

MICROCAPITAL BRIEFS | TOP STORIES

Incofin's agRIF Buys 10% Equity Stake in Armenia's Inecobank from IFC, DEG

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

ResponsAbility Sells Equity Stake in Mibanco

ResponsAbility Investments, a Switzerland-based asset manager specializing in impact investments in developing countries, recently sold its entire equity position in Mibanco, a microfinance bank in Peru, to Credicorp Limited, which has subsidiaries providing financial services mainly in six countries in Latin America. Although the size and price of the stake remain confidential, Credicorp owned 94 percent of the shares of Mibanco via one of its holdings, Banco de Credito del Peru, before the transaction. Established in Lima in 1998, Mibanco provides credit and deposit services to small businesses and individuals. It had a gross loan portfolio equivalent to USD 2.9 billion as of 2017. As of 2016, Mibanco had total assets of USD 3.4 billion, customer deposits of USD 1.9 billion and 316 branches. Credicorp, which was incorporated in 1995, is domiciled in Bermuda and specializes in banking, insurance, pension funds and investment banking. May 24. 2018

5 Firms Win GSMA Mobile Money Certifications for Security, Consumer Protection

Based on assessments conducted by Italy-based MicroFinanza Rating, five organizations in Africa and Pakistan have earned the first GSMA Mobile Money Certifications, verifying their ability "to deliver secure and reliable services, to protect the rights of consumers and to combat money laundering and the financing of terrorism." US-based Alliances Management holds a contract to operate the certification scheme for the UK-based Groupe Special Mobile Association (GSMA), whose 1,100 members include 800 telecoms operating under the Global System for Mobile Communications (GSM) standard. MicroFinanza Rating carried out the assessments in the following locations: Cote d'Ivoire for France-based Orange; Kenya for the locally based Safaricom; Pakistan for the local member of Norway's Telenor Group; Tanzania for Tigo, a unit of Sweden's Millicom; and also Tanzania for Vodacom, a South African member of the UK-based Vodafone Group. May 19. 2018

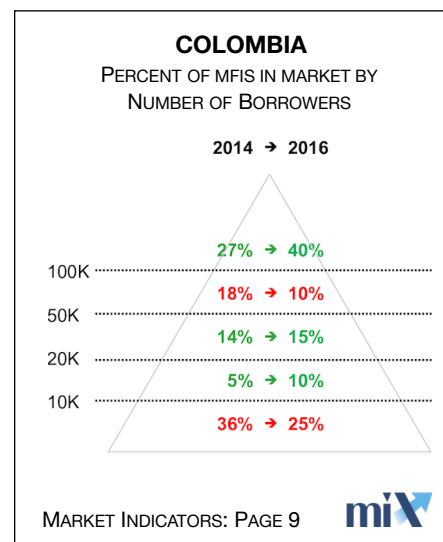
South Africa's Retail Capital Borrows \$7.5m for Small Shops

Verdant Capital, a Mauritius-based corporate finance firm operating in Africa, recently raised local currency totaling the equivalent of USD 7.5 million from unspecified international investors for South Africa's Retail Capital to expand its merchant cash advance business. Retail Capital lends to small and medium-sized enterprises (SMEs), which make repayments on the loans daily, based on a percentage of sales they take in via payment cards. This is the first foreign funding that Retail Capital has accessed. The firm was founded in 2011 and has three offices, all in South Africa. As of March, it has total assets of USD 24 million. May 8. 2018

Calvert Loans \$5m to Vitas, Ryada for Housing in West Bank, Gaza

Calvert Impact Capital, a US-based NGO that raises money for organizations with "a social and/or environmental focus," recently disbursed a three-year loan of USD 5 million to Global Communities, a US-based NGO that provides financial, health, urban-management and other services in 43 countries. Global Communities will use the funds to support housing lending in the West Bank and Gaza via the local arm of its for-profit holding company, the Vitas Group. Calvert Investments Director Songbae Lee said, "This investment is interesting to us because it expands our traditional microfinance investing with a focus on international housing...". Vitas Palestine was launched in 1994 to provide home-improvement loans as Ryada, a name it still uses in Gaza. The organization has since begun offering loans for real estate purchases and business needs as well. Vitas Palestine has a portfolio of USD 47 million outstanding to 9,500 clients served via seven branches in the West Bank and Gaza. The Vitas Group also operates in Egypt, Lebanon, Jordan and Romania. Global Communities took in revenue of USD 155 million during the year ending September 2016. May 2. 2018

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MICROCAPITAL BRIEFS

FMO May Loan \$10m to MTB of Bangladesh for Trade Finance

Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO), a development bank controlled by the Dutch government, recently announced it is considering lending USD 10 million to Mutual Trust Bank (MTB) Limited, a commercial bank in Bangladesh. The funding would be for financing imports and exports, one of MTB's core activities. FMO would provide the loan in partnership with the Philippines-based Asian Development Bank (ADB). Since 2015, MTB has been participating in ADB's Trade Finance Program, through which ADB provides guarantees, financing and expertise to 200 banks. MTB, which was established in 1999 in Dhaka, serves 783,000 customers via 11 branches. It reports USD 2.4 billion in total assets, a gross loan portfolio of USD 1.7 billion, USD 1.8 billion in deposits, return on equity of 18 percent and return on assets of 1.1 percent. May 30, 2018

EBRD Loans \$59m to ProCredit Bank of Bulgaria for SMEs

The European Bank for Reconstruction and Development (EBRD), a UK-based development bank, recently loaned the euro-equivalent of USD 59 million to ProCredit Bank (Bulgaria), a provider of financial services to individuals as well as small and medium-sized enterprises (SMEs) in Bulgaria. The loan is designed to support ProCredit Bank's expansion outside of Bulgaria's capital, Sofia, where most of its business is concentrated. The bank was founded in 2001 and offers online banking; financial education; savings accounts; and loans for business, housing and overdrafts. ProCredit Bank reports total assets of USD 1 billion, a loan portfolio of USD 672 million, customer deposits of USD 669 million and 2016 pre-tax profit of USD 23 million. In February 2018, EBRD paid USD 33 million for 3.6 percent of the shares of ProCredit Holding, the Germany-based parent company of ProCredit Bank. ProCredit Holding's 13 banks seek to serve the financial needs of "small and medium-sized businesses, as well as to promote a savings culture for private individuals...". May 29, 2018

Letshego of Botswana Borrows \$26m to Lend More in Africa

Letshego Holdings Limited, a provider of financial services in 11 African countries, recently raised the approximate equivalent of USD 26 million, accessible via foreign-exchange hedges in Botswanan pula, Kenyan shillings, Nigerian naira and Tanzanian shillings. Verdant Capital, a Mauritius-based corporate finance firm operating in Africa, arranged the debt package, which Letshego plans to use to boost its technology infrastructure as well as for growth. Letshego describes its subsidiaries as "providing underserved customers with access to simple, appropriate and accessible financial solutions" such as loans, savings, insurance and payment services. Loan sizes range from USD 500 to USD 60,000, repaid mostly via payroll deduction. The new funding comes from unspecified investors in Europe. Letshego was founded in 1998, and its shares are traded on the Botswana Stock Exchange. The institution reports total assets of USD 875 million and a loan portfolio of USD 760 million. May 24, 2018

MicroFinanza Rating Issues 6 Opinions in Africa, Latin America

Italy-based MicroFinanza Rating recently told MicroCapital that during May it issued two Social Ratings and four Microfinance Institutional Ratings (MIRs) to five microfinance institutions in Africa and Latin America. FMC Finance of Zimbabwe earned a Social Rating of B, and Fundacion Espoir of Ecuador earned a Social Rating of BB+. FMC Finance and Rwanda's Duterimbere-IMF each earned MIRs of BB- with a stable outlook. Umutanghua Finance Company of Rwanda and the Peruvian unit of the US-based Adventist Development and Relief Agency (ADRA) each were assigned MIRs of BB with a stable outlook. In addition to Italy, MicroFinanza Rating has offices in Bolivia, Ecuador, Kenya, the Kyrgyz Republic, Mexico, Peru and the Philippines. May 24, 2018

Incofin's agRIF Buys 10% Stake in Armenia's Inecobank

Belgium's Incofin Investment Management recently disbursed an undisclosed sum from its microfinance investment vehicle agRIF for it to acquire a 10-percent stake in Inecobank, a commercial bank in Armenia whose mission is "to promote private sector development acting as a...partner and advisor for micro, small and medium-sized enterprises." Through the transaction, the World Bank Group's International Finance Corporation and Deutsche Investitions-und Entwicklungsgesellschaft, a subsidiary of German development bank Kreditanstalt für Wiederaufbau, sold all of their shares in Inecobank. In addition to traditional face-to-face services, Inecobank offers multiple digital channels, including mobile banking and a fully automated consumer lending service. For the quarter ending March 2018, the bank, which has 24 branches, reported pre-tax profit equivalent to USD 5.2 million on total assets of USD 564 million. The new investor, agRIF, is the successor to Incofin's Rural Impulse Funds (RIFs) I and II. May 22, 2018

KEP Trust of Kosovo Borrows \$2.3m from IFC, GAFSP

KEP Trust, a nonprofit microfinance institution formerly known as the Kosovo Enterprise Program (KEP), recently agreed to borrow the euro-equivalent of USD 2.3 million from the World Bank Group's International Finance Corporation (IFC) for on-lending to farmers as well as micro- and small enterprises in Kosovo. Of the total loan package, 30 percent is sourced from the IFC-managed Global Agriculture and Food Security Program (GAFSP), which pools investment from six countries with the goal of "increasing agricultural productivity as a way to reduce poverty and increase food and nutrition security." KEP Trust was founded in 1999 and offers group and individual loans for enterprise, home improvement, agriculture and consumption. It has a loan portfolio of USD 46 million outstanding to 18,000 customers as of 2018. During 2017, it earned a profit of USD 1.8 million. May 21, 2018

Jordan's Bank al Etihad, EBRD Sharing Risk on SME Loans

Bank al Etihad, whose shares are traded on the Amman Stock Exchange, recently secured an agreement from the UK-based European Bank for Reconstruction and Development (EBRD) to share risk on USD 20 million in lending by Bank al Etihad to small and medium-sized enterprises (SMEs) in Jordan. The borrowers - most of which are expected to be medium-sized firms - will be able to access EBRD's "Advice for Small Business" program, through which EBRD connects SMEs with consultants and shares the cost of their services. Bank al Etihad, whose products include leasing and brokerage accounts as well as special offerings for women and SMEs, has paid-up capital equivalent to USD 225 million. Established in 1978, it has 45 branches and 91 automated teller machines. The bank also owns a 36-percent stake in Safwa Islamic Bank, which was founded in 2010 and was previously known as the Jordan Dubai Islamic Bank. May 18, 2018

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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!

Orange, PAMF Madagascar Launch M-kajy Mobile Banking

The Switzerland-based Aga Khan Agency for Microfinance (AKAM) recently informed MicroCapital that one of its affiliates, Premiere Agence de MicroFinance (PAMF) Madagascar, has begun offering mobile savings and lending services in partnership with Orange Money, a unit of French telecom Orange Group. This M-kajy service allows customers to use their mobile phones to open savings accounts and apply for loans “with no need for paperwork or a visit to the bank.” The general manager of AKAM, Jesse Fripp, said, “By enabling our clients to save money easily and providing quick access to funds at all times, we help them build financial resilience.” PAMF Madagascar offers loans, including inventory credit, to micro-, small and medium-sized enterprises. It has 14 branches and also operates storage facilities for agricultural products. The institution has total assets of USD 11 million, deposits of USD 7 million held for 73,000 clients and a gross loan portfolio of USD 7 million outstanding to 12,000 clients, mostly in rural areas. AKAM is part of the nonprofit Aga Khan Development Network, which operates in 30 countries in sectors including health, education, architecture and music. Orange Group serves 10.5 million customers in 28 countries. May 17. 2018

IIV Mikrofinanzfonds Lends \$6m to KMF of Kazakhstan

Germany-based Invest in Visions (IIV) disbursed a loan of USD 6.46 million to KazMicroFinance (KMF), a microfinance institution (MFI) in Kazakhstan, during April from its microfinance investment vehicle IIV Mikrofinanzfonds. During the same month, IIV lent a total of USD 13 million to unidentified MFIs in Ecuador, Kyrgyzstan and Tajikistan via the same fund. KMF was founded in 2006 as a for-profit entity by the nonprofit Kazakhstan Loan Fund, which was launched in 1997. KMF has a loan portfolio of USD 291 million outstanding to 221,000 clients, who are served by 1,700 staff members. For the quarter ending March 2018, KMF reports pre-tax profit equivalent to USD 8.8 million. IIV, which focuses on investing in small and medium-sized MFIs in rural areas, has a volume of USD 654 million. May 16. 2018

Blossom Launches Islamic Fund to Invest in Indonesia

US-based Blossom Finance recently launched a fund that will lend local-currency on the Indonesian island of Java via Permodalan BMT (PBMT) Ventura, a provider of technical and financial services to Baitul Maal wat Tamwil (BMTs), financial institutions that follow Shariah. PBMT Ventura invests in BMTs that mainly serve market vendors; and the organization's general manager, Jamil Abbas, said, “Ramadan is by far the busiest season for most BMTs within our network.... Funds from Blossom Finance's platform will help BMTs in our network meet that season[al] demand for working capital.” In keeping with Islamic law, BMTs employ arrangements such as profit-sharing in lieu of conventional interest charges. BMTs also disburse a portion of their profits to their customers and to address community needs. The minimum investment in the Blossom fund is USD 1,000, although US-based investors must be accredited in order to participate. Blossom accepts investments into the fund in US dollars as well as several cryptocurrencies. In testing since 2015, Blossom generally has returned investors annualized profits around 7 percent over terms of six to 12 months. May 16. 2018

AAIB, Sanad Launch MFI Sandah in Egypt

The Arab African International Bank (AAIB), which is held equally by the Central Bank of Egypt and the Kuwait Investment Authority, recently launched Sandah, a microfinance institution (MFI) intended to promote “financial inclusion to accommodate the low-income disenfranchised segments” by funding the “commercial, agricultural, industrial and service sectors categorically all across Egypt.” Hassan Abdalla, who serves as the CEO of both AAIB and Sandah, said, “AAIB accomplished a distinctive record in financing large corporates in Egypt and the region. At this stage of Egypt's development ...the bank is keen to penetrate the microfinance sector...”. Sandah is 70-percent owned by AAIB and 30-percent by the Luxembourg-domiciled Sanad Fund for MSME (Micro-, Small and Medium-sized Enterprise). AAIB, which was founded in Egypt in 1964, reports USD 11 billion in total assets. May 14. 2018

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Dual Return Vision Fund Lends \$9m in Indonesia, Latin America

C-Quadrat Asset Management, a unit of Austria-based C-Quadrat Investment, disbursed a total of USD 9 million during April from its Dual Return Vision Microfinance Fund to microfinance institutions (MFIs) in Costa Rica, Ecuador and Indonesia. Although the identities of the MFIs and the amount each borrowed remain confidential, C-Quadrat Asset Management tells MicroCapital that the Indonesian MFI has “strong client protection principles, increased community engagement and promotes gender empowerment.” In addition, the company, which was founded in 2006 and operates on the island of Java, “has an overwhelming proportion of employees that are women, which is not very common in Indonesia.” As of April, the Dual Return Vision Microfinance and Dual Return Vision Microfinance-Local Currency funds held aggregated assets of USD 659 million. C-Quadrat Investment manages assets equivalent to USD 12 billion. May 11. 2018

Swedfund \$5m Loan to Kenya's Victoria Will Track Impact

Swedfund International, a development finance institution owned by the Swedish government, recently issued a seven-year, subordinated loan of USD 5 million to Victoria Commercial Bank. The funds are planned for on-lending to small and medium-sized enterprises as well as developing a system for tracking borrowers' environmental impacts and the working conditions of borrowers' employees. The loan is the bank's first from a development finance institution. Founded in 1987, Victoria Commercial reports total assets equivalent to USD 259 million and 2017 pre-tax profit of USD 8.4 million. May 10. 2018

ADB to Guarantee \$20m in Loans by Maybank to MFIs in Myanmar

The Philippines-based Asian Development Bank (ADB) recently agreed to guarantee USD 20 million in local-currency lending by Malaysia-based Maybank to microfinance institutions (MFIs) in Myanmar. The deal is part of ADB's Microfinance Risk Participation and Guarantee Program, which has supported local-currency loans valued at a total of USD 670 million since 2012 in countries including Bangladesh, India and Indonesia. Christine Engstrom, the Director of ADB's Private Sector Financial Institutions Division, said, “We're excited to partner with Maybank, an established player in microfinance in many countries in developing Asia.... Together, Maybank and ADB will improve access to financial services to even more low-income families and small-business owners, especially in rural and remote areas in Myanmar.” Maybank, which offers both Islamic and conventional banking, insurance and other financial services, has 43,000 employees and 2,200 offices in 14 countries. It reported 2017 profit equivalent to USD 1.9 billion from total assets of USD 190 billion. May 9. 2018

EFSE Lends \$24m to BT Leasing of Romania

The European Fund for Southeast Europe (EFSE), a Luxembourg-domiciled microfinance investment vehicle, recently lent the euro-equivalent of USD 24 million to BT Leasing, a member of Romania's Grupul Financiar Banca Transilvania (BT). Grupul Financiar BT reports total assets of USD 15 billion. May 9. 2018

BBVA Colombia Borrows \$150m from IFC for Housing Lending

BBVA Colombia, a unit of Spain's Grupo Banco Bilbao Vizcaya Argentaria (BBVA), is borrowing USD 150 million from the World Bank Group's International Finance Corporation (IFC) to on-lend for housing. This comes as the government of Colombia is considering a plan to support “the middle class through subsidies to mortgage interest rates.” Oscar Cabrera Izquierdo, the Executive President of BBVA Colombia, describes the “housing sector as one of the most important to promote the improvement of the living conditions of Colombians, and one of the fundamental links...to the growth of other subsectors.” BBVA Colombia has 2.2 million customers, 5,200 staff members, 1,300 automated banking machines and 373 branches. Grupo BBVA has the equivalent of USD 820 billion in total assets and 72 million customers in 30 countries. May 7. 2018

Ctos to Apply Phone Behavior to Credit Scoring in Malaysia

Malaysian credit scoring firm Ctos recently partnered with LenddoEFL, an alternative credit scoring firm, to increase the number of small businesses and individuals in Malaysia for whom it can supply credit evaluations. In addition, the use of alternative data can provide more accurate scores for applicants who could have had scores calculated from conventional sources alone. LenddoEFL, which was created in 2017 by the merger of Singapore-based Lenddo and US-based Entrepreneurial Finance Lab (EFL), bases its evaluations on “social media activities, browsing behaviour, geolocation and other smartphone data.” Prior to their union, Lenddo and EFL had completed a total of 5 million credit evaluations facilitating USD 2 billion in lending by 50 banks, micro-finance institutions, insurers, retailers and telephone companies in 20 emerging markets. Data indicating the volume of Ctos's business, which was established in 1990, are not available. May 4. 2018

\$1b KKR Fund to Invest in Green Energy, Education, Environment

KKR, a private equity firm that manages assets valued at USD 168 billion, reportedly is looking to raise USD 1 billion for a Global Impact Fund that would invest in medium-sized enterprises involved in fields such as education, renewable energy and other environmental issues. The fund's goals would be to earn market returns while supporting work toward the UN Sustainable Development Goals. One source indicates that the funds' managers would disburse roughly 10 investments of USD 50 million and five investments of USD 100 million in the Americas and Eurasia. Formerly known as Kohlberg Kravis Roberts, KKR has offices in 15 countries in the Americas, Australia and Eurasia. May 3. 2018

IFC Loans \$50m to Chile's CCAF Los Heroes for Microlending

The World Bank Group's International Finance Corporation (IFC) recently agreed to issue a five-year loan of USD 50 million to the Chilean nonprofit Caja de Compensacion de Asignacion Familiar (CCAF) Los Heroes. In Chile, cajas de compensacion, which form part of the nation's social security system, are the only institutions allowed to provide payroll loans. Founded in 1955, CCAF Los Heroes provides insurance, credit and other services to 938,000 workers and retirees. Marcelo Castellanos, IFC Manager for the Financial Institutions Group in Latin America and the Caribbean, explained that this is the “first international loan to a caja de compensacion in Chile.... Through this investment, IFC is supporting the strengthening of the financial markets in Chile and helping to expand the access to quality financial services to its population.” May 2. 2018

IDB “Lab” to Test Methods to Boost Retirement Savings in LAC

The Inter-American Development Bank (IDB), a member of the US-based IDB Group, recently announced the launch of its Retirement Savings Laboratory to test approximately 15 methods for encouraging “low-income and independent workers” to save for retirement. The goal is to get 400,000 people to begin saving “through interventions based on behavioral economics and the use of new technologies.” Carmen Pagés, the chief of the Labor Market Division of IDB, adds, “IDB wants to generate reliable evidence, through rigorous impact evaluations, to improve public policies...”. The effort is funded by MetLife Foundation, an affiliate of US-based insurer MetLife; the IDB Group's Multilateral Investment Fund; and the IDB Network for Pensions in Latin America and the Caribbean (LAC), whose members include 15 countries and four international associations. May 1. 2018

Peter van Mierlo Succeeding Jurgen Rigterink as CEO of FMO

As of July, Peter van Mierlo will take the position of CEO at Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO), a development bank controlled by the Dutch government. Jurgen Rigterink left the CEO position in April to return to the European Bank for Reconstruction and Development, a multilateral institution based in the UK. April 30. 2018

SPECIAL REPORT

This feature is sponsored by Frankfurt School of Finance & Management, which offers a wide range of educational programs in Germany and online.

Building the Capacity of Development Finance Professionals

MicroCapital: How does Frankfurt School of Finance & Management help build capacity in the development finance sector?

Dr Barbara Drexler: As a leading private business school, we offer high-class degree programs and executive education focused on finance and management. Unlike other top-ranked business schools, we also have a long track record of providing inclusive-finance advisory services and education.

A key building block of our educational activities is our Development Finance Academies here in Frankfurt, which we started 18 years ago. Today we offer Academies on Micro-, SME, Housing and Sustainable Energy Finance as well as on Leadership to around 200 participants from up to 50 different countries every year.

Junes Arfaoui: Eight years ago, we started an e-learning platform to reach those who are not able to attend face-to-face trainings in Germany. Today, our Frankfurt School Development Finance (FSDF) e-Campus is probably the most comprehensive platform of professional online training in the development finance sector. With (so far) nine different certification courses offered in four languages, we are contributing to building the capacity of professionals from all over the world. This year we expect 2,000 participants from 150 countries.

And two years ago, we went one step further, launching a full-fledged master's programme for mid-career and senior professionals. Our Master of Leadership in Development Finance is Frankfurt School's only degree programme that is conducted completely online.

MC: What types of organizations benefit most when their staff take your courses?

BD: Our courses attract professionals from a broad range of financial institutions, typically from emerging and developing countries. We have participants from small NGO-MFIs and big commercial banks, but also from insurance companies, government authorities, international organisations and many more.

JA: For example, there is a CEO of an MFI located in Sub-Saharan Africa with just two branches and a handful of employees. He started with our Microfinance course, followed with the SME Finance course; and he is now enrolled in our online master's program. His institution benefits tremendously from his participation, as he implements international best practices and passes on knowledge to his staff.

MC: How else do organizations benefit when their employees enroll in your courses?

BD: Organizations sending employees to our courses benefit from our unique combination of strengths. First of all, they can expect the highest quality training, provided by one of Europe's top business schools. At the same time, our trainings are highly practice-oriented. Most of our trainers are experts in their field with 15 or more years of experience. Most of them also work on Frankfurt School's advisory projects, so they know the needs of the institutions in the market very well. Finally, our flexible, self-paced e-learning approach allows employees to adjust their study hours to their work schedule.

MC: In what stage of their careers do people benefit most from your services?

JA: For the e-learning courses, young and mid-career professionals generally benefit most. It's good (but not a must) to have some relevant work experience already. This way, participants come to understand the basic concepts more easily and can dig deeper to get the most out of the course. Those with more seniority also can benefit a lot, as our comprehensive but compact courses help update and complement their existing knowledge and experiences.

Likewise, our Frankfurt-based Development Finance Academies are more targeted to mid-career and senior professionals, though they can be beneficial for less experienced professionals as well.

BD: For our online Master of Leadership in Development Finance, a minimum of two years of relevant work experience is required. However, on average, these students already have been active in the sector for 10 years and often have middle- or senior management roles. It's at these career stages that people tend to be best matched for the online master's program.

MC: What surprises people the most when they take your classes?

BD: Our participants often don't expect the level of practical relevance that they find in our courses. Although we highlight this in our programme descriptions, it seems people can't imagine how close training can come to the day-to-day reality of development finance professionals.

JA: Participants also often point out the level of personalized and efficient support they receive from our team. We are proud to deliver a level of service and support that is well beyond what most of our customers anticipate.

Further, in our e-learning programmes, participants appreciate the balance between the self-paced training schedule and the email reminders to keep them motivated.

MC: What distinguishes your organization from other training providers?

BD: The combination of being a top-ranked business school with our strong and long track record in worldwide financial inclusion advisory makes us very unique. While the former ensures the highest quality in all our programmes, the latter brings us very close to our clients and helps us understand their needs to provide efficient and realistic solutions to their everyday tasks and challenges.



MC: What are you working on that's new?

BD: We actually are working on three very exciting new programmes, following current trends in development finance: women's empowerment, digital finance and agricultural finance.


JA: Although we have a long history of consulting in agricultural finance projects, the topic only recently has reached a level of awareness in the industry that warrants us offering the online Certified Expert in Agricultural Finance course.

BD: The situation is similar when it comes to gender equality. Frankfurt School has gained much expertise in this area, implementing projects all over the world, but only now there is enough of a market to justify an open training on the topic. Our first Women's Leadership Academy will be held in Frankfurt.

JA: Last but not least, we are working on a new e-learning course on digital finance. Although we already cover this area within several of our existing courses, the topic now has reached a stage at which a full-fledged Certified Expert in Digital Finance course can draw a broad audience.

BD: All three of these programmes will be launched in September - it will be a hot and exciting autumn!

Dr Barbara Drexler is the Associate Dean for International Affairs and Programme Director of the Master of Leadership in Development Finance at Frankfurt School of Finance & Management.

Junes Arfaoui serves as Programme Director for FSDF e-Campus and Deputy Programme Director for the online Master of Leadership in Development Finance. 

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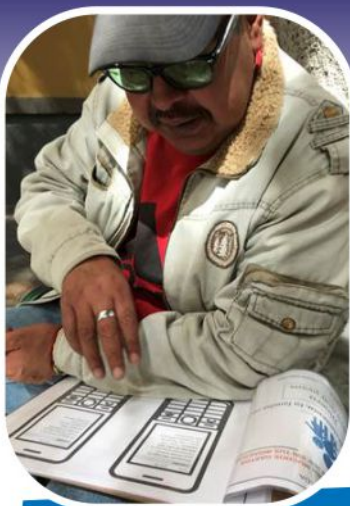
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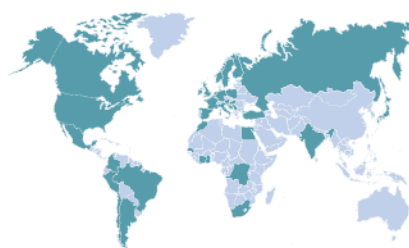
VERDANT CAPITAL

14th by deal volume in 2017

THOMSON REUTERS

IMAP

8th by deal volume globally in 2017



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EAR TO THE GROUND

Using Private Capital...Without Giving Up the 2nd Bottom Line

This fall, I will teach a graduate course that I'm designing for the School of International and Public Affairs at Columbia University called "Working for the Private Sector for Development Outcomes." It will draw from my work over the past three decades in financial inclusion as well as some areas that public monies have yet to address sufficiently, such as education, health and sustainable energy. While many donors and thought leaders have moved away from microfinance and toward these other fields over the past 10 years, investors continue to pump money into microfinance, in droves.

Last week, I listened to a webinar sponsored by CGAP called "Microfinance: Revolution or Footnote? Microfinance Over the Next Ten Years," in which Paul DiLeo (the founder of Grassroots Capital Management) and Ira Lieberman (a consultant) remind us that microfinance is the biggest tested case of a double bottom line "impact" investment to date. The sector has reached over 300 million clients and mobilized over USD 30 billion in the last decade alone. The big challenge, they posit, is maintaining a social focus while drawing so much private money. One risk is investors that aren't socially focused invoking pressure for supercharged financial returns, upsetting MFIs' delicate balance between social and financial returns.

There is a case to be made for donors to stay in microfinance, so they can tip this balance back, hopefully inspiring stakeholders in other "impact" sectors who seek to reach scale and leverage investor funds. Donors, however, have been skittish - even fatigued - claiming that the microfinance sector was never meant to remain dependent on their support. Yet can we expect the private sector to drive innovation that helps the poor? Sometimes.

M-Pesa, Kenya's scaleable, convenient digital financial service, is a favorite example of innovation that helps the poor, while making tons of

money. It also received lots of donor funding up front. Kenya's Sportpesa has also been an innovative hit with low-income customers. The service makes it easy to bet on sports - with often-borrowed digital money. This less noble goal was driven by a purely commercial investor wager.

Over the last decade - despite declining donor interest - much has been achieved in microfinance through the hard work of regulators and other non-commercial advocates in microfinance. In a complete turnaround from 10 years ago, lenders in many parts of Latin America use credit bureaus to vet all of their loans, no matter how small. This, plus the careful attention of regulators, has allowed microfinance to withstand heavy external pressure, such as from the financial crisis that began in 2008 and political challenges in various countries. And let's not forget that the Smart Campaign managed to turn consumer protection into a household term.

I agree with Paul that microfinance continues to offer an amazing opportunity to test the concept of using mixed capital to pursue a double bottom line. This is why it deserves to be nurtured long-term. Two decades ago, we used donor funds to foster MFIs' financial goals. Today, it is even more important that we keep social goals from being left behind. As part of this process, I have been advocating for including women in leadership roles at MFIs. Many have just the collaborative qualities that can be critical to driving social outcomes, and I look forward to working with a good number of future women leaders in my class this autumn!

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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MICROCAPITAL MARKET INDICATORS COLOMBIA

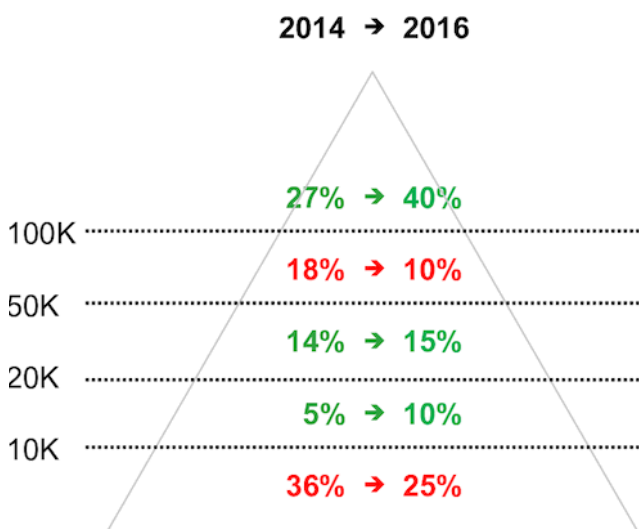
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18 MICROFINANCE INSTITUTIONS (MFIs) REPORTING*

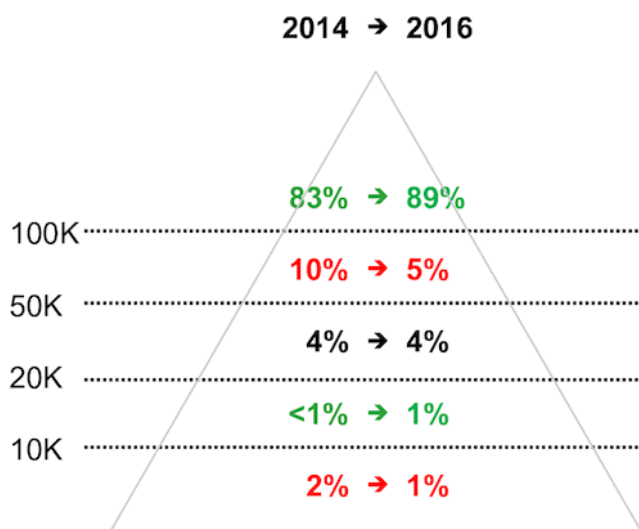
TOP MFIs BY GROWTH IN GROSS LOAN PORTFOLIO: CHANGE IN USD

MFI NAME	AVERAGE ANNUAL USD INCREASE	AVERAGE ANNUAL % INCREASE	2014	2016
Banco W	15,766,801	5	314,011,978	345,545,580
Crezcamos	11,226,959	16	63,257,449	85,711,367
Contactar	3,871,066	6	63,423,982	71,166,115
Cooperative Microempresas de Colombia	2,789,781	5	49,760,784	55,340,346
Interactuar	2,329,594	5	49,865,938	54,525,126
Opportunity International Colombia	1,102,523	3	32,261,643	34,466,689
Actuar Caldas	472,159	7	6,716,018	7,660,335
Actuar Quindio	358,465	5	6,755,753	7,472,684
Fundacion Mario Santo Domingo	-63,522	-1	5,986,058	5,859,015
Actuar Tolima	-219,842	-4	5,949,204	5,509,519

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



MARKET SHARE BY MFI SIZE (NUMBER OF ACTIVE BORROWERS)



*Includes only MFIs that reported data for both 2014 and 2016 to the Microfinance Information Exchange (MIX) Market

Source: MIX, May 2018 



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UPCOMING EVENTS

Global Solutions Summit 2018

June 4, 2018; New York, New York, USA

Speakers here will present “business models and financial mechanisms that...successfully deploy proven, cost-effective development solutions at scale.” There is no fee to attend, and more details are available by contacting Alfred Watkins at [alfred.watkins07\[at\]gmail.com](mailto:alfred.watkins07[at]gmail.com) or visiting <http://www.globalsolutionssummit.com/>. No telephone number is offered.

AVPN Conference 2018

June 4 - June 7, 2018; Singapore

This sixth iteration of this event centers on maximizing social impact in Asia through investing and philanthropy. The topics are to include “strategic philanthropy,” investing in education and healthcare, investing with a gender lens, government policy, and scaling social-purpose organizations. The first day of the conference, June 4, is only open to members of the Asian Venture Philanthropy Network (AVPN). The fee to attend is USD 1,200. For more information, you may call +65 6536 1824, visit <https://2018.avpn.asia/> or email [membership\[at\]avpn.asia](mailto:membership[at]avpn.asia).

Africa Innovation Summit (AIS II)

June 6 - June 8, 2018; Kigali, Rwanda

The theme of this conference is facilitating development in Africa by empowering entrepreneurs. Topics are to include: Challenges and Opportunities for Innovation in Africa; Building a Resilient and Competitive Economy for Africa's Future; 21st Century African Cities; Financing and Scaling up Innovation; and Institutions and Systems that Drive Innovation. There is no fee to attend, although advance registration is requested. For more information, you may visit <http://www.africaninnovationsummit.com>, call +238 262 0339 or email [info\[at\]africaninnovationsummit.com](mailto:info[at]africaninnovationsummit.com).

Metrics from the Ground Up

June 12 - June 13, 2018; Washington, DC, USA

This tenth iteration of this event will address how to quantify impact in the “small and growing businesses” sector. The registration fee is USD 600, with a rate of USD 250 offered for members of the Aspen Network of Development Entrepreneurs. For more details, you may email [Danielle.Snowden\[at\]aspennstitute.org](mailto:Danielle.Snowden[at]aspennstitute.org), call +1 202 464 4306 or visit <http://www.andcglobal.org/event/MetricsDC2018>.

Cracking the Nut 2018: Promoting Agricultural Technology Adoption & Resilience

June 12 - June 13, 2018; Antigua, Guatemala

This conference includes a technology fair as well as sessions on the following themes: Introducing Technologies in Support of Climate Resilience; Using Digital Platforms to Facilitate Agricultural Knowledge and Finance; and Promoting Sustainable Natural Resource Use and Poverty Reduction. The registration fee is USD 795, and more information is available via <https://crackingthenutconference.com/>, +1 703 914 5533 or [crackingthenut\[at\]connexus.email](mailto:crackingthenut[at]connexus.email).

Subsistence Marketplaces Conference

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

This event will address the nature and evolution of markets in subsistence communities around the world, with topics including: Sustainable Business and Consumption; Transformative Consumer Research; Methodological Innovations; and Junior Scholar and Practitioner Mentorship. The fee to attend is USD 500 with discounts offered to conference speakers and students. For more details, you may contact Madhu Viswanathan at [mviswana\[at\]illinois.edu](mailto:mviswana[at]illinois.edu) or +1 217 333 2747, or you may visit <https://business.illinois.edu/subsistence/2018-subsistence-marketplaces-conference/>.

Global Sustainable Finance Conference

July 12 - July 13, 2018; Karlsruhe, Germany

The eighth iteration of this conference is intended to act as a platform to discuss “innovations in financial services and business models for sustainability” through sessions such as: (1) Transition to a Green, Digital and Sustainable Economy; and (2) Sustainable Finance for All: Powering Micro to Large Enterprises for a 21st Century Economy. It will also include the presentation of the Karlsruhe Sustainable Finance Awards. The event website is <http://eosd.org/en/gsfci.html>. For pricing, you may call +49 721 476 89 16 or email [mail\[at\]eosd.org](mailto:mail[at]eosd.org).

MORE DETAILS COMING SOON ON:

Convergences World Forum

September 3 - September 4, 2018; Paris, France

8th Annual Central Asian & Caucasus Microfinance Forum

September 6 - September 8, 2018; Almaty, Kazakhstan

International Conference on Sustainable Development

September 12 - September 13, 2018; Rome, Italy

Sa-Dhan National Conference

September 19 - September 20, 2018; New Delhi, India

Global Youth Economic Opportunities Summit

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

SEEP Annual Conference

October 1 - October 3, 2018; Arlington, Virginia, USA

Microfinance Centre-European Microfinance Network Conference

October 3 - October 5, 2018; Bilbao, Spain

GSG Impact Summit 2018

October 8 - October 9, 2018; New Delhi, India

Opportunity Collaboration

October 14 - October 19, 2018; Cancún, Mexico

SOCAP18

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

Global SME Finance Forum 2018

November 5 - November 7, 2018; Madrid, Spain

14th International Microinsurance Conference

November 6 - November 8, 2018; Lusaka, Zambia

European Microfinance Week

November 14 - November 16, 2018; Luxembourg

Financial Inclusion in a Digital Economy

November 23 - November 24, 2018; Amritsar, India

UN Environment Finance Initiative Global Roundtable

November 26 - November 28, 2018; Paris, France

Sankalp Africa Summit

February 21 - February 22, 2019; Nairobi, Kenya 🇰🇪

PAPER WRAP-UPS

Remittances and Financial Inclusion: A Demand-side Analysis of Low-income Jordanians and Syrian Refugees in Jordan

By Nadine Chehade, Antoine Navarro and Danielle Sobol; published by CGAP (the Consultative Group to Assist the Poor); December 2017; 17 pages; available at <http://www.cgap.org/sites/default/files/Working-Paper-Remittances-and-Financial-Inclusion-Dec-2017.pdf>

The authors present the results of a survey of low-income Jordanians and Syrian refugees residing in Jordan regarding their usage of remittances and other financial services. The investigation included quantitative analysis of 2,132 surveys and eight qualitative focus groups.

Among those surveyed, 11 percent of Jordanians and 14 percent of Syrians sent or received remittances. Of the Syrians sending remittances, 90 percent transferred funds to their home country. Half of remittance recipients from both countries received money from countries in the Persian Gulf. Domestic remittances tended to be informal - often via third-party individuals - while international remittances were mostly formal - usually via banks. The average incoming international remittance was USD 259, received one to three times per year, while outgoing remittances tended to be smaller in value, but sent more often - around five times per year. The

cost to send remittances was approximately 20 percent of the amount sent, while the cost of receiving money ranged from 4 to 12 percent.

Regarding access to formal financial services, approximately 25 percent of participating Jordanians had such access, while Syrian refugees had almost none. The authors identified interest in mobile remittance services among both groups.

The researchers concluded that there is potential for increasing formal financial access among Syrian refugees via mobile phones, as this population has a nearly universal mobile ownership rate. However, remittances may not be the starting point for the uptake of digital financial services due to their limited usage by the subject groups. Instead, mobile wallets and digital humanitarian payments may be more successful entry points into digital financial services.

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What Matters for Households' Recovery Trajectories Following the Gorkha Earthquake?

By Jill Scantlan and Olga Petryniak, published by Mercy Corps, April 2018, 38 pages, available at https://www.mercycorps.org/sites/default/files/GhorkaEarthquake_Recovery_MercyCorps_April2018_0.pdf

The researchers surveyed survivors of the 2015 earthquake in the Gorkha region of Nepal 10 weeks, one year and two years after the disaster. Their findings include that: (1) factors such as "timely emergency aid and informal savings" that help households cope with an initial shock may not influence long-term recovery; (2) access to credit from formal institutions helps households cope and recover, but informal lending does not; and (3) advance disaster-risk reduction awareness results in better short- and long-term recovery. 📌

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