

## MICROCAPITAL BRIEFS | TOP STORIES

### DWM-advised Funds Loan \$32m to Sri Lanka's LOLC Micro Credit

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

### Water.org Borrowing \$20m from OPIC for Water, Sanitation in Asia

The Overseas Private Investment Corporation, a self-sustaining agency of the US government, recently agreed to lend USD 20 million to the WaterCredit Investment Fund 3, which will invest in microlenders and other organizations that facilitate the deployment of safe water and sanitation systems. The goal of the fund is to raise USD 50 million to reach 4.6 million people in South and Southeast Asia over the next seven years. OPIC CEO Ray Washburne said, "Access to safe water and sanitation is vital for security, stability, and moving the global economy forward." The WaterCredit Investment Fund 3 is managed by WaterEquity, a "social impact investment manager" founded by US-based Water.org, which reports having brought clean water, sanitation services or both to 7 million people since the 1990s. September 22, 2017

### Ghana Association Seeks Lower Capital Requirement for Rural MFIs

The 708-member Ghana Association of Microfinance Companies (GAMC) is attempting to convince the Bank of Ghana to narrow the scope of its recent decree that all microfinance institutions in the country must hold capital equivalent to USD 450,000 by April 2018. Referring particularly to those in rural areas, GAMC Executive Secretary Joseph Donkor reportedly said that "if you are not careful, some of those institutions will go out of the industry, and it's not going to help anybody." September 16, 2017

### PAG, Primavera Lead \$117m Equity Raise for China's Dashu

Two firms based in Hong Kong, alternative investor Pacific Alliance Group (PAG) and China-focused Primavera Capital Group, recently led a Series C funding round for China's Dashu Finance, a provider of unsecured loans to individuals as well as small and medium-sized enterprises. A third financial services company in Hong Kong, China Everbright Limited, and Sequoia Capital China, a Beijing-based unit of US-based venture capital firm Sequoia Capital, also participated in the local-currency package, which was worth a total of USD 117 million. Since it was established in 2014, Dashu has issued 60,000 microloans totaling USD 30 million. The firm, which has 17 offices, specializes in "credit analysis based on big data, a method traditionally applied only to credit card loans and micro loans." It also provides analytical tools to banks that lend to small enterprises. September 8, 2017

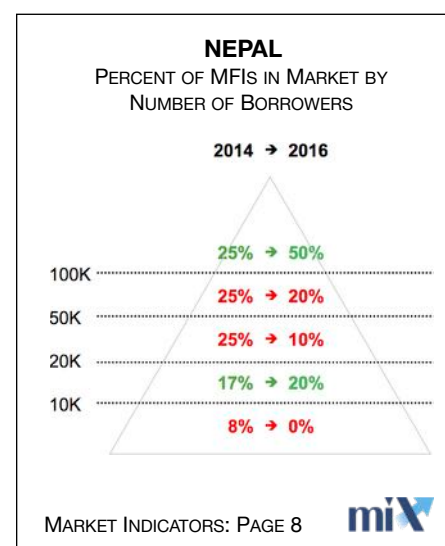
### Calvert Lends \$5m to Eco.Business Fund for Latin America

The Calvert Social Investment Foundation, a US-based institution supporting the "social and environmental impact sectors," recently bought USD 5 million in subordinated notes from the Eco.Business Fund, a lender to financial institutions in Latin America that seek to mitigate climate change. The Eco.Business Fund, which is based in Luxembourg, invests in the agriculture, forestry, fishery and eco-tourism sectors with the goal of protecting biodiversity and reducing climate change. The fund is managed by Germany's Finance in Motion, which oversees USD 2 billion in assets "exclusively focused on development finance." September 7, 2017

### EBRD Lending Equivalent of \$20m to OTP Leasing of the Ukraine

The European Bank for Reconstruction and Development, a UK-based multilateral development institution, recently provided a local-currency loan worth USD 20 million to OTP Leasing, a Ukrainian subsidiary of Hungary-based OTP Bank that finances vehicles and agricultural equipment. The loan is intended to help the organization expand its local-currency leasing to small and medium-sized enterprises (SMEs) as it seeks "to diversify [its] customer base and target smaller agricultural producers." OTP Leasing has a total loan portfolio of USD 125 million. OTP Bank serves 130 million customers in nine European countries. September 5, 2017

INSIDE	Page
<b>MicroCapital Briefs</b>	<b>2</b>
Microfinance and related news	
<b>European Microfinance Week</b>	<b>5</b>
Microleasing for Productive Assets	
<b>Ear to the Ground</b>	<b>7</b>
Would Nietzsche Buy Climate Insurance?	
<b>Market Indicators</b>	<b>8</b>
Courtesy of MIX	
<b>Upcoming Events</b>	<b>9</b>
Industry conferences	
<b>Paper Wrap-ups</b>	<b>12</b>
Research and tools	
<b>Subscribe to the Monitor</b>	<b>12</b>



## MICROCAPITAL BRIEFS

### MicroFinanza Rating Issues 7 Reports

During September 2017, MicroFinanza Rating (MFR) issued Microfinance Institutional Ratings to Palestine's Asala Company for Credit and Development, which was assigned a grade of BB+ with a "stable" outlook, and Inkunga Finance of Rwanda, which was assigned a grade of B with a "positive" outlook. MFR also conducted monitoring on two previously rated institutions, Amret of Cambodia and Credicampo of El Salvador. Both institutions' ratings were confirmed, and the outlook of Credicampo was increased from "under observation" to stable. Lastly, MFR issued Social Ratings for the following organizations: Banco Solidario of Ecuador, which earned an A; Asala, which earned an A-; and Mexico's Conserva, which earned a BB-. September 29, 2017

### Chinese Peer-to-peer Lender HuaXia Using Ping An for Escrow

HuaXia Finance, a peer-to-peer lender in China, recently began using a "formal online banking depository" arrangement to hold customer funds at Ping An Bank, also of China, in order to comply with tightened requirements of the China Banking Regulatory Commission. HuaXia, which was launched in June 2015, has since intermediated loans totaling the equivalent of USD 1.3 billion. September 29, 2017

### DWM-advised Funds Loan \$32m to LOLC Micro Credit of Sri Lanka

Three funds advised by US-based Developing World Markets recently loaned a total of USD 32 million to LOLC Micro Credit, a micro-finance institution in Sri Lanka. LOLC Micro Credit provides individual and group loans as well as microleases to micro-, small and medium-sized enterprises. Its 130 service centers include rural "Isuru Diriya" locations operated in collaboration with the Sri Lanka Postal Service. LOLC Micro Credit has a loan portfolio equivalent to USD 131 million outstanding to 340,000 customers, primarily women. Sri Lanka's Lanka Orix Leasing Company (LOLC) is a member of the Japanese conglomerate Orix. September 28, 2017

### Sri Lanka's Nations Trust Bank Borrows \$50m from IFC for SMEs

The World Bank Group's International Finance Corporation recently announced it will loan USD 50 million to Nations Trust Bank in order to expand its lending to small and medium-sized enterprises in Sri Lanka. Nations Trust, which was established in 1999, provides deposit services, loans, investment planning and online banking. The bank, which operates 93 branches and 120 automated teller machines, reports assets equivalent to USD 1.4 billion and customer loans and advances of USD 979 million. September 27, 2017

### Société Générale Launches Yup Mobile Wallet in West Africa

Société Générale, a financial services provider based in France, recently rolled out its Yup mobile wallet in the Ivory Coast and Senegal, allowing its 30,000 users to deposit and withdraw money at 600 non-bank agent locations, as well as to send money to individuals, utilities and retailers. Société Générale plans to expand Yup to Ghana by December, and during 2018 it expects to replicate the service in Burkina Faso, Cameroon, Guinea and Togo. September 25, 2017

### FMO Gives \$240k to Sanad for Technical Assistance for MSMEs

The Sanad Technical Assistance Facility, an affiliate of the Sanad Fund for MSME (Micro-, Small and Medium-sized Enterprises) that supports lenders to MSMEs in the Middle East and North Africa, recently received a grant equivalent to USD 240,000 from the Netherlands Development Finance Company, a government-backed institution also known by its Dutch acronym FMO. FMO Capacity Development Manager Martin Steindl said, "The political landscape highlights the need for economic development and the creation of employment, especially among the youth...." Sanad has raised investor commitments of USD 186 million. September 22, 2017

### MFIs in Asia, Americas Borrow \$10m from Dual Return Funds

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 10 million to unidentified microfinance institutions (MFIs) in Guatemala, India, Kazakhstan, Nicaragua and Sri Lanka during August. One of the borrowers is a non-bank financial institution in Sri Lanka that provides group and individual loans to micro-, small and medium-sized enterprises in rural areas. The MFI also provides scholarships, builds bio gas plants and hosts financial literacy training. The combined assets under management of the Dual Return Vision Microfinance and Dual Return Vision Microfinance-Local Currency funds are valued at USD 618 million. C-Quadrat manages assets of USD 5.9 billion. September 21, 2017

### World Vision, DiD, Enablis Deploying Training Program in Senegal

Three Canadian NGOs, World Vision Canada, a unit of US-based Christian NGO World Vision; Développement international Desjardins, a provider of access to financial services and financial education; and Enablis Canada, a consultant to small and medium-sized enterprises, recently collaborated to launch the Skills Training for Employment Program (STEP) in Senegal. With three years of funding from the Canadian government, STEP "is intended to improve the economic prosperity of populations in the Kolda region by developing employment and entrepreneurial skills among young people, with a gender inclusive approach." World Vision Canada is the lead executing agency. September 20, 2017

### Alliance for Microfinance in Myanmar Raises \$5m in Equity

The Alliance for Microfinance in Myanmar, a Mandalay-based microfinance institution, recently received equity investments totaling USD 5 million from Singapore's Base of Pyramid Asia, the government-owned Danish Investment Fund for Developing Countries, the Luxembourg-based Insitor Impact Fund, and the Asia Impact Investment Fund (AIIF), a joint effort of Singapore-based United Overseas Bank and Switzerland's Credit Suisse. With the exception of AIIF, each of the investors is increasing an existing stake in Alliance. Neither the breakdown of investments by investor nor the size of the stakes acquired has been made public. Alliance, which was founded in 2014, has a loan portfolio of USD 10 million outstanding to 65,000 clients, 80 percent of whom are women and 50 percent of whom are from rural areas. September 19, 2017

### EBRD May Loan \$60m to ZSB of Kazakhstan for Home Mortgages

The European Bank for Reconstruction and Development, a UK-based multilateral development institution, is considering loaning the local-currency equivalent of USD 60 million to joint stock company Zhil-stroysbank (ZSB), a housing finance bank in Kazakhstan, to finance residential mortgage loans for individuals. ZSB, which has total assets of USD 2.2 billion and 32 branches, is a subsidiary of Baiterek Holding, an instrument of the government of Kazakhstan. September 18, 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!*

### Intesa Sanpaolo Albania Secures \$30m in Backing for Agri-loans

Intesa Sanpaolo Bank Albania, a subsidiary of Italy's Intesa Sanpaolo, has secured the equivalent of USD 30 million in "unfunded risk participation" from the Albania Agribusiness Support Facility to support USD 60 million in lending to farmers and agribusinesses. The facility was created by the Albanian government and the UK-based European Bank for Reconstruction and Development. Intesa Sanpaolo has a market capitalization of USD 57 billion and 12 million customers. Its Albanian subsidiary reports assets of USD 1.3 billion. September 15, 2017

### Myanmar Clears the Air by Issuing MFS License for OK Dollar

Myanmar's Internet Wallet Limited reportedly has received a mobile financial services license from the Central Bank of Myanmar to cover the operations of its subsidiary, OK Dollar, which offers electronic accounts for holding and sending money. Although such a license is required of companies offering such services (unless they are managed by a traditional banking institution), the company reportedly served 100,000 customers from its launch in 2016 until its receipt of the license. In addition to operating without a license, OK Dollar was accused by the *Frontier* newspaper of failing to require users "to register a SIM card, or provide a national ID card or driver's licence, as required." OK Dollar offers fee-free money transfers and allows users to pay for travel services, mobile phone credit and other purchases. September 15, 2017

### ResponsAbility Lends \$45m to TBC Bank in Georgia for MSMEs

ResponsAbility Investments, a Swiss for-profit investor in developing countries, recently informed MicroCapital that it has disbursed a five-year loan of USD 45 million to TBC Bank, a Georgian commercial bank formerly known as the Tbilisi Business Centre. The facility is intended to "enable TBC Bank to deepen its support to micro-, small and medium enterprises (MSME) in Georgia." TBC Bank, which was founded in 1992, reports total assets of USD 2.7 billion and annual net profit of USD 24 million. September 13, 2017

### BlueOrchard Loans \$4m to VisionFund Myanmar

VisionFund Myanmar, a microfinance institution serving primarily women in rural Myanmar, recently received a two-year loan of USD 4 million from two investment vehicles managed by Switzerland's BlueOrchard: the Japan ASEAN Women Empowerment Fund and the Microfinance Initiative for Asia Debt Fund. VisionFund Myanmar reports total assets of USD 16 million and a gross loan portfolio of USD 16 million but does not publish data on its savings services. The microbank is a subsidiary of VisionFund International, which offers microfinance in 32 countries as part of World Vision, a US-based Christian NGO. September 13, 2017

### Moeda Sells \$5m in Cryptocurrency to Boost Financial Inclusion

Moeda, a cooperative funded by the Brazil-based organizations Cresol, Green Cross Brazil and Unicafe, recently launched its eponymous Moeda token, a cryptocurrency that can be traded worldwide through mobile phones. The goal of the organization is to build "a banking-as-a-service cooperative financial network to connect disadvantaged entrepreneurs to modern financial systems," including peer-to-peer loans. Moeda has sold 5 million Moeda tokens, the value of which are pegged at USD 1 each. The system uses the blockchain technology of Switzerland's Ethereum Foundation to record transactions. September 13, 2017

### India's Bharat Sanchar Nigam, Mobikwik Unveil Mobile Wallet

Bharat Sanchar Nigam Limited (BSNL), a telecommunications company owned by the government of India, and India's Mobikwik recently rolled out a virtual wallet that allows users to make retail payments at 1.5 million stores as well as "making purchases on e-commerce sites, paying public transport fees, and topping up air-time" for mobile phones. Established in 2000, BSNL serves 100 million customers. Mobikwik is a private enterprise that was founded in 2009 and provides digital wallets and mobile payment services to 40 million consumers. September 12, 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** **oshifi 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

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### ADB Donates \$150k to the Philippines' Cantilan for Cloud MIS

The Philippines' Cantilan Bank recently received grant funds of USD 150,000 from the Asian Development Bank to migrate Cantilan's operations to Instafin, a cloud-based software product from Croatia-based Oradian. Cantilan Executive Vice President Tanya Hotchkiss said the system "has given Cantilan more capacity to focus on our core business and financial inclusion mission." Instafin is designed for microfinance institutions, cooperatives and rural banks. In addition to managing client data, it allows: (1) staff to access data from the field; (2) payments to flow to and from third-party remittance services; and (3) "clients to have direct digital access [to] their finances." In addition to Croatia, Oradian has teams in Ghana, the Philippines and Nigeria. Its customers serve approximately 1 million microfinance clients in five countries. Cantilan was founded in 1980 and has 42 branches and 24 automated teller machines. September 12. 2017

### IFC Advising EFC Tunisia During Expansion

Entrepreneurs Financial Centre (EFC) Tunisia, a for-profit microfinance institution based in Tunis, recently arranged to receive advisory services from the International Finance Corporation, a member of the World Bank Group, relating to strengthening the institution's risk management and outreach. EFC Tunisia also recently opened a new branch in the coastal city of Sfax, bringing its total number of service locations to five. The institution, which was founded in 2015 by Canada's Développement international Desjardins (DiD), offers loan products tailored to two groups: (1) women entrepreneurs; and (2) small and medium-sized enterprises. It employs 101 workers and serves 1,600 clients with outstanding loans totaling USD 5.3 million. DiD is a unit of the Canadian cooperative Desjardins Group that operates two microfinance investment vehicles and partners with microfinance institutions reaching 10.9 million customers. September 11. 2017

### Fundación Paraguaya Offering Loans for Eco Stoves

Fundación Paraguaya, an anti-poverty NGO in Paraguay, recently introduced a credit product intended to fund induction stoves, which run on electricity rather than gas or charcoal. In a pilot program, 383 women who purchased the stoves saved a total equivalent to USD 14,700 and reduced carbon dioxide emissions by 75 tons. The launch of the product was funded by the Inter-American Development Bank's EcoMicro program. Développement international Desjardins, a unit of the Canadian cooperative Desjardins Group, and Econoler, a Canadian consulting firm, participated by performing a market study and providing technical support relating to product design. Founded in 1985, Fundación Paraguaya serves 86,000 clients and employs 450 people in 27 locations. September 10. 2017

### UK-based Humaniq Launching Biometrics-based Mobile Money

Humaniq, a London-based technology company, recently announced the launch of its "blockchain-powered financial inclusion app," which allows users to send and receive money via smartphones. Humaniq has introduced the product in Ghana and plans to pilot the service in Asia and South America during late September. The app allows users to manipulate "HMQ tokens... [which] will be exchangeable into bitcoins, and then into dollars, euros, or other standard currencies." The value of the tokens is not fixed. The co-founder and CEO of Humaniq, Dinis Guarda, stated that "1 billion people...do not exist in terms of documentation; so we want to make sure through biometrics that we can integrate people in the digital economy." In lieu of passwords, the system identifies users via facial recognition. Humaniq, which was established in 2016, held an "initial coin offering" in April 2017, which "attracted 12,000 investors and netted close to USD 5.2 million." September 7. 2017

### Aclea of Cambodia Launches Unity ToanChet Digital Wallet

Aclea Bank, a commercial bank in Cambodia, recently launched a digital wallet app called Aclea Unity ToanChet that enables customers to pay bills, send money to individuals and purchase mobile phone credit. Since its inception in April, the app has attracted 61,000 users. Aclea Bank was established in 1993 as an NGO serving micro- and small enterprises. It became a commercial bank in 2003, and as of 2016 it reports after-tax profit of USD 127 million, USD 4.7 billion in total assets, USD 3.1 billion in deposits, and loans and advances of USD 2.8 billion. Aclea Bank also has affiliates in Laos and Myanmar. September 6. 2017

### C-Quadrat's Dual Return Funds Loan \$12.5 to MFIs in LatAm, Asia

A unit of Austrian fund manager C-Quadrat, C-Quadrat Asset Management, recently informed MicroCapital that its Dual Return Vision Microfinance and Dual Return Vision Microfinance-Local Currency funds lent a total approximately equivalent to USD 12.5 million to microfinance institutions (MFIs) in four Latin American countries – Bolivia, El Salvador, Guatemala and Peru – as well as two in Asia – Indonesia and Myanmar. The names of the MFIs are confidential. One is a rural cooperative in Guatemala that borrowed to expand its services to its members, of whom 75 percent are women. C-Quadrat reports that "the majority of the [MFIs'] employees speak the local indigenous languages, which fosters integration and improves client protection." The combined assets under management of the Dual Return Vision Microfinance funds are valued at USD 618 million. During July, the local-currency sub-fund experienced returns described as "very good due to the reduction of cash levels, the high coupon payments in local currency and the advantageous currency movements." In addition, the January-to-July return of the US dollar-denominated retail account reached 6.7 percent. September 3. 2017

### Indonesian Online Lender UangTeman Raises \$12m in Equity

UangTeman, an Indonesian firm offering online loans of up to USD 350, recently announced it has secured USD 12 million in Series A funding from Thailand's K2 Venture Capital, US-based Draper Associates, Indonesia's Alpha JWC Ventures, Malaysian investor Terrence Teong Chee Hooi and multiple unidentified local investors. Hong Kong-based STI Financial Group also lent the firm an undisclosed amount of funds. UangTeman plans to invest a portion of the funding in research and development offices in India and Singapore, with the remainder to help expand lending operations. UangTeman, which was founded in 2015, provides consumer loans that are unsecured, with terms of 30 days. While financial data on the firm are not available, UangTeman reported 2016 growth of 300 percent with a loan write-off rate of 2 percent. September 2. 2017



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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.*

### Microleasing for Productive Assets

*MicroCapital: How does microleasing compare with microlending?*

Manuel Hörl: Microcredits do not fit the needs of every situation. Often, the borrower cannot meet the collateral or other requirements for receiving a loan. Microleasing can allow a farmer, for example, to pre-finance the purchase of a productive asset, such as a cow. The farmer receives basic training in handling the asset, and risk is mitigated by insuring the asset and - in some cases - also the farmer. Creditworthiness is evaluated based on future potential cash flows.

Microleasing products are very complex, requiring partnerships with an insurer, a local bank, a supplier and sometimes even a veterinarian! The combination of insurance, coaching and increased productivity reduces the risk for the lending entity. At the end of the leasing period, the ownership of the asset changes from the lending entity to the farmer. There is no need for credit history, collateral or savings.

*MC: In what (geographic or sectoral) areas has microleasing been successful?*

MH: Swisscontact and Credit Suisse started their partnership with a pilot project in Kenya. From there, the model was replicated in Rwanda and Tanzania - then Peru, El Salvador and Nicaragua. In Peru, for example, farmers were able to scale their income from quinoa by purchasing post-harvest machines via microleasing.

When Swisscontact introduces microleasing in a new country, its staff conducts a market analysis to identify: (1) which productive assets are in demand; (2) potential partners; and (3) any aspects of the local market that warrant customizing the terms of the leases. Regardless of the type of asset - livestock, irrigation pumps, transport bikes, flour mills - it must allow the lessee to improve productivity in a sustainable way and thereby generate revenue to make payments on the asset.

*MC: How does collaboration lead to success in this arena?*

MH: Collaboration is key - not only at the strategic level, as between Credit Suisse and Swisscontact, but also on the local level. As mentioned earlier, the local lender, the insurer and the asset supplier engage in a partnership that forms the core of microleasing. Farmers also profit from technical assistance provided by the asset supplier or the associated service provider, for example on how to best tend to the cattle or how to maintain the flour mill. Farmers' associations play an important role by supporting both the launch and replication of the model.

*MC: Would you please describe a challenge you had to overcome?*

MH: It is not easy to find the right partners - from financing to insurance to asset supply. However, when expanding into new countries, a bigger problem we ran into was that the demand for microleasing far exceeded the capacity of suitable local partner financial institutions. Swisscontact and Credit Suisse therefore had to come up with a strategy to address re-financing at an early stage of a project.

*Manuel Hörl leads the Microfinance Capacity Building Initiative at Credit Suisse and will moderate a panel titled "Asset Financing at the BOP: Lessons from Microleasing" at European Microfinance Week.* 🇪🇺



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## EAR TO THE GROUND

### Would Nietzsche Buy Climate Insurance?

This month, I am spending a little less time in the developing world and a little more on the Atlantic Coast of the United States. September is probably the best month for this: the sun is shining, the breeze cools down our evenings and - for the most part - the humidity breaks. But there's a menace behind this beauty. It is hurricane season here, and this year it has been especially brutal. The cost of the storm that ravaged Houston will total USD 40 billion to USD 50 billion (according to an estimate by Moody's, which provides the city's credit rating). Some USD 10 billion of that is the opportunity cost of business interruption, with the remainder to be spread over time, during rebuilding. The recovery after Hurricane Sandy, which hit the northeastern US almost five years ago, remains unfinished.

Readers may be surprised to learn that only about 15 percent of the homes in Harris County, where Houston is located, were covered by flood insurance. Even in areas that had been designated "high risk" for flooding, the rate is still only 28 percent. Despite warnings from consumer groups, Houstonians counted on outdated government assessments of flood risk and shunned insurance coverage. In Mexico, almost no private homeowners have insurance for catastrophes such as last week's earthquake. In the Caribbean, many families will be hard-pressed to rebuild from this season's string of hurricanes without financial protection.

Although the case for insurance against climate-related and other catastrophes - at both the public and household levels - is becoming increasingly clear, governments and individuals are dragging their feet. This year, we worked closely with a microfinance institution in Colombia, Crezcamos, to develop a climate insurance product for rural households. However, there are hundreds of other institutions

that have not yet tackled the problem. Just last week, I was speaking to a manager at a global reinsurer, lamenting the disconnect between the increasing destructiveness of natural disasters and the low level of interest in insurance. "We tried to offer a product in Mexico for microfinance clients, and there was not enough interest," she noted. "We wish we were paying claims this week."

Many have tried to drum up demand, including myself. Premiums are still expensive, which is a barrier. However, another important obstacle is the *perception* of low demand. In my experience, institutions are too quick to believe that clients turn only to the will of God to look after them during catastrophic events. For my part, I turned to Nietzsche for inspiration this week as Puerto Rico suffered at the mercy of God. As I watched footage of Hurricane Maria ravaging the island, I could almost hear Nietzsche turn in his grave, telling us that it is time to face the ugly reality of climate change: to stop relying on God but to use our own ingenuity to protect us.

Climate insurance can be costly, and finding successful strategies for building this market are critical to keeping costs down. But the demand side needs to wake up too, so it is time for us to work with governments, corporations and households to get them on board. Otherwise, more vulnerable households and countries may face a very rude awakening.

*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](#).*

## Creating LONG-TERM VALUE

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companies financed

97

countries of activity

USD 2.6  
billion invested

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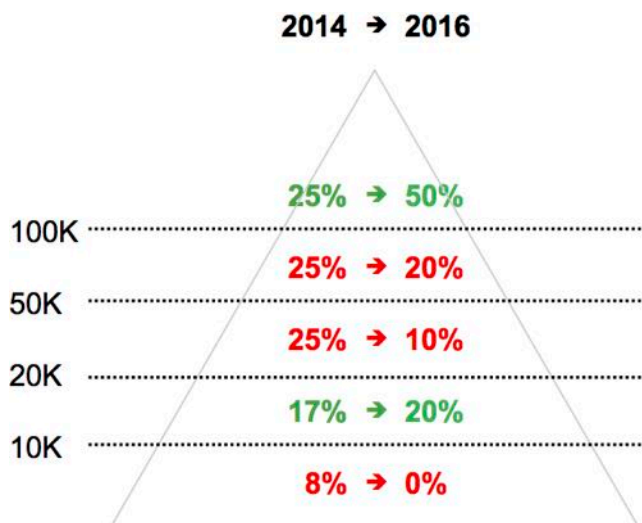
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10 MICROFINANCE INSTITUTIONS (MFIs) REPORTING<sup>1</sup>

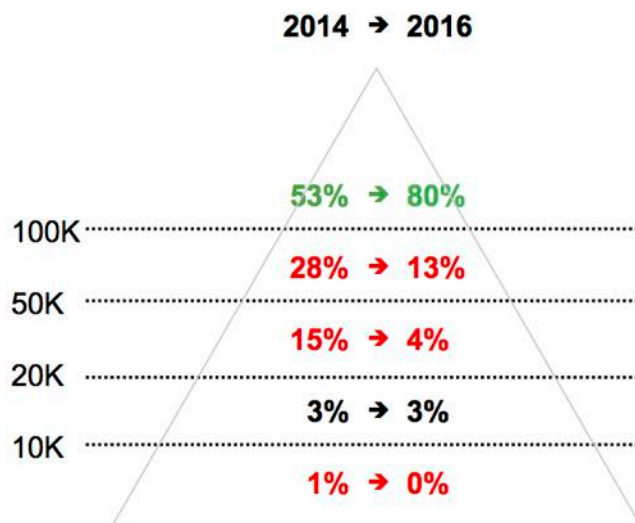
### MFIs BY GROWTH IN GROSS LOAN PORTFOLIO: CHANGE IN USD

MFI NAME	AVERAGE ANNUAL USD INCREASE	AVERAGE ANNUAL % INCREASE	2014	2016
Nirdhan	22,600,503	38%	50,639,281	95,840,288
Chhimek Bikash Bank	20,655,373	35%	49,424,115	90,734,862
Forward	11,097,690	49%	17,979,159	40,174,539
SB (Swabalamban Laghubitta Bikas) Bank	9,756,557	22%	40,467,412	59,980,526
Jeevan Bikas Samaj	7,175,436	20%	33,441,105	47,791,978
Muktinath Bikas Bank	6,221,060	40%	13,151,793	25,593,913
United Youth Community Nepal	3,900,460	86%	3,179,339	10,980,259
Nerude	3,390,559	23%	13,186,108	19,967,225
Nepal Women Community Service Centre	1,987,418	65%	2,314,202	6,289,038
Nerudo	1,322,354	47%	2,253,733	4,898,441

### 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 2014 and 2016 to the Microfinance Information Exchange (MIX) Market

Source: MIX, September 2017



## UPCOMING EVENTS

### 2017 SEEP Annual Conference

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

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. For additional information, you may visit <http://www.seepnetwork.org/>, email [annualconference\[at\]seepnetwork.org](mailto:annualconference[at]seepnetwork.org) or call +1 202 534 1400.

### Alternative Finance Forum: Between Fintech and Social Finance

October 5, 2017; Warsaw, Poland

This forum is intended to cover “new forms of financial services” such as equity-based crowdfunding, social impact bonds, and online small business and peer-to-peer lending. There is no fee to attend. For more details, you may visit <http://mfc.org.pl/register-for-the-alternative-finance-forum-october-5-warsaw/>, call +48 605 561 861 or email [office\[at\]alternativefinanceforum.com](mailto:office[at]alternativefinanceforum.com).

### 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. The fee to attend is EUR 550. More details are available via <http://www.microfinance-africa.org/>, [info\[at\]ada-microfinance.lu](mailto: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. For additional information, you may visit <https://www.mfww2017.womensworldbanking.org>, email [communications\[at\]womensworldbanking.org](mailto:communications[at]womensworldbanking.org) or call +1 212 768 8513.

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

October 26 - October 27, 2017; Tbilisi, Georgia

Under the banner of “Microfinance Goes Digital,” this event will focus on funding policy, social responsibility and how financial technology (fintech) can be used to increase financial inclusion. The fee to attend is EUR 1,000. More information is available from Pavel Isachkin at [pavel\[at\]uni-global.eu](mailto:pavel[at]uni-global.eu) or +420 226 220 430 or by visiting <http://www.uni-global.eu/portfolio-page/7th-annual-central-asian-caucasus-microfinance-forum/#pdf-brochure>.

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

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

This conference will focus on concrete ways investing can have a positive social and economic impact. The conference program offers plenary sessions focused on investment and practice management issues, shareholder advocacy strategies, and community impact investment opportunities. In addition, the organizers will present the Moskowitz Prize and the SRI Service Award. Tickets cost USD 1,095 until October 13th and USD 1,195 thereafter. 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 800 for Sanabel members and citizens of Lebanon, with a rate of USD 1,000 for others until October 6th. Thereafter, the rates become USD 1,000 and USD 1,100, respectively. For more details, you may visit <http://sanabelconf.org/>, e-mail [conference2017\[at\]sanabelnetwork.org](mailto:conference2017[at]sanabelnetwork.org) or call +2 2 25 37 30 23.

## MORE DETAILS COMING SOON ON:

### 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

### Tenth Annual Social Finance Forum

November 9 - November 10, 2017; Toronto, Canada

### Metrics from the Ground Up

November 15 - November 16, 2017; Nairobi, Kenya

### 7th Global Islamic Microfinance Forum

November 24 - November 25, 2017; Istanbul, Turkey

### Mondato Summit Asia

November 28 - November 29, 2017; Yangon, Myanmar

### European Microfinance Week

November 29 - December 1, 2017; Luxembourg

### High Water Women's 2017 Investing for Impact Symposium

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

### 9th Sankalp Global Summit 2017

December 7 - December 8, 2017; Mumbai, India

### Mobile World Congress

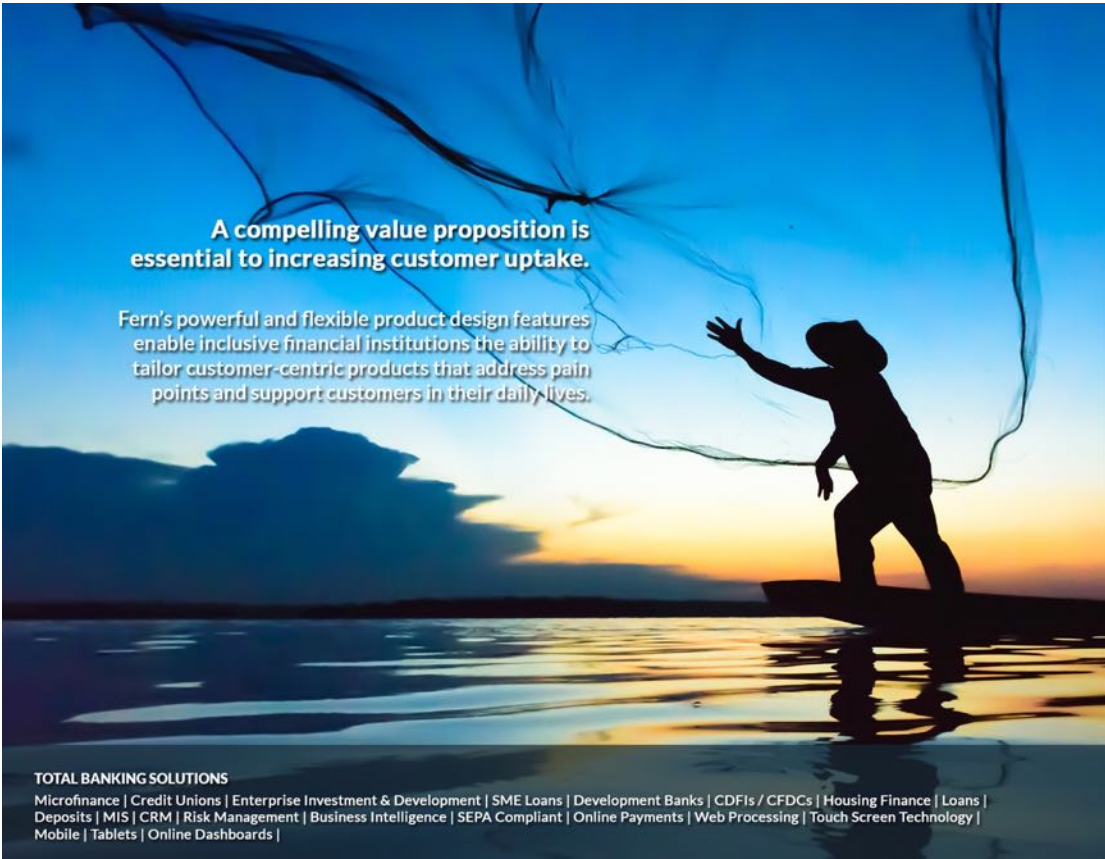
February 26 - March 1, 2018; Barcelona, Spain

### Opportunity Collaboration

May 6 - May 11, 2018; Sandpiper Bay, Florida

### Cracking the Nut 2018: Promoting Agricultural Technology Adoption & Resilience

June 4 - June 5, 2018; Antigua, Guatemala 🇬🇹



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## PAPER WRAP-UPS

### The Price of Being Banked: A Study on Transparency and Cost of Leading Banking Services Sold in Kenya

By E Totolo, F Gwer and J Odero; published by *Financial Sector Deepening Trust Kenya*; August 2017; 28 pages; available at: [https://www.microfinancegateway.org/sites/default/files/publication\\_files/fsdk.pdf](https://www.microfinancegateway.org/sites/default/files/publication_files/fsdk.pdf)

In 2015 and early 2016, the authors of this paper recorded the prices to open, maintain and close accounts at 11 banks in Kenya. Their goals were to learn: (1) how much it costs to hold a bank account in Kenya; (2) how difficult it is to compare costs among banks; (3) how customers can compare banking prices more easily; and (4) how the industry can reduce customer fees.

The authors find that the price to open a bank account ranged from the equivalent of USD 1.50 to USD 54, with an average of USD 13. A basket of costs to maintain an account, which included “withdrawals, money transfers and account maintenance fees,” ranged from USD 35 to USD 130. The charge to close an account ranged from USD 4.79 to USD 18, with an average of USD 10.

In collecting these figures, the authors found bank staff exhibited “a great deal of confusion over the actual cost of different banking products and services,” making the process of comparing costs “surprisingly difficult.” The authors also note that “bank staff are often incentivised to push certain accounts rather than help meet customer needs.”

To combat these issues, the authors propose solutions including: (1) standardizing disclosure templates; (2) updating government-required pricing disclosures; (3) prioritizing consumer protection; and (4) increasing the use of behavioral research to help customers improve decision-making.

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### Marginalized Returns

By Mara Bolis and Chris West, published by the *Stanford Social Innovation Review*, Fall 2017, 3 pages; available at: [https://ssir.org/articles/entry/marginalized\\_returns](https://ssir.org/articles/entry/marginalized_returns)

The authors of this article cite the Global Impact Investing Network’s “2016 Annual Impact Investor Survey,” which reported that 84 percent of 158 investors who seek “measurable social and environmental impact alongside a financial return” are expecting “risk-adjusted market-rate returns.” However, Ms Bolis and Dr West state that most successful social enterprises “generate only low-single-digit-financial returns,” resulting in an expectation gap. As a result, investors are giving “priority [to earning higher profits] over the interests of the communities their funding seeks to benefit.”

To re-balance impact investors’ “predefined expectations of financial return that are both too high and too short term” the authors offer solutions including: (1) increasing the transparency of both social and financial returns of impact investors; (2) shifting away “from the false binary of grants with no financial-return expectations...and investments seeking net-15-percent-or-greater return;” and (3) agreeing on a “voluntary code of practice that enshrines how the [impact investing] field should evolve.”

### Valuing Microfinance Institutions: Where Are We Now

By Danielle Piskadlo, published by the *Center for Financial Inclusion at Accion*, July 2017, 7 pages, available at: [http://www.centerforfinancialinclusion.org/storage/documents/Valuing\\_MFIs\\_Brief\\_Final\\_2017.07.11.pdf](http://www.centerforfinancialinclusion.org/storage/documents/Valuing_MFIs_Brief_Final_2017.07.11.pdf)

In this paper, Ms Piskadlo investigates the difficulties faced by equity investors in valuing microfinance institutions. Based on interviews with members of the Financial Inclusion Equity Council, whose members represent private firms that make equity investments in microfinance institutions, she finds that investors have been using multiples of price-to-book and price-to-earnings ratios. Over the past decade, she reports, the availability of “valuation data and comparables...has actually worsened.”

Ms Piskadlo attributes the lack of data to “a slowdown in investor interest in microfinance” caused by “a global finance crisis; and several country-level microfinance crises.” She argues that this lack of data has led to “a sense of conservatism in valuing investments....”

Ms Piskadlo concludes by asserting the need for “more shared, comparable data that can be used to effectively benchmark impact investments.” 📌



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