

## MICROCAPITAL BRIEFS | TOP STORIES

### Shanghai Commercial and Savings Bank Buys 80% Stake in Cambodia's AMK

Please see page 3 for coverage of this *MicroCapital Deal of the Month*.

### Société Générale Borrowing \$50m from EBRD for SMEs in Rural Lebanon

The European Bank for Reconstruction and Development, a UK-based multilateral institution, recently agreed to loan Société Générale de Banque au Liban (SGBL), a Lebanese bank, USD 50 million to support small and medium-sized enterprises in rural areas and another USD 50 million for firms involved in imports and exports. SGBL was founded in 1953 and has 92 branches in Cyprus, Jordan, Lebanon and UAE. It reports USD 21.5 billion in total assets, USD 16.5 billion in customer deposits and a gross loan portfolio of USD 4.9 billion. SGBL is a member of Société Générale, a financial services company headquartered in France that operates in 82 countries. September 24, 2018

### UNCDF Leads START Program for Agricultural SMEs in Uganda

The EU, the Private Sector Foundation of Uganda, the Uganda Development Bank and the UN Capital Development Fund recently launched the Support to Agricultural Revitalization and Transformation (START) program to finance small and medium-sized enterprises involved in agriculture in northern Uganda. The goals of the program include addressing the underrepresentation of women entrepreneurs as well as to "consolidate stability in Northern Uganda, eradicate poverty and under-nutrition, and strengthen the foundations for sustainable and inclusive socio-economic development." START loan sizes range from the equivalent of USD 11,700 to USD 117,000. In addition to offering financing, START is educating entrepreneurs on topics relating to procuring market information, cash projections, the impacts of agricultural development and the challenges women face in agribusiness. September 17, 2018

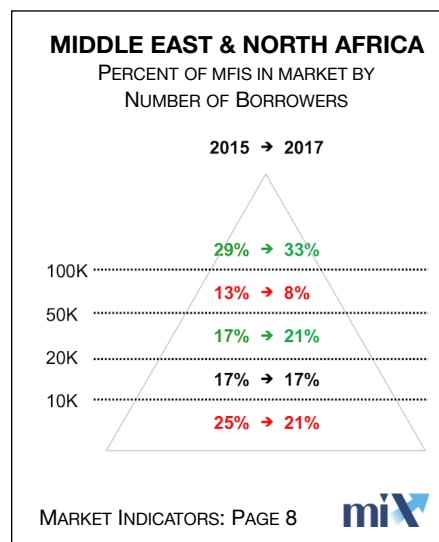
### FMO Arranges \$15m in Debt for Solar Firm Kingo of Guatemala

Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO), a development bank 51-percent owned by the Dutch government, recently arranged a local-currency loan package valued at USD 15.5 million for Solesco Centroamérica, a Guatemalan solar-products company that primarily serves rural areas under the brand name Kingo. The seven-year loan package includes USD 5.5 million from the FMO-managed Infrastructure Development Fund, USD 5 million directly from FMO and USD 5 million from Dutch cooperative Oikocredit. Kingo plans to use the funds for the purchase and installation of solar panels as well as general organizational growth projected to help Kingo reach 250,000 new customers. Kingo CEO and co-founder Juan Fermín Rodríguez said, "Kingo's aim goes beyond eliminating energy poverty, and involves playing a spearheading role in the development of the rising billion. This financing will help Kingo advance towards...positively impacting 1 million households by 2020." Founded in 2013, Kingo allows its 300,000 customers to rent access to solar energy as needed, using codes purchased from local stores to enable access to energy on a daily, weekly or monthly basis. September 6, 2018

### Georgia Caps Interest Rates at 50%

The National Bank of Georgia (NBG) recently set an interest-rate cap of 50 percent on loans and established limits on fees for late payment. Annual interest rates in Georgia reportedly ranged as high as 4,000 percent before 2017, when NBG capped bank and non-bank lending rates at 100 percent. Starting in 2019, lenders will be required to abide by maximum sizes for personal loans, which will vary depending on the individual's income and the collateral pledged. An estimated 630,000 of the 3.7 million people in Georgia have debt they cannot repay. For example, one bank reportedly loaned USD 1,900 at an effective interest rate of 300 percent to a woman earning the equivalent of USD 58 per month. September 5, 2018

INSIDE	Page
<b>MicroCapital Briefs</b>	<b>2</b>
Microfinance and related news	
<b>Selling an MFI to a Bank</b>	<b>4</b>
Planning responsible exits	
<b>European Microfinance Week</b>	<b>5</b>
Preventing overheating in Cambodia	
<b>Ear to the Ground</b>	<b>7</b>
Multiple Household-income Sources	
<b>Market Indicators</b>	<b>8</b>
Courtesy of MIX	
<b>Upcoming Events</b>	<b>10</b>
Industry conferences	
<b>Paper Wrap-ups</b>	<b>11</b>
Research and tools	
<b>Subscribe to the Monitor</b>	<b>11</b>



## MICROCAPITAL BRIEFS

### Nigeria's Abian State Opening Microbank to Support Agriculture

The government of the state of Abian, which is located in southeastern Nigeria, is planning to open a microfinance bank in October. The institution expects to offer "soft loans" in amounts equivalent to USD 55 to USD 1,375. The bank also will invest in a starch processing factory and participate in the Commercial Agricultural Scheme, a government program encouraging farmers to utilize untapped land with the aim of reducing food prices, selling food abroad and reducing inflation. September 26, 2018

### Accion's CFI Seeks Hosts for Financial Inclusion Week

The Center for Financial Inclusion at US-based NGO Accion is seeking organizations to engage in its fourth annual Financial Inclusion Week, which will begin on October 29. CFI will provide content to help participating organizations host conversations on the event's theme, "Getting Inclusion Right." The goals of Financial Inclusion Week include to "bridge the gap between access and usage" and "ensure that access to finance brings real value to customers' lives." To learn more, you may contact Tess Johnson at [tjohnson\[at\]accion.org](mailto:tjohnson[at]accion.org) or +1 617 625 7080. September 25, 2018

### Oradian Sells Software-as-a-service Instafin in Kenya

Oradian, a software-as-a-service (SaaS) company based in Croatia, recently won a contract with Jirani Smart, a microfinance institution that has been active in rural Kenya since 2016. Oradian's flagship product is Instafin, a core banking platform for microfinance institutions. Under the SaaS model, customers access software via the internet, reducing the need for purchasing and maintaining computer servers. Oradian was founded in 2012 and works with 70 financial institutions servicing approximately 2.5 million customers as of 2018. Jirani Smart serves 15,000 clients via seven branches. September 21, 2018

### IFC, Egypt Building African Entrepreneurs' Networks

The International Finance Corporation, a member of the World Bank Group, and Egypt's Ministry of Investment and International Cooperation recently agreed to identify 100 promising young entrepreneurs to "connect them with business leaders, international investors, financial institutions, and policymakers" in an effort to help them grow their businesses. This will occur during the 2018 Africa Summit, which will be held in December in the city of Sharm El Sheikh, Egypt. The forum brings together heads of state and business leaders in Africa to address issues such as infrastructure, finance, energy, youth entrepreneurship and women's empowerment. September 20, 2018

### HKL Planning \$20m Bond Issue for Microlending in Cambodia

Hattha Kaksekar Limited (HKL), a Cambodian microfinance institution, recently received approval from the Securities and Exchange Commission of Cambodia to become the first company in the country to issue corporate bonds. The initial offering will be for the equivalent of USD 19.7 million with a 50-percent expansion possible, depending on demand. HKL plans to use the proceeds from the bond sale to support micro-, small and medium-sized enterprises in rural areas. In August, HKL received an equity investment of USD 45 million from the Bank of Ayudhya, its Thailand-based parent company. Ayudhya, in turn, is a member of Mitsubishi UFJ Financial Group, a Japanese banking group with assets of USD 2.5 trillion. With this equity investment, HKL's total capital reached USD 150 million. HKL reports total assets of USD 804 million, a credit portfolio of USD 660 million outstanding to 135,000 borrowers and deposits of USD 409 million held for 228,000 depositors. September 19, 2018

### EBRD Mulling \$17m Loan to Belinvestbank of Belarus for MSMEs

The UK-based European Bank for Reconstruction and Development (EBRD) is considering assembling a loan package as large as the euro-equivalent of USD 58 million for Belinvestbank, a bank in Belarus, for on-lending to micro-, small and medium-sized enterprises. The package would include at least USD 17 million from EBRD and up to USD 41 million to be solicited by EBRD from other financial institutions. Belinvestbank is a member of the government-owned Belarusian Bank for Development and Reconstruction, which reports total assets of USD 2.5 billion. The loan is part of a plan for Belinvestbank to privatize. September 18, 2018

### Point-of-sale Service Provider Yoco of South Africa Raises \$16m

Yoco, a South African point-of-sale payment enabler, recently raised USD 16 million through its Series B funding round, which was led by US-based venture capital firm Paratech. While the amount invested by each participant has not been disclosed, the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO), a development bank controlled by the Dutch government, and the Accion Frontier Inclusion Fund, which is sponsored by US-based NGO Accion, committed a total of USD 1.7 million. Yoco plans to use its fresh cash to "grow its network of small business merchants, invest in product development, and to attract top-tier fintech [financial technology] talent." Founded in 2015, Yoco provides 27,000 retailers with payment-card readers and point-of-sale software. September 14, 2018

### EBRD Loans \$20m to BNB-Bank, MTBank for SMEs in Belarus

The UK-based European Bank for Reconstruction and Development recently signed its first transactions providing local-currency funding in Belarus. The lines of credit offer up to the equivalent of USD 10 million each to Belarusky Narodny Bank (BNB-Bank) and Minsk Transit Bank (MTBank) with the goal of making longer-term loans available to small and medium-sized enterprises. BNB-Bank is controlled by the Bank of Georgia Group, which operates in five countries. September 14, 2018

### IIV Mikrofinanzfonds Lends \$1.5m to Georgian Credit

Germany-based Invest in Visions (IIV) recently announced that it loaned USD 1.5 million to Joint Stock Company Georgian Credit, a microfinance institution (MFI) in Georgia. IIV disbursed the loan from its microfinance investment vehicle IIV Mikrofinanzfonds, which lends to MFIs in developing countries. Including this loan, IIV Mikrofinanzfonds loaned USD 12.8 million during August to otherwise undisclosed MFIs in Ecuador, Georgia, El Salvador and Mongolia. The mission of Georgian Credit is to "create new possibilities for micro businesses and to contribute to the sustainable development of the country's economy." Launched in 2010, the microlender operates 14 branches and reports a gross loan portfolio of USD 16.7 million outstanding to 8,400 borrowers. September 13, 2018

**MicroCapital Monitor** - © 2018 MicroCapital - ISSN 1935-505X  
The MicroCapital Monitor is published monthly by MicroCapital

Editor & Publisher Bob Summers

Writers Aliz Crowley, Michelle Fleming,

Erik McDonald and Anuhya Tadepalli

Special thanks to Charlotte Newman and James Packard

For questions, comments or suggestions, please contact us via  
[info\[at\]microcapital.org](mailto:info[at]microcapital.org) or +1 617 648 0043, Boston, USA

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!

### IFC to Loan \$50m to Itau Argentina for SMEs, “Green” Lending

The International Finance Corporation (IFC), a member of the World Bank Group, recently agreed to loan USD 15 million to the Argentine subsidiary of Brazil-based Itau Unibanco to expand funding for small and medium-sized enterprises as well as USD 35 million for “sustainable” energy projects. The energy projects are to follow the Green Loan Principles of the Loan Market Association, a UK-based group of 660 organizations, in order to “increase transparency in the market by ensuring that borrowers apply the funding to green projects and conduct evaluation and reporting following international standards.” IFC and Itau Argentina expect that this investment will prevent the emission of 35,000 tons of carbon dioxide per year. Itau Unibanco has total assets equivalent to USD 337 million, a gross loan portfolio of USD 118 million and USD 98 million in client deposits. September 13, 2018

### NH Bank Acquires Samic of Cambodia

NongHyup (NH) Bank, which is controlled by South Korea’s National Agricultural Cooperative Federation, recently obtained regulatory approval to acquire Samic, a microfinance institution (MFI) in Cambodia, for an undisclosed price. The MFI’s 18 branches are mainly located in smaller cities, and NH Bank plans to expand the organization’s presence in the larger cities of Phnom Penh, Sihanoukville and Siem Reap. It also plans to boost lending for housing, agricultural equipment, and small and medium-sized enterprises. Samic was founded in 1994 as the nonprofit Cambodian Health Committee, and it converted into a for-profit, licensed MFI in 2005. The microlender, which also offers microinsurance, reports total assets of USD 15.4 million. NH Bank’s network includes one branch each in China, India, the US and Vietnam, as well as a microlending subsidiary in Myanmar. NH Bank reportedly plans to change Samic’s name to NH Finance Cambodia. September 12, 2018

### Fintech C88 Raises \$28m, Expanding to Thailand

Singapore-based C88 Financial Technologies, which operates online platforms that help consumers in Southeast Asia compare and access financial services, recently raised USD 28 million in equity from a range of previous and new investors. The lead investor, US-founded Experian, will integrate its credit reporting systems into C88’s platforms, CekAja.com in Indonesia and eCompareMo.com in the Philippines. C88, which plans to use some of the fresh funding to expand into Thailand, reportedly has raised a total of USD 45 million. Since its founding in 2003, C88 has served approximately 50 million customers. According to Henning Haugerudbraten, a representative of responsAbility, another new investor in the firm, “C88 already helps match customers with appropriate products and facilitates pricing transparency in the Indonesian and Philippine markets. The next objective is to use the platform to provide access to finance to millions of unbanked customers, creating an extensive positive impact for financial inclusion.” September 10, 2018

### First Money Microfinance of Zimbabwe Debuts iSave Debit Card

First Money Microfinance Services, a provider of loans, insurance and money-transfer services in Zimbabwe, recently launched the iSave debit card, which allows customers to make purchases at 70,000 point-of-sale locations. The card carries no monthly fees and has a usage limit of USD 3,000 per month. It is issued through Steward Bank, which is controlled by the South Africa-based Econet Group. Founded in 2016, First Money is owned by a group of UK-based private investors. Its funders include the Zimbabwe Microfinance Fund, a trust backed by the governments of Denmark, Germany and the UK as well as Dutch NGO Hivos. First Money has seven locations and offers group and individual loans for enterprise, consumption, education, healthcare and agriculture. Since its launch, the institution has approved 15,000 loans for 10,000 clients. September 10, 2018

### FiinLab, Oikocredit, Vox Buy Equity in Brazilian Fintech Avante

Brazilian financial technology firm Avante recently raised an undisclosed amount of funding from FiinLab, a unit of Mexico’s Genera Group; Oikocredit, a Dutch cooperative; and Vox Capital, a Brazilian investor in education, health and financial services. The sizes of the stakes taken by each have not been disclosed. Of the three investors, only Vox was previously a stakeholder in the firm. Avante plans to use the fresh funds on technology to assist in the firm’s growth. Avante offers loans in amounts from the equivalent of USD 100 to USD 3,400 to people who have been in business for at least one year. Since the firm was founded in 2012, it has lent USD 50 million to 65,000 microenterprises. Earlier in 2018, it launched a point-of-sale (POS) system that allows retailers to accept card payments via mobile phones. The firm has 200 employees in Brazil and its technology office in Israel. September 7, 2018

### SCSB Buys 80% Stake in Cambodia’s AMK

Four European investors recently sold 80.01 percent of the shares of Cambodian microfinance institution Angkor Mikroheranhvatho Kampuchea (AMK) to Taiwan-based Shanghai Commercial and Savings Bank (SCSB). Three of the investors are exiting AMK: the Rural Impulse Fund II, which is managed by Belgium’s Incofin Investment Management; the Cambodia-Laos Development Fund, which is backed by the Norwegian government’s Norfund; and the French government’s Societe de Promotion et de Participation pour la Coopération Economique (PROPARCO). Agora Microfinance NV, a Dutch holding company, sold a portion of its stake, and the only other shareholder, the AMK Staff Association, sold none of its shares. The sale price and the sizes of the stakes other than SCSB’s remain confidential. AMK was founded as a program of Ireland-based NGO Concern Worldwide in 1999. It became independent in 2003 and reports total assets of USD 283 million, a gross loan portfolio of USD 208 million, customer deposits of USD 118 million and 575,000 customers served via 150 branches as of 2017. (For more on this transaction, please see the sponsored feature on the following page.) September 5, 2018

Business Planning with

# MICROFIN 4.15

October 22 - 26, 2018  
Oct. 29 - Nov. 2, 2018  
December 10 - 14, 2018  
Feb. 25 - Mar. 1, 2019

Mexico City  
Yangon  
Web/Distance Learning  
Dakar (en français)

[microfin.mfiresources.org](http://microfin.mfiresources.org)

The data and insights that power the financial inclusion industry.






Learn more at [themix.org](http://themix.org)



## SPECIAL REPORT

### Responsible Investment Requires Responsible Exits

In 2012, Incofin's Rural Impulse Fund II (RIF II) bought a 25-percent stake in AMK, a microfinance institution in Cambodia. Six years later, RIF II exited AMK, selling its stake to Shanghai Commercial and Savings Bank (SCSB). Dina Pons, Incofin's regional director for East Asia, shares some insights on the exit process.

*MicroCapital: Please tell us a bit about AMK's social performance and Incofin's contribution to it.*

Dina Pons: Founded in 2003, AMK is one of the largest and most recognised finance institutions operating in rural Cambodia. It serves around 700,000 clients nationwide with a unique set of financial services, including credit, savings, money transfers and insurance. AMK's strong customer centricity and deep focus on rural clients were among the key attractions for us to invest in the company. Since its inception, AMK's mission has been "to help large numbers of poor people improve their livelihood options through the delivery of appropriate and viable microfinance services." Far from being just a theoretical motto, AMK's social mission is what drives the institution and its staff to perform. For instance, a board-level social performance committee, which I was privileged to chair for three years, was tasked with checking each year whether financial results had been generated whilst respecting AMK's core social mission. AMK is also certified by the Smart Campaign and holds an "A" rating for social performance from M-Cril.

*MC: A year ago, RIF II and other AMK shareholders started looking for a buyer; how did this search begin?*

DP: When we and the other shareholders - Agora (which sought only a partial exit), the Cambodia-Laos Development Fund and PROPARCO - started planning our exit, we decided to implement a formal screening process that we called a "Fitness and Compatibility Review." The concept was simple: each interested buyer would be screened against a list of financial and non-financial criteria to assess its compatibility with AMK's corporate culture, its understanding of AMK's core social mission, and its commitment to respect and maintain that mission in the future.

The two people leading the Fitness and Compatibility Review were AMK's pre-eminent independent board member and ex-CEO Pete Power as well as myself, the Chair of the Social Performance Committee. These were busy times, gathering potential buyers' annual reports, audited financial statements, rating reports, etc. We also conducted interviews with potential buyers' auditors and credit raters to learn about their risk appetite and overall approach to transparency. We spoke with their overseas branch managers to assess their corporate culture and management style. We also spoke with the people who would take seats on the AMK board to assess their fit with the AMK team as well as their understanding of financial inclusion in general and the Cambodian microfinance market in particular. We then evaluated the information we gathered using a list of 18 criteria that we hope can help inspire future responsible exits in the impact investment industry.

*MC: How did this matrix of criteria lead the exiting shareholders to choose SCSB?*

DP: We felt this process really tested our own intent to exit AMK responsibly, against the realities of timing constraints and return expectations that are inherent in any exit process. By forcing ourselves to give SCSB a grade against each of the criteria, we engaged in meaningful conversations with shareholders on topics such as the level of SCSB's commitment to the poor clients that AMK serves. One result of these conversations was that SCSB agreed to include a clause in the shareholder agreement whereby any change to AMK's social mission or target client group would require the positive vote of Agora, the

company's original promoter-shareholder. A similar clause was written to protect AMK's Cambodian managers. The process also helped us gain confidence that other aspects of SCSB are well aligned with AMK's vision, including: (1) SCSB's history as a retail bank serving MSMEs in its home markets for more than a hundred years; (2) its strategy of sharing its banking expertise in multiple emerging economies in Southeast Asia; (3) its long-term investment horizon; and (4) its commitment to boosting economic development in Cambodia.



*The last and first meeting of AMK's board of directors: entering and exiting members ensuring a smooth transition.*

### Fitness and Compatibility Review Matrix

#### Reputation

1. Know-your-customer and anti-money-laundering checks show no reputation issues
2. Public information (including traditional press and internet sources) shows no reputation issues that the candidate cannot legitimately explain
3. The central bank is positive about the candidate

#### Financial Inclusion and Regional Knowledge

4. Previous exposure to microfinance and understanding of microfinance models
5. Understanding of the Cambodian microfinance market

#### Financial Performance

6. Strong financial performance, including an "A" credit rating, of the candidate and its affiliates
7. Capacity to provide emergency funding to affiliates
8. Capacity to provide low-cost funding to affiliates

#### Social Performance

9. Responsible pricing (including both interest rates and fees)
10. Responsible return expectations and long-term investment horizon

#### Strategy and Vision

11. Commitment to the mass market
12. Commitment to the company's overall mission
13. Candidate's future strategy is in line with the company's social mission

#### Corporate Culture

14. Flexibility of organisational and reporting structures
15. Compatibility of candidate's organisational culture
16. Clear plans for the company's management team
17. Agreement to maintain the employee stock-ownership plan for management and staff

#### Additionality

18. Knowledge and access to resources relating to MSME lending, non-credit retail products, mobile banking, risk management, etc

*This feature is sponsored by Belgium-based Incofin Investment Management.*



## SPECIAL REPORT

*This sponsored feature is part of a series on European Microfinance Week, which will be held from November 14 through 16 in Luxembourg by the European Microfinance Platform (e-MFP), a network of over 130 financial-inclusion stakeholders. MicroCapital has been engaged to promote and document the event.*

### A Model for Preventing Overheating - Not Just Multiple Lending

Since 2016, the 95-member Cambodia Microfinance Association (CMA), Incofin, MIMOSA, the Credit Bureau of Cambodia, and several other stakeholders have been developing the CMA Lending Guidelines, under which microfinance institutions (MFIs) are working together to prevent over-indebtedness in Cambodia. The project is funded by Incofin, PROPARCO, BIO, FMO and ADA.

*MicroCapital: How long have you been concerned about possible overheating in the Cambodian microfinance market?*

Kea Borann: Concerns of the market overheating started at least as early as 2015. Since then, the total outstanding portfolio of the industry has been growing at an average of 25 percent per year, even as the number of loans has remained unchanged at 2.3 million. This seems to mean that the same clients are taking on more debt when their loans are renewed. The average loan size grew from USD 1,691 to USD 3,003.

Dina Pons: This phenomenon is coupled with another: While most loans had a tenor of 12 to 24 months in the past, we now see loan maturity as high as four or even five years.

*MC: What metrics do the Lending Guidelines measure?*

Daniel Rozas: It's a mix of traditional indicators for measuring over-indebtedness, such as multiple borrowing and loan-to-income ratios, but we've also added metrics for measuring loan refinancing, that is to say taking out new (and usually larger) loans to refinance existing loans that have not yet matured.

*MC: What obstacles did you overcome to bring the partners together?*

DP: The first obstacle is related to differences of opinion on risk levels. Contrary to overheating microfinance markets in other parts of the world, Cambodia does not have high levels of multiple borrowing. Instead, it has a fast increase of average loan size vs GDP per capita. This is coupled with a noticeable increase of loan tenor.

Some argue that the country's annual GDP growth of 7 percent justifies extending the maturity of a loan in order to inject more cash into a business if the monthly installment remains the same. On the contrary, defenders of the Lending Guidelines argue that credit risk increases if the time required to repay a loan exceeds the time required to create the income required to repay the loan.

Meanwhile, self-regulatory measures are very hard to implement because they are based on willingness to comply. While many MFIs understand

the value of the Lending Guidelines, some fear that non-endorsing competitors will take advantage of the situation to grab market share in pursuit of short-term profits.

*MC: How are MFIs adjusting their processes to stay within the guidelines?*

KB: MFIs that have endorsed the Lending Guidelines are adapting their credit underwriting policies and enhancing their risk management practices. They are also putting more emphasis on helping their staff communicate better with clients about the risks of taking on too much debt, especially with longer tenors. In support of this, CMA has produced a range of educational videos and press releases. The association has also done a lot of advocacy with industry stakeholders to build their support for the Lending Guidelines.


*MC: What is the reaction from investors and regulators?*

DP: Both the National Bank of Cambodia (NBC) and the investor community - more than 24 microfinance investment vehicles and development finance institutions - have been very supportive of this initiative. When the Lending Guidelines were formally unveiled in December 2016, NBC and several lenders made public statements calling on MFIs to adopt them.

Today, the Credit Bureau of Cambodia issues each MFI a monthly "dashboard" that shows its level of compliance with the key metrics of the Lending Guidelines. These dashboards are sent to NBC, and they are also used by a growing number of investors when conducting monitoring visits and discussing funding rollovers and increases.

*MC: What are the next steps?*

DR: In the near term, we're focused on tightening monitoring to minimize the room for MFIs to "game" the system through practices that meet the technical requirements of the metrics, even as they violate the spirit of the Lending Guidelines. This is an inevitable part of performance metrics; whichever way you define them, clever individuals will try to find a way around them. In the longer term, we expect to expand the Lending Guidelines to cover other relevant lending practices, as well as bring outside parties - including commercial banks - into the framework. We also hope that NBC can play a more proactive role in helping "call out" financial services providers that are flouting the Lending Guidelines and putting clients at risk. This is critical to insuring that the Lending Guidelines remain a meaningful force in Cambodia over the long term.

*Kea Borann is Board Chair of the Cambodia Microfinance Association and the CEO of microfinance institution AMK. Dina Pons serves as the regional director for East Asia as well as impact manager for Incofin. Daniel Rozas is the co-founder of MIMOSA and senior microfinance expert at e-MFP. Representatives of all three organizations will discuss the Lending Guidelines in much greater detail at European Microfinance Week.* 







Join us in  
Luxembourg  
[www.e-mfp.eu](http://www.e-mfp.eu)

## EUROPEAN MICROFINANCE WEEK 2018

14 - 16 November

- Explore the most recent innovations, **trends** & **opportunities** in the inclusive finance sector
- Engage with **500 leading organisations** from all over the globe

EA Consultants

**Specialized** in understanding the financial lives of low-income households  
**Experts** in the business models of organizations who serve them  
**Focused** on securing shared value across stakeholders



## EAR TO THE GROUND

### Households, Income and Our Complicated Lives

This year, my team has conducted an unusually high number of household interviews and surveys, causing us to reflect on converging trends in the Global South and North relating to multiple income sources. The rate of households relying on two or more sources of income seems to be growing in both developed and developing markets. Our work suggests that the household cash-flow trends and behaviors of a farmer in rural Peru - who augments his income during slow times as a day laborer and whose wife cleans houses in the nearest town - look a lot like an increasingly familiar story line in the US. For example, a public school teacher in the suburbs of Washington, DC, may drive an Uber in the evenings and live with his retired parents, one of whom works part-time at the local mall. The families in both countries have multiple income sources. Some of these sources provide a low and steady flow of cash to pay most of the bills, while other sources provide mild spikes that can cover additional expenses. Rarely is the total sufficient to increase savings. In both cases, families have a sense of what they will earn from one month to the next, but aren't sure. For both families, an income shock is damaging but not devastating. Both rely roughly equally on skilled and unskilled labor. And both have a thin government safety net to fall back on.

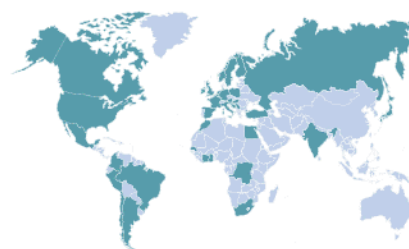
Over the last few decades of global prosperity, inequality among countries has decreased, but this is not always true within countries. In the US, the poorest families obtained no real income growth from 1980 to 2014, while the ultra-rich enjoyed annual growth averaging about 6 percent. In the developing world, income inequality has been stubborn, but it has declined since the 1980s. According to [Lopez-Calva & Lustig \(2010\)](#), Latin America's fall in income inequality has occurred in places with wide differences in political ideologies and economic performance. As for the factors causing this declining inequality, they cite an increase in government transfers to the poor and a decrease in the earnings gap between high-skill and low-skill workers. One factor behind the earnings gap, note Lopez-Calva and Lustig, is that higher rates of government

investment in education are resulting in a larger pool of skilled graduates than the private sector can absorb.

For financial institutions with a social mission, these trends suggest opportunities to expand services to better serve local economies. Unpredictable household incomes will always create demand for products that smooth cash flows, whether these be loans, savings or insurance products. But financial institutions should also be capitalizing on the growing cadre of workers who can find only low-paid jobs, despite being more educated and technologically connected than their parents. Members of this underutilized labor force can become more active participants in their countries' growth and development, and financial institutions are poised to succeed alongside them by supporting entrepreneurial initiatives and cooperative economic groups. Financial institutions can also offer more creative wealth-building products to make businesses more resilient and simultaneously tackle wealth inequality.

Over the past half century, the promise of better formal jobs made independent work less desirable, but increasing deregulation, globalization and multiple financial crises have led to fundamental changes in the structure of economies both in the North and the South. Formal jobs are more scarce and less financially attractive for all but the elite in many countries. Financial institutions have a role to play in supporting independent economic activity as a strategy toward better work and wealth building. If no one steps in, however, I fear that those at the bottom will continue to be left patching together multiple jobs to keep their families - in the South - from losing hard-fought gains or - in the North - from losing even more ground.

*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](#).*



IMAP, with partner firms present in nearly 40 countries and a total of more than 500 M&A professionals, is the World's largest M&A partnership.

Verdant Capital and its partner in Morocco are the IMAP partners firms in Africa.

IMAP  
Leading global  
M&A partnership



Pan-African expertise | Global reach  
Johannesburg | Ebene | Accra | Kinshasa | [www.verdant-cap.com](http://www.verdant-cap.com)

## MICROCAPITAL MARKET INDICATORS MIDDLE EAST & NORTH AFRICA

POWERED BY

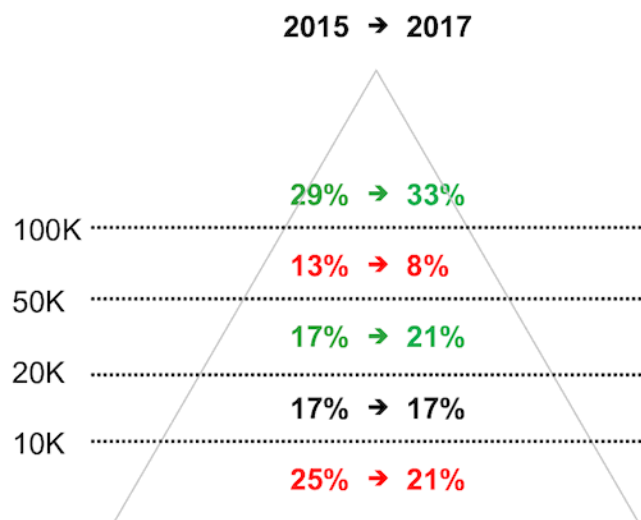


21 MICROFINANCE INSTITUTIONS (MFIs) REPORTING\*

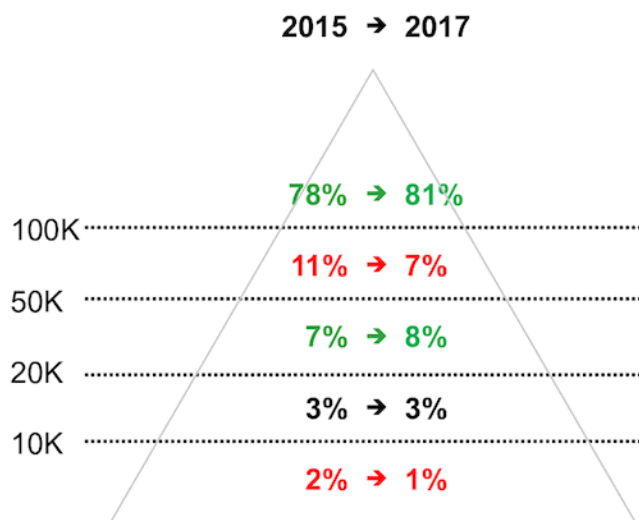
### TOP MFIs BY GROWTH IN GROSS LOAN PORTFOLIO: CHANGE IN USD

MFI NAME	COUNTRY	AVERAGE ANNUAL USD INCREASE	AVERAGE ANNUAL % INCREASE	2015	2017
Enda Tamweel	Tunisia	24,664,433	16%	146,383,504	195,712,370
Al Amana	Morocco	21,115,859	9%	226,833,089	269,064,807
Faten	Palestine	19,592,218	21%	82,680,670	121,865,106
Al Majmoua	Lebanon	10,788,186	19%	50,494,119	72,070,490
Tamweelcom	Jordan	7,166,469	14%	48,024,976	62,357,914
Microfund for Women	Jordan	3,690,956	5%	67,830,296	75,212,208
Al Tadamun	Egypt	2,335,013	21%	9,952,948	14,622,974
Izdiharona for Economic Development	Iraq	2,065,924	16%	12,359,373	16,491,220
Arab Center for Agricultural Development	Palestine	1,735,112	17%	9,592,730	13,062,953
Al Karama	Morocco	1,653,062	25%	5,869,299	9,175,422

### 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 2015 and 2017 to the Microfinance Information Exchange (MIX) Market

Source: MIX, September 2018



# 40+ years of investing in microfinance



Oikocredit is a worldwide cooperative and a pioneer in investing in microfinance. As a social investor, we provide loans, equity investments and capacity building support to organizations that are active in financial inclusion, agriculture and renewable energy.

If you are interested in our financial services, please contact a local Oikocredit representative who will draw up a customized offer aimed at establishing a long-term business relationship.

Contact us at:  
[oikocredit.coop/funding](https://oikocredit.coop/funding)



INVESTING IN  
OVER 700 PARTNERS IN  
AROUND 70 COUNTRIES



NEARLY € 1 BILLION  
CAPITAL OUTSTANDING



43 YEARS OF  
EXPERIENCE

**A compelling value proposition is essential to increasing customer uptake.**

Fern's powerful and flexible product design features enable inclusive financial institutions the ability to tailor customer-centric products that address pain points and support customers in their daily lives.

#### TOTAL BANKING SOLUTIONS

Microfinance | Credit Unions | Enterprise Investment & Development | SME Loans | Development Banks | CDFIs / CFDCs | Housing Finance | Loans | Deposits | MIS | CRM | Risk Management | Business Intelligence | SEPA Compliant | Online Payments | Web Processing | Touch Screen Technology | Mobile | Tablets | Online Dashboards |



[www.fernsoftware.com](http://www.fernsoftware.com)

## UPCOMING EVENTS

### SEEP Annual Conference

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

Day 1 of this event is reserved for members of the SEEP Network, a US-based NGO. Sessions on Days 2 and 3 will address topics such as Preparing for the Future of Food; Building Resilience to Protracted Crises, Disasters and Conflicts; Unleashing the Power of Women and Girls; and Getting and Using the Right Kind of Evidence. The fee to attend is USD 1,100, with a rate of USD 840 available to SEEP members. For more information, you may call +1 202 534 1400, visit <https://seepnetwork.org/Annual-Conference-2018> or email [annualconference\[at\]seepnetwork.org](mailto:annualconference[at]seepnetwork.org).

### 9th Annual Responsible Finance Forum

October 2, 2018; Dar es Salaam, Tanzania

This forum will cover opportunities for growth as well as risks of abuse relating to digital financial services in Africa. Participants will learn about technology solutions and other models for accelerating investment, “responsible” innovation and inclusive growth. There is no fee to attend. For more details, you may contact Kira Krown at +255 764 701 234 or [kkrown\[at\]jfc.org](mailto:kkrown[at]jfc.org), or you may visit <https://responsiblefinanceforum.org/event/responsible-finance-forum-ix-africas-evolving-digital-economies/>.

### 2018 Partnership for Financial Inclusion Knowledge Event

October 3 - October 4, 2018; Dar es Salaam, Tanzania

This invitation-only conference will cover “the business case for digital financial services, innovations in digitizing value chains, e-commerce and fintech platforms, and understanding the impact of digital financial services on the end user.” More details are available from Lesley Denyes via [awangalachi\[at\]worldbank.org](mailto:awangalachi[at]worldbank.org) or +1 202 473 1000, or you may visit <http://www.event.com/events/2018-partnership-knowledge-event/event-summary-412ae723b4164e0095b5f5884ffcd5e.aspx>.

### Microfinance Centre-European Microfinance Network Conference

October 3 - October 5, 2018; Bilbao, Spain

This event is themed “People and the Digital Revolution: Advancing Our Social Mission through Technology.” Topics will include how to use big data, alternative risk management tools, crowdfunding, social performance, working with migrants, cooperation with traditional financial institutions, measuring client financial health and new EU support for microfinance. The fee to attend is EUR 700. For details, you may refer to <https://mfc-emn-conference2018.com>, call +48 22 622 34 65 or email [info\[at\]mfc-emn-conference2018.com](mailto:info[at]mfc-emn-conference2018.com).

### GSG Impact Summit 2018

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

The goal of this conference is to consider how to create “impact economies” as part of “a unified vision for the development of impact investing ecosystems across the world.” The participant list includes Ratan N Tata, the former CEO of Tata Group, and Sir Ronald Cohen, the Chairman of the Global Steering Group for Impact Investment and the founder of Apax Capital. The fee to attend is GBP 300. More details are available via <http://gsgii.org/summit/>, [gsgconciierge\[at\]gsgii.org](mailto:gsgconciierge[at]gsgii.org) or +91 124 6769100.

### Opportunity Collaboration

October 14 - October 19, 2018; Cancun, Mexico

This event offers networking and problem-solving opportunities for those “dedicated to building sustainable solutions to poverty and injustice.” Session types include Conversations for Change, Capacity-Building Clinics and mealtime “Cluster-Forks.” The registration fees are USD 4,950 including a private hotel room or USD 2,950 to share a suite. For additional information, you may contact Tracie Hudgens at [tracie\[at\]ocimpact.com](mailto:tracie[at]ocimpact.com) or +1 602 647 9121, or you may visit <https://www.ocimpact.com/oc-global/>.

### Remittance Africa 2018

October 23 - October 24, 2018; Lagos, Nigeria

This event will address topics such as regulation, cryptocurrency, and the relationships between remittances and various forms of financial inclusion. The fee to attend is USD 250 for foreign attendees and NGN 40,000 for those from Nigeria. For more details, you may contact West Ehkator at [kwest\[at\]mobilemoneyafrica.com](mailto:kwest[at]mobilemoneyafrica.com) or +234 803 0818 868, or you may visit <http://www.remittanceafrica.com/conference>.

### Foromic - Reinventing Inclusion

October 29 - October 31, 2018; Barranquilla, Colombia

Organized by the Inter-American Development Bank Group and the government of Colombia, this year’s Foromic will include the presentation of a tool offering country-level data on wage growth and unemployment. Conference sessions will cover financial technology, regulation, broadband internet, agricultural technology, “intelligent transportation systems” and skills development. Registration costs USD 600. For additional information, you may call +1 202 623 1000, visit <http://www.fomin-events.com/foromic/2018/web/index-en.php> or email [foromic\[at\]iadl.org](mailto:foromic[at]iadl.org).

### MORE DETAILS COMING SOON ON:

#### GIIN Investor Forum

October 30 - October 31, 2018; Paris, France

#### Global SME Finance Forum and Awards 2018

November 5 - November 7, 2018; Madrid, Spain

#### Sanabel Annual Conference

November 6 - November 7, 2018; Amman, Jordan

#### 14th International Microinsurance Conference

November 6 - November 8, 2018; Lusaka, Zambia

#### Making Finance Work for Women

November 7, 2018; New York, USA

#### Africa Early Stage Investor Summit

November 11 - November 12, 2018; Cape Town, South Africa

#### European Microfinance Week

November 14 - November 16, 2018; Luxembourg

#### Financial Inclusion in a Digital Economy

November 23 - November 24, 2018; Amritsar, India

#### 8th Global Islamic Microfinance Forum

November 25 - November 26, 2018; Dubai, United Arab Emirates

#### UN Environment Finance Initiative Global Roundtable

November 26 - November 28, 2018; Paris, France

#### Mondato Summit Asia 2018

November 27 - November 28, 2018; Jakarta, Indonesia

#### 10th Biennial Microfinance Conference

November 28 - December 1, 2018; Mekelle, Ethiopia

#### Inclusive Finance India Summit

December 11 - December 12, 2018; New Delhi, India

#### Sankalp Africa Summit

February 21 - February 22, 2019; Nairobi, Kenya

#### AFSIC Investing in Africa

May 8 - May 10, 2019; London, UK

#### Financial Inclusion Summit - South Africa

May 28 - May 29, 2019; Johannesburg, South Africa 



## PAPER WRAP-UPS

### The Rise and Fall of Global Microcredit - Development, Debt and Disillusion

*Edited by Milford Bateman, Stephanie Blankenburg and Richard Kozul-Wright; published by Routledge; September 2018; 290 pages; available for purchase at <https://www.routledge.com/The-Rise-and-Fall-of-Global-Microcredit-Development-debt-and-disillusion/Bateman-Blankenburg-Kozul-Wright/p/book/9781138714120>*

The authors of this book discuss the history, concepts and adverse impacts of microfinance as it has been deployed in the Global South since the 1980s. Contrary to the intent of most practitioners and regulators involved with microcredit to enable low-income people to benefit from entrepreneurship, the authors present cautionary evidence from nine countries. These case studies link microcredit to problems such as: (1) rising levels of debt among low-income borrowers; (2) the emergence of economic recessions; and (3) transferring wealth and power away from poor people. Despite these criticisms, the authors argue that financial inclusion is important, and they suggest continued work to increase the sustainability of development interventions.

## SUBSCRIBE TO THE MICROCAPITAL MONITOR

*The MicroCapital Monitor is available only by paid subscription. Subscribe today to support a representative voice for impact investors and investees at [MicroCapital.org](http://MicroCapital.org) or by calling +1 617 648 0043. Subscriptions include 12 monthly issues and access to all back issues.*

Bronze: USD 149 per year - Sent to one email address  
Silver: USD 299 per year - Emailed to three people at one organization  
Gold: USD 699 per year - Customized, organization-wide access  
Discount: USD 99 per year - Available only OUTSIDE rich countries


### Building Inclusive Payment Ecosystems in Tanzania and Ghana

*By Max Mattern and Claudia McKay, published by CGAP (the Consultative Group to Assist the Poor), June 2018, 35 pages, available at: <http://www.cgap.org/sites/default/files/Focus-Note-Building-Inclusive-Payment-Ecosystems-June-2018.pdf>*

This report describes how the usage of mobile money in Ghana grew slowly until 2011, when regulators first allowed non-banking organizations to enter the sector. Subsequently, the portion of people in Ghana using mobile money grew from 13 percent in 2014 to 39 percent in 2017.

### Capital Structure and CEO Tenure in Microfinance Institutions

*By Leif Atle Beisland, Roy Mersland and Daudi Pascal Ndaki; published on ResearchGate; July 2018; 26 pages; available at [https://www.researchgate.net/publication/327229255\\_Capital\\_structure\\_and\\_CEO\\_tenure\\_in\\_microfinance\\_institutions](https://www.researchgate.net/publication/327229255_Capital_structure_and_CEO_tenure_in_microfinance_institutions)*

The authors find a positive relationship between microfinance institutions' (MFIs') debt financing and CEO tenure, possibly due to the better ability of long-time CEOs to establish "a personal trust relationship" with investors. The researchers also propose that some standard theories of management may be invalid in the context of MFIs. 



## Vision Microfinance: Social Impact Investing

Vision Microfinance is an appeal to combat poverty in a meaningful and sustainable way. So far 1.21 billion USD have been distributed in the form of 912 loans to 259 microfinance institutions in 60 countries. Thanks to our investors, the lives of over 1 m people in developing countries have been transformed.

Vision Microfinance allows private and institutional investors to participate in the „fast-growing“ microfinance industry. Investors benefit from the extensive asset management expertise of C-QUADRAT Asset Management, which works in close partnership with microfinance specialist Symbiotics, a market research expert in sustainable investments. This unique cooperation of fund manager and research team yields innovative microfinance solutions: **Vision Microfinance.**

[www.visionmicrofinance.com](http://www.visionmicrofinance.com)



C-QUADRAT Asset Management GmbH, Schottenfeldgasse 20, 1070 Vienna | Phone: +43 1 515 66-0 | [www.c-quadrat.com](http://www.c-quadrat.com)