which was 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 and Agricultural Credit Association, African Microfinance Transparency, the Association of Ethiopian Microfinance Institutions and Kenya's Association for Micro-finance Institutions. MicroCapital was engaged to report on-site from the event.

Calls for Insurance, TA, Cheaper Loans, Alternatives to Collateral

During one SAM session, Willie Mzumala of Malawi's Tapika Food Products argued that small and medium-sized enterprises (SMEs) need help with marketing, getting international exposure, standardizing quality and accessing affordable financing. Richard Muteti of the Kenya National Federation of Jua Kali Associations spoke in favor of reducing transaction costs; using credit bureaux to reduce reliance on collateral; balancing lending in terms of gender and age; boosting SME management skills; and addressing problems with patents, land title and taxes. Wairimu Muthike of ACRE Africa described indirect benefits of insuring farmers, such as the possibility of lenders accepting the policies as loan collateral. Khatarine Pulvermacher of the Microinsurance Network cited the example of a lender in Ghana that is experimenting with directly insuring the earning power of its borrowers. Thus the lender can be reimbursed if a borrower cannot repay a loan due to an inability to work, such as because of illness.

Reinventing MFIs to Serve SMEs: Building Staff Capacity, Sharing Default Risk, Helping Entrepreneurs Think Big

Godwin Ehigiamusoe of Nigeria's LAPO explained that his micro-finance institution (MFI) became involved with SME lending as its microenterprise clients grew. He finds SMEs to be sensitive to price and averse to posting collateral. Mr Ehigiamusoe argued that SMEs need to get their records out of their heads and onto paper (if not into digital form). Brian Kuwik of US-based Accion stated that "it's important to treat SMEs as a different business, with different policies and procedures as well as different products." Regarding how investors can support MFIs' growth, Ahmed Laasri of Morocco's Jaida Micro-finance Fund said that his firm helps MFIs harness technology. Jarri Jung of the Netherlands' Triple Jump cited a study called "Closing the Gap" that found significant differences between markets in East and West Africa. In Kenya, SMEs are suffering primarily from a "lack of adequate financial solutions; in Togo, there is a lack of entrepreneurial mindset and lower level of professionalism." Also in Togo, Mr Jung said, "SME policies and regulations still stifle SMEs and financiers."

Microfinance Investment Vehicles, MFIs "Speed Date," Ink Deals

At the SAM Investor's Fair, dozens of MFIs and investors met for the first time or renewed old connections. Speaking on behalf of REGMIFA (the Regional MSME Investment Fund for Sub-Saharan Africa), Duncan Frayne of the Symbiotics Group said, "The value for me is meeting up-and-coming MFIs as well as swapping notes with peer investors." Regarding the Investor's Fair at the last SAM in 2015, Mr Frayne said, "There are a few MFIs that we made first contact with in Dakar with which we since have closed deals."

ADA, Grameen Credit Agricole Microfinance Foundation Sign Collaboration Agreement

After Tuesday's sessions at SAM, Olivier Massart, the General Manager of ADA, and Eric Campos, Managing Director of the Grameen Credit Agricole Microfinance Foundation (GCAMF), signed an agreement to collaborate on their institutions' service delivery to MFIs. Mr Massart explained that the two Luxembourgish NGOs will work "hand in hand" in areas including the measurement of social impact. ADA specializes in technical assistance (TA), and although GCAMF also provides TA, it is a major local-currency funder of microfinance. Both institutions prioritize working with MFIs that serve people in rural areas as well as women in general. Mr Campos told MicroCapital that a primary motivation for the collaboration is to reduce the workload for MFIs, which are often called upon to submit substantial amounts of overlapping data to funders and other interested parties.

SMEs, Financial Inclusion and Job Creation in Africa

Laura Foschi of ADA addressed the question of "how to support enterprises as they make the transition from micro- to small and medium-sized." Rebecca Rouse of Innovations for Poverty Action, described how randomized controlled trials have shown significant impact from interventions such as business plan competitions, facilitating the initiation of exports and replacing cash support with the provision of in-kind services. Matthew Gamser of the IFC-managed SME Finance Forum argued that data are key: As SMEs shift from cash to digital payments, they leave data trails that help lenders evaluate their creditworthiness upfront as well as monitor their fiscal health after loan disbursement. Kimanthi Mutua of the K-Rep Group cited the importance of movable collateral registries and government financial inclusion policies and goals. As challenges, he cited corruption as well as competition from low-cost imported goods. He also cited a shift in focus from microenterprise lending to consumer lending. To stay relevant, as well as focused on their social mission, he envisions more MFIs lending for water and sanitation, clean energy, and agricultural processing.

Harvesting Wins €10k FMO Fintech for Microfinance Prize for Use of Satellite Data to Boost Agricultural Lending

Ruchit Garg, the founder of Harvesting, gave the winning pitch for the EUR 10,000 Fintech for Microfinance prize given by the Netherlands' Entrepreneurial Development Bank, which is also known by the Dutch acronym FMO. Mr Garg's firm describes its work as "enabling financial inclusion for farmers by providing actionable insights to financial institutions via...global data sets, such as weather, satellite, agronomic data...to help reduce risks for crop insurance and lending companies." Founded in 2016, Harvesting is active in India and Africa.

A "Moral Obligation" to Include More People in the Financial System

At the SAM gala dinner, Olivier Massart, the General Manager of ADA, argued that the attendees of the event have incurred a "moral obligation" upon themselves to increase financial inclusion. The 650+ attendees spent an estimated total of USD 1 million to USD 2 million on travel and registration fees to attend the conference. Because they elected not to spend this money directly on serving poor people, Mr Massart challenged each delegate to bring at least one additional person in to the financial system for each dollar she or he spent on the event.

Public Solutions: Collateral Registries, Business Training

To support SMEs, Kennedy Komba of the Alliance for Financial Inclusion explained that his institution's regulatory and policy-making members have created collateral registries, adjusted lender liquidity ratios, updated know-your-customer frameworks and established rules for digital financial services. Trainers in Zambia used a financial education game to reach 5,000 entrepreneurs, of whom 80 percent reportedly improved their businesses as a result. In Ghana, the Ministry of Agriculture and the Bank of Ghana collaborated to boost local value chains in an effort to reduce costly food imports. This program included risk sharing to increase lending to farmers, encouraging insurance uptake, improving financial institution rating systems and integrating smaller farms into value chains.

Millison Narh of the African Rural and Agricultural Credit Association argued that agribusiness "has huge potential to create jobs and increase incomes." While the sector has the potential to grow four-fold, he said it requires additional investment on the order of USD 400 billion. As progress, Mr Narh cited the national entrepreneurship strategy launched this month in Ethiopia as well as an "enabling environment" strategy in Ghana that was supported by the US government. This effort includes aligning the work of the four Ghanaian financial regulators to develop financial infrastructure and attempt to reduce lending rates.

Maimouna Gueye of the African Development Bank (AfDB) agreed that interest rates are too high and added that loan terms are too short to meet the needs of growing enterprises. She also argued in favor of AfDB's practice of nudging lenders to provide technical assistance along with loans.

Ibrahima Keita of Kafo Jiginew said that from the perspective of his MFI, "the realities on the ground are different, in that resource mobilization is the holy grail...it is essential that eligibility be softened to help MFIs get more funds."

Olukayode Oluwale of the Central Bank of Nigeria described his country's recent establishment of a national collateral registry for movable assets, such as photographic or construction equipment, as a means to increase the flow of credit to SMEs. So far, commercial banks and MFIs have registered 17,000 assets valued at USD 20 million. In addition, a new system offers customers a uniform identification number that can facilitate dealing with multiple financial institutions. AfDB's Enable Youth program provides young Nigerians with funding and coaching to help them make a living in agriculture. And Entrepreneurship Development Centers in the country offer new graduates four- to six-week training sessions on business skills such as writing proposals.

Rachael Mushosho of the Reserve Bank of Zimbabwe agreed that boosting business skills is important. In targeting youth and women, her organization has been convening private and public organizations - including universities and agricultural groups - to align strategies. To maximize practicality, representatives of private organizations head each subcommittee. Accomplishments to date include a funding facility specifically for people with disabilities; establishing of a credit reference bureau used by banks, MFIs and utility companies; passing enabling legislation for a collateral registry; and deploying a credit guarantee scheme to encourage lenders to expand the range of clients they serve. On the ground in Zimbabwe, the Indian government is supporting microenterprise incubators, and the Zimbabwean government has set up rural information centers offering education on financial products. In addition, a UN partnership has helped people in areas of drought access funding and training. Taking a broader view of entrepreneurship, Mr Keita argued that we can reduce armed conflict by reducing poverty and despair through business success.

Innovations in Fintech, Human Resources Development

A wide variety of vendors presented their wares at the SAM Innovation Fair, including several core banking system providers. Antonio Separovic of Oradian argued that the leadership of the MFI must be motivated to bring in new technology, saying, "if the transition is led by the tech department, that is a non-starter." Regarding criteria for success, Ragunandhan Kumar of Bank-Genie said, "We should not sail the ship where the wind blows. What is the really important thing that needs to be implemented?" At an earlier fintech session arranged by FMO, Martijn Van Rooij of Above and Beyond described his firm's 4wrd platform, which connects MFIs with a menu of 72 fintechs, whose services can be tested offline before roll out. Mohamed Asri of HPS explained how his firm's PowerCARD product can be implemented in three months on a pay-as-you-go basis. It includes some unusual features, such as a process for determining employee bonuses, which can be tricky for management to set since they may benefit personally from the calculations. Regarding poor internet connectivity, Debbie Watkins of Fern Software said, "We offer three data configurations: cloud-based, centralized at your head office or distributed to each branch." She added that MFIs can switch among the three modes simply as connectivity improves, and the system includes an offline mode as well. In closing, Cameron Goldie-Scot of Musoni stated that "Musoni was an MFI, and we went through the problems with fraud, human resources and everything. We made our technology based on what we learned."

Thierry Artaud of the Moss ICT Consultancy described the M-birr service, which partners with six MFIs in Ethiopia, allowing users to send money to retailers and individuals as well as receive loan disbursements and government benefits. Users can earn roughly 7 percent interest on money they store in the system, and agents and MFIs are paid commissions on a daily basis. The software underlying M-birr is available for licensing to organizations in other countries.

On the topic of security, Niladri Roy of Craft Silicon explained his organization's work on client facial recognition, but he warned that "most of the places we see fraud are among employees." Jean-Louis Perrier of Suricate Solutions is working to create a cybersecurity resource center for financial institutions in Senegal, with plans to expand to West and Central Africa.

Several training providers were also at the Innovation Fair. Claire Bourdon of the Frankfurt School of Finance and Management stated her organization's consulting, live training and online training offerings are available in French, English, Spanish and Russian. The courses, which are accredited to contribute to master's degree programs, focus on practical issues because the teachers also perform consulting for MFIs. Ignacio Olafa of nonprofit Boulder Microfinance described his organization's three-week programs, which require travel and are available in three languages. They cover management, development, digital financial services risk and policy risk. Paul Kriews of the Savings Banks Foundation for International Cooperation described his firm's offerings, all of which are performed at client locations. Topics can include retail banking, microfinance, human resources, small and medium-sized enterprise, green finance, and others. The curriculum uses many games, and it can be delivered to staff for their own use or to train them as trainers. Thomas Roy Sinclair of Gateway Academy explained that his organization is new and looking for financial services providers in seven African countries to test its services in 2017 and early 2018. Rather than creating its own training content, the organization is working with providers such as Accion, Helix, CGAP and the Strathmore Group to help them move their in-person curricula online. Regarding free versus fee-based courses, Ms Bourdon seemed to strike a chord with the group when she stated that "my experience is when people pay, they are more disciplined and complete the course more often." ■

EAR TO THE GROUND

Reducing Clients' Foreign Exchange Risk: A Consumer Protection Imperative

Fundeser, a mid-sized microfinance institution (MFI) in Nicaragua, is launching the first micro-currency hedge product to be offered directly to clients. Until now, most borrowers in the country have been taking out loans in local currency, but effectively promising to repay the loans in US dollars, absorbing all of the risk of possible devaluation. If there were a significant devaluation, borrowers would be left owing much more than they borrowed - and more than they could afford to pay back given that they typically sell their wares for local currency rather than US dollars.

The new product from Fundeser will allow microbusinesses and farmers to pay a small fee at the time of loan disbursement to off-load their currency risk. This is a huge opportunity for the microfinance industry to "walk the walk" about the value (and level of client protection) it offers to clients. It is also a significant opportunity for MFIs to reduce the risk of defaults and even avoid possible mass defaults.

Nicaragua is not the only country where microfinance clients absorb currency risk. In Cambodia, for example, borrowers may take out loans in no fewer than three currencies: Cambodian riel, US dollars and Thai baht.

One of the benefits of increasing the use of currency hedging is to reduce countries' dependency on foreign currency in general. After all, the fewer products and services that are indexed to currencies such as

the US dollar, the less foreign exchange fluctuations will affect the local economy. One might say it's downright nationalist to switch to local currency.

Now, I must disclose that my team designed the new Fundeser product, including the marketing and training to support it. How are we making it happen? By combining expertise in finance, marketing and consumer insights to ensure that the structure of the product reflects client capacity to understand it, consumer interest in using it and the potential for increased client loyalty to the MFI.

In the late 1990s, I worked on Wall Street as a local-currency strategist. I remember sitting on the trading floor at Goldman Sachs when the Mexican peso collapsed in 1994 and having to explain the new exchange rate regime to the emerging markets sales force. Today, my team and I are training Fundeser's loan officers to sell a hedging product to people with much less experience with foreign currencies than the Goldman Sachs emerging markets desk. Will these Nicaraguan women and men buy in? If so, perhaps we will have even more proof that Wall Street is not smarter than most of the working poor, just luckier.

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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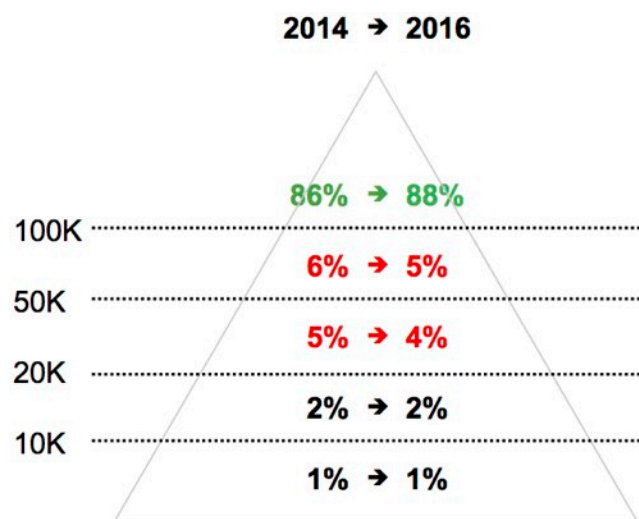
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466 MICROFINANCE INSTITUTIONS (MFIs) REPORTING¹

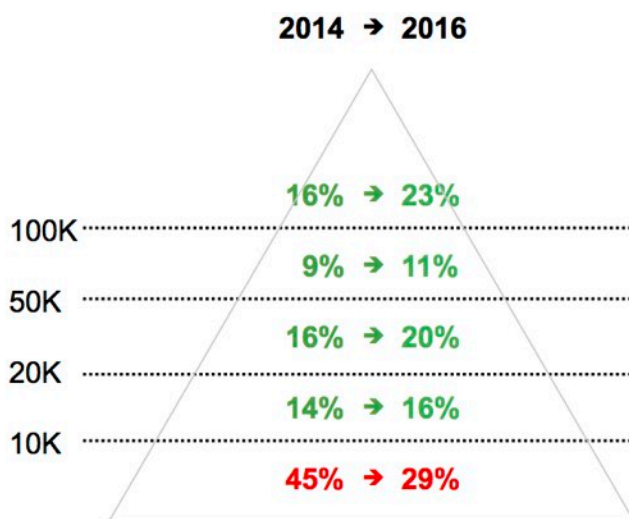
TOP MFIs BY GROWTH IN GROSS LOAN PORTFOLIO: CHANGE IN USD

MFI NAME	COUNTRY	AVERAGE ANNUAL USD INCREASE	AVERAGE ANNUAL % INCREASE	2014	2016
Janalakshmi	India	684,075,752	81	605,329,840	1,973,481,344
Mibanco	Peru	594,095,710	36	1,384,764,309	2,572,955,729
Acleda	Cambodia	440,117,664	20	1,994,337,342	2,874,572,670
VBSP (Vietnam Bank for Social Policies)	Vietnam	429,801,248	7	6,052,089,498	6,911,691,994
Banco Fasil	Bolivia	409,880,758	56	567,275,841	1,387,037,357
Bharat Financial (formerly SKS)	India	370,754,730	45	671,791,873	1,413,301,332
BRAC	Bangladesh	299,030,280	23	1,170,553,782	1,768,614,342
Prasac	Cambodia	231,304,467	34	580,310,218	1,042,919,152
Ujjivan	India	229,186,177	37	525,206,179	983,578,532
Sathapana Bank	Cambodia	153,262,359	41	311,393,539	617,918,258

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



MARKET SHARE BY MFI SIZE (NUMBER OF ACTIVE BORROWERS)



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

Source: MIX, October 2017

UPCOMING EVENTS

The Conference on Sustainable, Responsible, Impact Investing

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

This conference will address concrete ways for investing to make positive social and economic impacts through sessions on investment and practice management issues, shareholder advocacy, and investment opportunities. The organizers will also present the Moskowitz Prize and the SRI Service Award. Standard tickets cost USD 1,195, but a rate of USD 495 is available for several categories of attendees. For additional information, you may visit <http://www.sriconference.com/>, email [krystala\[at\]sriconference.com](mailto:krystala[at]sriconference.com) or - within the US - call 888 774 2663.

Sanabel Annual Conference

November 7 - November 8, 2017; Beirut, Lebanon

With a focus on the Arab region, this event will cover the evolution of microfinance institutions (MFIs) and clients; supporting existing and new partnerships; MFIs' role in advancing the UN's sustainable development goals; advancing youth financial inclusion; and strategic leadership and risk management. Tickets cost USD 1,000 for Sanabel members and citizens of Lebanon, with a rate of USD 1,100 for others. For more details, you may visit <http://sanabelconf.org/>, call +2 2 25 37 30 23 or e-mail [conference2017\[at\]sanabelnetwork.org](mailto:conference2017[at]sanabelnetwork.org).

13th International Microinsurance Conference 2017

November 7 - November 9, 2017; Lima, Peru

This conference features 80 speakers on topics relating to "accelerating growth and economic viability in microinsurance." The standard fee to attend is USD 1,390, with various discounts available and no fee for representatives of regulatory authorities. For additional information, you may call +49 89 38 91 88 88, email [info\[at\]munichre-foundation.org](mailto:info[at]munichre-foundation.org) or visit <http://www.microinsuranceconference.org>.

The Mastercard Foundation Symposium on Financial Inclusion

November 8 - November 9, 2017; Accra, Ghana

The symposium will focus on improving product design and delivery by increasing the knowledge of financial service providers regarding the financial lives of poor people. The proceedings will include workshops, plenaries and the awarding of the 2017 "Clients at the Centre" prize, which includes USD 150,000 cash. The event is open by invitation only. For additional information, you may email [info\[at\]mastercardfdn.org](mailto:info[at]mastercardfdn.org), visit <http://mastercardfdnsymposium.org/> or call +1 416 214 2857.

Tenth Annual Social Finance Forum

November 9 - November 10, 2017; Toronto, Canada

With both traditional sessions and funding pitches, this event will cover topics including financial technologies, closing the funding gap for female entrepreneurs, the evolution of development aid and exit strategies for impact investments. The fee to attend is CAD 600. For more details, you may contact Muska Ulhaq at [mulhaq\[at\]marsdd.com](mailto:mulhaq[at]marsdd.com) or +1 416 673 8100, or you may visit the organizer's website at <https://www.socialfinanceforum.ca/>.

7th Global Islamic Microfinance Forum

November 24 - November 25, 2017; Istanbul, Turkey

This event will cover funding challenges faced by Islamic microfinance institutions, as well as concepts such as micro-takaful, waqf and zakat. Depending on country of origin, the attendance fee is TRY 2,300, PKR 55,000 or USD 1,495. Certain discounts are available, and an additional fee applies for the post-conference workshop on "Islamic Agriculture and Rural Finance." For additional information, you may visit <http://www.alhudacibe.com/gimf2017/index.php>, call +971 56 928 6664 or email [info\[at\]alhudacibe.com](mailto:info[at]alhudacibe.com).

Mondato Summit Asia

November 28 - November 29, 2017; Yangon, Myanmar

Attendees at this summit will consider ways "incumbents and innovators alike can navigate the highly complex digital finance and commerce ecosystem" in South and Southeast Asia through case studies, debates and demonstrations. Entry passes cost USD 1,750, and additional information is available from Arielle Jaffe at [ajaffe\[at\]mondato.com](mailto:ajaffe[at]mondato.com) or +33 6 95 93 43 95 or via <http://www.mondatosummit.com/asia/>.

European Microfinance Week

November 29 - December 1, 2017; Luxembourg

This event includes Action Group meetings on November 29 and approximately 30 conference sessions on November 30 and December 1 on low-cost technology for financial services providers, responsible exits, reaching scale in green finance, rural youth and agriculture finance, investing in Pakistan, social performance management and digital financial services, "climate-smart" lending, regulation, micro-leasing, financial education, serving refugees and other topics. Also, one organization will be awarded EUR 100,000 as part of the European Micro-finance Award on Microfinance for Housing. The standard registration cost is EUR 625 with various discounts available. For more information, you may email [contact\[at\]e-mfp.eu](mailto:contact[at]e-mfp.eu), call +352 26 27 13 82 or visit <http://www.e-mfp.eu/european-microfinance-week-2017/information>. MicroCapital has been engaged to promote and cover the event on-site.

High Water Women's 2017 Investing for Impact Symposium

November 30, 2017; New York, New York, USA

This conference will cover topics in impact investing such as, building up rural infrastructure, breaking down social injustice, minimizing climate change, removing obstacles to change, women in impact investing, urban development, housing, agriculture, diversity and measuring impact. The registration cost is USD 500. For additional information, you may email [contactus\[at\]highwaterwomen.org](mailto:contactus[at]highwaterwomen.org), call +1 212 634 7365 or visit <http://www.highwaterwomen.org/index.php/news/upcoming-events/event/22-hww-investing-for-impact-symposium-nov-30th>.

MORE DETAILS COMING SOON ON:

9th Sankalp Global Summit 2017

December 7 - December 8, 2017; Mumbai, India

Mobile World Congress

February 26 - March 1, 2018; Barcelona, Spain

Metrics from the Ground Up - NEW DATES

February 27 - February 28, 2018; Nairobi, Kenya

Global Savings Groups Conference

May 22 - May 24, 2018; Kigali, Rwanda

Cracking the Nut 2018: Promoting Agricultural Technology Adoption & Resilience

June 4 - June 5, 2018; Antigua, Guatemala

Africa Innovation Summit (AIS II)

June 6 - June 8, 2018; Kigali, Rwanda

Opportunity Collaboration

October 14 - October 19, 2018; Cancún, Mexico 🇲🇽



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Combinamos la investigación y la práctica para que nuestro trabajo sea informado por un entendimiento tanto de las fuerzas de mercado como de las necesidades de los clientes. Nuestro objetivo es de liderar nuevas ideas y prácticas que pueden ser transformativas para beneficiar a todos los segmentos de la sociedad.



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PAPER WRAP-UPS

(Very) Small and Growing Businesses in Ethiopia: Preliminary Findings

By Benjamin Mackay, published by ADA (*Appui au Développement Autonome*), 2017, 3 pages, available at: <http://www.ada-microfinance.org/download/3737/sgbs-ethiopia-bm-en.pdf>

This study is based on interviews of the owners of micro-, small and medium-sized enterprises (MSMEs) that were conducted with the intent of understanding the MSMEs' performance, prospective growth and barriers to success. The firms are divided evenly between the service and industry sectors and are located in urban areas.

Half of the owners have a college degree and averaged "7 years of prior business experience." Over 90 percent of the businesses were founded using the owners' or family savings. The companies began with an average of three employees and "have multiplied their workforce by a factor of six." Out of the 769 jobs created by the companies surveyed, 93 percent are for "non-family workers."

Regarding interactions with financial institutions, the first loan to the businesses averaged EUR 4,700 (USD 5,500) in size and 20 months in duration. All owners reported wanting to grow their businesses, and 69 percent said access to finance was the greatest obstacle.

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2017 Symbiotics MIV Survey

Published by the Symbiotics Group, September 2017, 55 pages, available at: <http://symbioticsgroup.com/wp-content/uploads/2017/09/Symbiotics-2017-MIV-Survey.pdf>

This 11th annual Symbiotics MIV (Microfinance Investment Vehicle) Survey offers data from 93 microfinance funds managed by "44 specialized asset management companies located in 17 countries." Of the estimated market size of USD 13.5 billion, the responding MIVs represent 94 percent.

The region with "the largest share of MIVs' direct microfinance portfolio in 2016" is Latin America and the Caribbean, with 34 percent of global funding. This is 4 points higher than the mark reported for the region in 2015.

Recovery Lending in Africa

Published by the UK Department for International Development (DFID), World Vision UK and VisionFund International; June 2017; 15 pages; available at: http://www.visionfund.org/library/client/documents/Recovery%20Lending%20in%20Africa_FINALREPORT.pdf

In advance of the 2015 and 2016 El Niño climate pattern, VisionFund issued loans intended to reduce the expected impacts on families in rural Kenya, Malawi and Zambia. In particular, the loans were intended to help families avoid making choices such as "taking children out of school, reducing food consumption and sending family members away for labour..." The authors state that "most clients increased productive and household assets" by the end of the tracking period. 🌱



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