

## MICROCAPITAL BRIEFS | TOP STORIES

### Grupo ACP, Mibanco Seek \$145m to Expand in Latin America

Grupo ACP of Peru recently listed USD 85 million in 10-year bonds on the Luxembourg Stock Exchange to support the expansion of its holdings: Peruvian microfinance institution (MFI) Mibanco, Mexican MFI Forjadores, the recently launched MFI CEAPE-MA of Brazil, Peruvian microinsurance provider Protecta and real estate firm Vivencia. Mibanco is also seeking a syndicated loan equivalent to USD 60 million from the International Finance Corporation, the private-investment arm of the World Bank Group, of which an undisclosed portion would be denominated in local currency. Mibanco reports total assets of USD 1.59 billion, a gross loan portfolio of USD 1.3 billion, 414,000 borrowers, a return on assets of 7.28 percent and a return on equity of 84 percent. Grupo ACP report total assets of USD 1.1 billion as of 2009. April 5, 2011

### SKS Sells \$135m in Loans, but ADB Won't Back Loans in Andhra Pradesh

SKS Microfinance, an Indian for-profit microfinance institution (MFI), recently announced the sale of securitized loans worth the equivalent of USD 135 million to unnamed buyers in a move to increase liquidity amidst a funding shortage that is one part of the turmoil in the microfinance industry in the Indian state of Andhra Pradesh. SKS reports total assets of USD 1.2 billion, a gross loan portfolio of USD 1.2 billion, approximately 6.6 million borrowers, return on assets of 6.3 percent and return on equity of 22.4 percent. Meanwhile, the Asian Development Bank (ADB) reportedly will not back MFIs in the Indian state of Andhra Pradesh as part of its USD 250 million risk-participation facility that was announced in the January issue of this newspaper. Hasib Ahmed, the principal investment officer for private sector capital markets for ADB, cited a lack of "clarity on the financial and regulatory environment" in Andhra Pradesh. Separately, unnamed sources were cited by India's *Business Standard* newspaper as indicating that the ADB facility had earmarked USD 75 million of its funds to back lending in India and elsewhere in Asia by Standard Chartered, an international bank based in the United Kingdom. March 28 and April 7, 2011

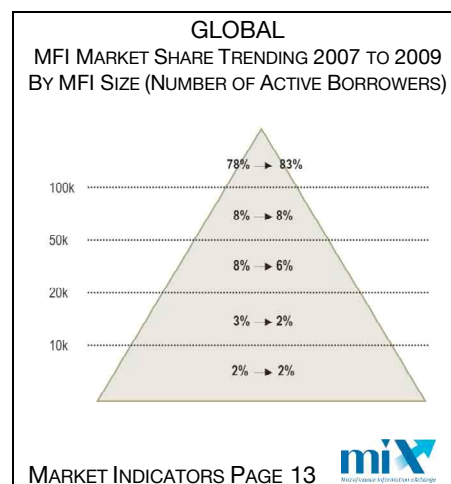
### BlueOrchard Private Equity Completes First Distribution of \$7.5m

BlueOrchard Private Equity (BOPE) Fund, an investment vehicle of Swiss microfinance intermediary BlueOrchard, has announced its first distribution to investors. The USD 7.5 million distribution comes three years after the fund's first close and includes proceeds from a partial exit from an indirect shareholding in TenGer Financial Group, the owner of Mongolian microfinance institution XacBank. BOPE Fund retains a direct shareholding in TenGer, which reports total assets equivalent to USD 256 million. With USD 195 million in investor commitments, BOPE Fund is still in its investment period, with 12 investments in microfinance institutions and funds completed to date. April 4, 2011

### Mexico's Compartamos to Acquire 82% of Peru's Crear for \$63m

Compartamos Banco, a Mexican microfinance institution (MFI), has announced plans to acquire an 82-percent stake in Peruvian MFI Financiera Creditos Arequipa SA (Crear) for USD 63 million with the closing scheduled in June. The acquisition begins Compartamos's international expansion, the planning stages of which have been covered in several MicroCapital stories over the past year. Compartamos reports a loan portfolio equivalent to USD 803 million, and Crear reports a loan portfolio of USD 130 million, 87,000 customers and 24 branches. March 29, 2011

INSIDE	Page
<b>MicroCapital Briefs</b>	<b>2</b>
Microfinance news	
<b>Field Notes</b>	<b>12</b>
Responses to "Sex, Money..."	
<b>Market Indicators</b>	<b>13</b>
Courtesy of MIX	
<b>Upcoming Events</b>	<b>14</b>
Industry conferences	
<b>Paper Wrap-ups</b>	<b>15</b>
Latest research and reports	
<b>Subscribe to the Monitor</b>	<b>18</b>



## MICROCAPITAL BRIEFS

### BRAC Receives \$25m to “Multiply” Microfinance in Uganda

The MasterCard Foundation of Canada recently committed an additional USD 25 million to BRAC, a microfinance institution formerly known as the Bangladesh Rural Advancement Committee, to open 40 new branches of BRAC’s “microfinance multiplied” program in Uganda, which offers microloans, training and technical support mainly to women that raise animals. The program also assists adolescent girls in furthering their vocational and life-skills training. As of 2009, BRAC reported disbursements of USD 535 million, and BRAC Uganda reported total assets of USD 25.8 million. April 14, 2011

### MicroCred Group Reports 2010 Financial Results, 2011 Plans

MicroCred Group, a unit of French NGO PlaNet Finance, has released its 2010 results, which include a total balance sheet increase of 75 percent and outstanding loan portfolio growth of 73 percent to the equivalent of USD 62 million. MicroCred also reached USD 18.3 million in deposits and 60,870 savings clients. AXA Belgium, a Belgian asset management company, and funds managed by US-based asset management company Developing World Markets, including SNS Institutional Microfinance Fund, invested a total of USD 10.2 million in MicroCred. For the year, MicroCred reported net income of USD 1.5 million. During 2011, MicroCred plans to continue developing its network in Africa and to open its second institution in China, MicroCred Sichuan. April 14, 2011

### Goodwell to Expand Into SME Finance, Health, Renewable Energy

Goodwell Investments, a Dutch business development company, has announced that it will expand its impact investing services to include small and medium-sized enterprise finance, water and sanitation, health care and renewable energy. As of 2009, Goodwell had USD 25 million in fund assets, all allocated to microfinance. April 13, 2011

### Kenya’s SMEP to Transform into Commercial Bank

The National Council of Churches of Kenya, which owns the Small and Micro Enterprise Programme (SMEP), has announced plans to sell 75 percent of the microbank over the next four years so it may convert into a commercial bank. In 2009, SMEP reported assets of USD 17.5 million and return on assets of 1.01 percent. April 12, 2011

## CORRECTION

In the March issue of this newspaper, the investors involved in two transactions with MicroCred were incorrectly identified. The investment in MicroCred Holding was placed by AXA Belgium, a Belgian asset management company, and funds managed by US-based asset management company Developing World Markets (DWM), including SNS Institutional Microfinance Fund, which was founded by DWM and SNS Asset Management of the Netherlands. The investment in MicroCred China was placed by MicroCred Holding, Germany’s KfW Bankengruppe and the International Finance Corporation.

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### BlueOrchard Loans \$8m to FINCA, MFIs in Tajikistan, Sri Lanka

BlueOrchard Finance SA, a subsidiary of Swiss microfinance intermediary BlueOrchard, recently made three loans from the Dexia Microcredit Fund: USD 5 million to FINCA International, a US-based microfinance network reporting total assets of USD 467 million and operations in 21 countries; USD 1 million to AccessBank Tajikistan, which has not reported results since commencing operations in 2010; and USD 2 million to LOLC Micro Credit Limited, the microfinance arm of Lanka ORIX Leasing Company (LOLC). LOLC reports assets equivalent to USD 674 million, a loan portfolio of USD 159 million and return on equity of 19 percent. April 3 and April 12, 2011

### TransferTo Ties Up with Vodafone Fiji, Bharti Airtel Lanka

TransferTo, a Singapore-based company that operates a global airtime transfer network, has signed agreements with three telecommunication providers in the Asia-Pacific region to allow people to send wireless phone credit to and from more countries. Vodafone Fiji, which is minority-owned by UK-based Vodafone, will offer a service whereby those in other countries can “top-up” between USD 1 and USD 100 in credit for prepaid subscribers in Fiji. Bharti Airtel Lanka and TransferTo launched a similar service in Sri Lanka. In South Korea, LG U+ and TransferTo are launching “Talk-time Transfer,” through which LG U+ clients will be able to transfer value from calling cards to prepaid mobile phone accounts abroad. April 12, 2011

### Philippine Microlenders to Start Own Credit Bureau

The nonprofit Bankers Association of the Philippines has revealed plans to launch a credit bureau exclusively for microfinance institutions (MFIs) in June. In the meantime, MFIs can still access credit reports through a database used primarily by commercial banks, as was announced in the February issue of this newspaper. The advantages of switching to the MFI-only system have not been enumerated. April 12, 2011

### Tutunska Banka of Macedonia to Support SME Trade Finance

The International Finance Corporation, the private-investment arm of the World Bank Group, has announced that Tutunska Banka of the Former Yugoslav Republic of Macedonia joined its Global Trade Finance Program, which guarantees the trade-related payment obligations of approved institutions. By joining the program, Tutunska Banka is reportedly looking to meet the trade finance demands of the country’s small and medium-sized enterprises. For 2009, Tutunska Banka reported total assets equivalent to USD 1.3 billion. April 12, 2011

### Kenya Looks to Bring MFIs, SACCOs into Credit Bureau

The Central Bank of Kenya (CBK) recently announced plans to connect deposit-taking microfinance institutions and savings and credit cooperatives with the credit reporting system that commercial banks have been required to use since 2008. CBK Governor Njuguna Ndung’u proposes that “the merging of credit information from these various players will provide for a stronger credit market that will improve the pool of credit borrowers, decrease defaults, reduce credit costs and ultimately result in a stable financial sector.” April 12, 2011

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*MicroCapital would like to recognize the individuals at CGAP, the Microfinance Information Exchange and the Microfinance Gateway for their outstanding work disseminating information on microfinance. Thank you!*

### **SPECIAL REPORT: Principles for Investors in Inclusive Finance**

The Principles for Investors in Inclusive Finance (PIIF) initiative has been created within the UN's Principles for Responsible Investment (PRI), a set of principles devised in 2005 to encourage investors to incorporate environmental, social and corporate governance (ESG) issues into their investment strategies. PIIF provides a framework for responsible investment focusing on providing access to finance to poor and vulnerable populations. Please refer to <http://microcapital.org> for lists of the seven principles of PIIF and its charter signatories.

The initiative endeavors to achieve compliance with industry standards such as CGAP's (Consultative Group to Assist the Poor's) microfinance investment vehicle disclosure guidelines and the Global Impact Investing Network's Impact Reporting and Investment Standards. Marilou van Golstein Brouwers of Triodos Investment Management BV, who heads PIIF's interim steering committee, recently told MicroCapital, "The idea is not to reinvent the wheel, but to build on what is already happening and to bring that into PIIF."

PRI is looking to create a permanent steering committee and hire a full-time manager for PIIF by July 2011. The signatories of PIIF will be expected to report on each element of PIIF on an annual basis, once these elements are finalized by the steering committee. Ms van Golstein Brouwers said, "We don't see this as hard ticking boxes across the seven principles of PIIF, we see this as a living document and work stream, where we will work with the investors and share with other investors on how we are working with these principles."

The interim steering committee and Her Royal Highness Princess Máxima, the United Nations Secretary General's Special Advocate for Inclusive Finance for Development, are using various forums to involve more investors in the initiative, with a focus on increasing the representation of pension funds. Ms van Golstein Brouwers explains that, "What we hear from pension funds is that...they are worried about increasing reputational risk. These principles provide a framework to help them in their discussions with fund managers to address this risk."

### **McDonald's Proposed as Model of Efficiency for Microfinance**

British newspaper *The Guardian* has released a podcast of a discussion on whether microfinance helps reduce poverty. In it, Ajaz Khan, microfinance advisor for Swiss nonprofit Care International, suggests that instead of considering "whether microfinance works," the real issue is "what type of microfinance is best for particular types of poor people." Referring to the US-based fast food chain, Vikram Akula of India's SKS Microfinance proposes that "for microfinance to truly have an impact on the global war on poverty, it needs outside investment as well as the efficiency of the McDonald's model." April 12, 2011

### **Global Partnerships Loans \$2.3m in Nicaragua, Peru**

Global Partnerships (GP), a microfinance organization with offices in the US and Nicaragua, recently reported that its Social Investment Fund 2010 made a debt investment of USD 500,000 in Pro Mujer Nicaragua, a branch of Pro Mujer, an organization with total assets of USD 70.3 million and a mission of empowering women through access to financial services, business training and health services. The GP Microfinance Fund 2008 also renewed an existing USD 600,000 loan to Pro Mujer Nicaragua, which reports total assets of USD 6.5 million, a gross loan portfolio (GLP) of USD 3.7 million and 18,200 active borrowers. In Peru, the GP Microfinance Fund 2008 converted an existing USD 1.25 million loan into local currency for Edpyme Credivision, an MFI that reports assets of USD 13.5 million, GLP of USD 9.5 million and 12,200 active borrowers. April 11, 2011

### **Global Partnerships Loans \$1m in Mexico, El Salvador**

Microfinance investor Global Partnerships recently reported to MicroCapital that it made loans of USD 500,000 through its Social Investment Fund 2010 to Cafe y Desarrollo of Mexico, on which financial details are not available, and Enlace of El Salvador, which reports total assets of USD 7.1 million, a gross loan portfolio of USD 6.6 million, return on assets of 2.33 percent and return on equity of 4.58 percent. April 11, 2011

### **Sa-Dhan, BBVA Introduce "Codes" for India, Latin America**

Sa-Dhan, a microfinance network with 251 member organizations in India, has introduced a code of conduct in an effort to ensure borrowers are treated in an ethical way. Sa-Dhan's code of conduct also outlines the role of policy makers and the steps required for implementation including data collection and enforcement. Fundacion Microfinanzas BBVA, a nonprofit affiliated with Spanish multinational bank BBVA, similarly has released a "Universal Code for Corporate Governance" and "Guide to Adopting Good Governance Principles." Aimed at microlenders in Latin America, Fundacion Microfinanzas' code suggests that good corporate governance is fundamental to creating trust for investors. Both groups plan to schedule related workshops for microlender managers. April 5 and April 11, 2011

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### EFSE Loans \$21m to ProCredit Bank Bulgaria

The European Fund for Southeast Europe, a microfinance investment fund incorporated in Luxembourg, recently loaned USD 21.2 million to ProCredit Bank Bulgaria, which provides financing to micro-, small and medium-sized enterprises as a member of ProCredit Holding, which operates banks in 21 countries. ProCredit Bank Bulgaria reports assets of USD 771 million, 52,800 borrowers, return on assets of 1.34 percent and return on equity of 12.48 percent. April 8. 2011

### MIX Integrates CGAP Software Listings into Website

US-based nonprofit Microfinance Information Exchange (MIX) recently announced that it has added data to its MIX Market from CGAP (Consultative Group to Assist the Poor) listing the software providers used by microfinance institutions. The information can be accessed via the "Service Provider" tab at <http://mixmarket.org>, where technology providers may also post their profiles. April 8. 2011

### EBRD, DEG Subscribe to Bonds Issued by Azerbaijan's Unibank

Two European development finance institutions that are minority shareholders in Unibank have subscribed to convertible bonds issued by the Azerbaijani commercial bank, which reports assets of USD 465 million: the European Bank for Reconstruction and Development, which purchased USD 17.5 million in bonds, and Deutsche Investitions- und Entwicklungsgesellschaft, which has committed to purchasing bonds worth USD 7.5 million. The terms of the bonds have not been reported. Unibank CEO Faiq Huseynov said, "We are pleased that these funds will be channeled to the small and medium size enterprises in Azerbaijan." April 8. 2011

### Applications Open to Establish Mentor Network for Women

Through April 20, the European Commission, the executive body of the EU, is accepting applications for organizations to set up the "European Network of Mentors for Women Entrepreneurs." The project will involve establishing operations in at least 15 countries. April 8. 2011

### EBRD, IFC Push Lending Against Crop Receipts in Russia, Ukraine

The European Bank for Reconstruction and Development, a multilateral finance institution based in London, and the International Finance Corporation, the private-investment arm of the World Bank Group, are working together to promote lending to Russian and Ukrainian farmers by allowing them to use future harvests as collateral. The institutions intend to assist officials from both countries in studying Brazil's crop receipts programme, which was enacted in 1994 and reportedly has allowed for the development of annual business worth USD 20 billion. April 8. 2011

### \$30m USAID Effort in Nepal to Include Microfinance

In its effort to support private sector development in Nepal, the US Agency for International Development recently launched the USD 30 million Nepal Economic, Agriculture and Trade project. US Ambassador to Nepal Scott H DeLisi stated, "The project aims at improving the business environment, strengthening fiscal and trade policies, encouraging competitiveness and export, enhancing food security and increasing access to financial services...." The project also involves collaboration with government, business, cooperatives, research institutions, microfinance institutions and others. April 7. 2011

### MiCRO Created to Insure Microentrepreneurs in Haiti

A donor-capitalized insurance facility, Microinsurance Catastrophe Risk Organization (MiCRO), has been developed by a group of insurers, NGOs and others in an effort to offer natural disaster protection to Haiti's microentrepreneurs via microfinance institutions. The founding investors of MiCRO include US-based relief agency Mercy Corps and Haitian microfinance organization Fonkoze. April 7. 2011

### Global Partnerships Loans \$3m in Bolivia, Ecuador

Global Partnerships, a microfinance organization based in the US, recently reported to MicroCapital that it made the following debt investments from its Social Investment Fund 2010. Fundacion Sembrar Sartawi of Bolivia received a USD 1.5 million loan, and Fondo de Desarrollo Comunal (FONDECO) of Bolivia borrowed USD 500,000. Sartawi reports total assets of USD 4.3 million, a gross loan portfolio (GLP) of USD 3.5 million, return on assets (ROA) of -6.88 percent, return on equity (ROE) of -199 percent and 3,650 active borrowers as of 2009. FONDECO reports total assets of USD 12.5 million, GLP of USD 10 million, ROA of 2.31 percent and ROE of 8.31 percent. In Ecuador, Global Partnerships loaned USD 1 million to nonprofit Fundacion Espoir, which reports total assets of USD 22.6 million, GLP of USD 20.5 million and 43,300 borrowers. April 7. 2011

### AccessBank of Azerbaijan Borrowing \$20m from FMO, OeEB

AccessBank, a microbank based in Azerbaijan, has received the first tranche of USD 10 million as part of a USD 20 million syndicated loan funded by the Netherlands Development Finance Company (FMO), a Dutch public-private partnership, and Oesterreichische Entwicklungsbank AG (OeEB), the development bank of Austria. The three-year loan was organized by FMO and funded equally by both institutions. AccessBank General Manager Dr Andrew Pospislovsky said, "This is the first funding we have received from FMO and OeEB, and it will allow the bank to expand its financing of small business, especially in the agricultural sector...." AccessBank reports assets of USD 460 million, deposits of USD 150 million and 120,000 customers. April 6. 2011

### IFC Invests \$100m in Sagicor to Develop Caribbean Insurance

The International Finance Corporation (IFC), the private-investment arm of the World Bank Group, recently agreed to invest up to USD 100 million in Sagicor Financial Corporation of Barbados to develop the market for insurance products in the Caribbean. The investment will consist of USD 20 million of common shares, which is equivalent to a 4-percent stake in Sagicor, as well as up to USD 80 million in convertible and redeemable preferred stock. IFC reports that the investment is part of its effort to increase the availability of insurance to low-income individuals, small businesses, agribusinesses and microfinance institutions. Sagicor operates in 20 countries in the region. April 6. 2011

### Nigerian MFIs Criticized for Requiring Collateral, LAPO Cuts Rates

Most Nigerian microfinance institutions (MFIs) reportedly continue to demand requirements such as collateral, mandatory deposits and various fees from prospective borrowers. Olufemi Babajide, chairman of the Lagos chapter of the National Association of Microfinance Banks, argues that an MFI should not refuse to disburse a loan because a customer does not have collateral. Godwin Ehigiamusoe, chief executive officer and managing director of Lift Above Poverty Organisation (LAPO), reports that in conjunction with the MFI's recent endorsement of the client protection principles promoted by the US-based Smart Campaign LAPO has reduced monthly interest rates charged to its 195,000 clients from 3 percent to 2.5 percent and discontinued its loan application fees. Mr Ehigiamusoe added, "We have projected that by January next year; we [will] take it to two percent per month." April 5. 2011

### European Facility Funds Bulgaria's Mikrofond

The European Progress Microfinance Facility, which issues guarantees, loans and equity financing to microfinance institutions in the EU, has signed an agreement to supply Bulgarian microlender Mikrofond AD with an undisclosed amount of funding. Mikrofond reports having dispersed 9,000 loans equivalent to a total of USD 41.3 million via 10 branches. The facility, which is managed by the European Investment Fund, was established in 2010 with an initial budget of USD 282 million. April 5. 2011

### Profits Evaporate for Deposit-taking MFIs in Kenya

Faulu Kenya reported a loss equivalent to USD 63,400 in 2010 while Kenya Women Finance Trust (KWFT) reported a 53 percent decrease in profits to USD 3.8 million as a result of restructuring costs and increased regulatory expenses. Both microfinance institutions have received licenses to accept deposits since 2009. KWFT cited branch setup costs, system upgrades and an increase in staffing costs totaling USD 5.9 million during 2010. KWFT reports total assets of USD 195 million and return on assets (ROA) of 5.24 percent as of 2009 and USD 72.5 million in deposits as of 2010. For 2009, Faulu Kenya reported USD 56.8 million in total assets, ROA of -1.76 percent, and USD 26.3 million in deposits. April 5, 2011

### responsAbility Loans \$7.5m in Kosovo, Central Asia

Swiss responsAbility Social Investments recently reported to MicroCapital that the responsAbility Global Microfinance Fund (rAGMF) loaned USD 3 million to FINCA Kyrgyzstan and USD 1.1 million to Mol Bulak Finance. FINCA Kyrgyzstan reports loans outstanding of USD 50 million and operates as an affiliate of FINCA International, which reports total assets of USD 467 million. Mol Bulak reports USD 14.8 million in total assets. Mikrofinanz-Fonds, another fund managed by responsAbility, and rAGMF loaned a total of USD 2 million to Joint Stock Company Bank Constanta of Georgia, which reports total assets of USD 39 million. rAGMF also loaned USD 1 million to GafGaz Leasing, an Azerbaijani company on which financials are not available, and a local-currency loan equivalent to USD 412,000 to Beselidhja/Zavet Microfinance of Kosovo, which reports total assets of USD 6.9 million. April 5, 2011

### Smart Campaign Builds on Client Protection Principles

The nonprofit Smart Campaign has released proposed revisions to its “Client Protection Principles,” the campaign’s framework intended to help microfinance institutions adhere to ethical practices as well as releasing a guidance document intended to bridge the principles and practice. The revisions, which may be commented on through the end of April, address a fuller range of financial services and include a prohibition against discrimination. April 5, 2011

### Khandker, Zaman: Microfinance Cannot Eliminate Poverty

Shahid Khandker and Hassan Zaman, senior economists at the World Bank, recently conducted a literature review indicating that in Bangladesh: (1) the reduction in poverty is greater in areas where microfinance increased most rapidly; (2) microfinance accounts for a 1.6-percent reduction per year in the poverty level of microfinance clients; (3) microfinance programs have spillover effects on non-clients; and (4) noncredit interventions by microfinance institutions, such as those related to health and education, raise self-employment profits in rural Bangladesh by 125 percent. Despite these positives, the researchers conclude, “Microfinance is not a panacea and will clearly not eliminate all poverty in any country.” April 5, 2011

### Yunus Says Borrowers’ Control of Grameen Bank Is Key

In an email exchange with US-based newspaper *The Wall Street Journal*, Grameen Bank founder and Nobel Peace Prize winner Dr Muhammad Yunus responded to a request for his thoughts on efforts by the central bank of Bangladesh to remove him from his position at Grameen Bank by stating, “The real issue at stake is the right of the bank’s 8.3 million borrowers to control their own financial future....” In an open letter, Founder and CEO Alex Counts of the US-based, nonprofit Grameen Foundation argued that the removal of Dr Yunus “would risk destabilizing Grameen Bank...a calculated effort to weaken one of the country’s most important civil society and anti-poverty partners and tarnish one of its leading citizens is, in my judgment, self-defeating and contrary to the nation’s interests.” April 4, 2011

### Barclays to Link 60,000 Savers to Traditional Bank Accounts

Barclays, a London-based financial services provider, recently announced its commitment to the “Business Call to Action,” an initiative that supports the private sector in meeting the UN’s Millennium Development Goals, whereby Barclays has agreed to support approximately 60,000 current members of village savings and loan associations in Kenya, Ghana, Tanzania and Uganda by transitioning them into the use of standard bank accounts. Barclays’ pledge complements the bank’s commitment to the “Banking on Change” initiative that aims to expand access to village savings and loan associations in 11 poor countries. April 4, 2011

### Standard Chartered Loans \$6.9m to Tameer of Pakistan

The local subsidiary of UK-based Standard Chartered Bank has closed a two-year, local-currency loan equivalent to USD 6.95 million to Tameer Micro Finance Bank Limited, a licensed commercial bank that provides microfinance services in Pakistan. The transaction is supported by the State Bank of Pakistan’s Micro Finance Credit Guarantee Facility. Tameer CEO Nadeem Hussain stated, “One of the challenges facing this fast growing segment of the financial industry is long-term committed funding. I hope that this transaction will set a precedent for other commercial banks to increase their exposure to eligible borrowers in the industry.” As of 2008, Tameer reported total assets of USD 29.1 million and 43,000 active borrowers. April 1, 2011

### Funding Crunch Persists in Andhra Pradesh, \$27m Overdue to SKS

London-based news agency Reuters recently reported that since the turmoil in the microfinance sector in the Indian state of Andhra Pradesh, which began in late 2010, funding remains an issue for microlenders. Continued caution on the part of domestic lenders to microfinance institutions reportedly is further deterring foreign investors. While India’s SKS Microfinance continues to raise funds (as reported on page 1 of this issue), the for-profit microlender has overdue microloans on its books equivalent to USD 27 million, with Andhra Pradesh accounting for 25 percent of this amount. CEO M R Rao of SKS, which reports assets of USD 1.2 billion, reportedly said that his firm is looking to rebalance its exposure to approximately 10 percent per state, as repayment rates outside Andhra Pradesh remain high. April 1, 2011

### Incofin Loans \$3.5m to Forus Bank of Russia, CIDRE of Bolivia

Belgium’s Incofin Investment Management recently loaned the ruble-equivalent of USD 2 million from its Impulse Fund to Forus Bank, a Russian bank that provides credit to micro- and small enterprises. Forus reports total assets of USD 39 million, a gross loan portfolio (GLP) of USD 33 million, 9,900 borrowers, return on assets (ROA) of -11.2 percent and return on equity (ROE) of -85.6 percent. The Rural Impulse Fund II, which is also managed by Incofin, loaned USD 1.5 million to Centro de Investigación y Desarrollo Regional, a Bolivian agricultural development NGO that reports total assets of USD 15.9 million, a GLP of USD 11.5 million, 2,800 borrowers, ROA of 3.9 percent and ROE of 12.9 percent. April 1, 2011

### EFSE Loans \$9.8m to Romania’s Patria Credit

The European Fund for Southeast Europe (EFSE), a microfinance investment fund incorporated in Luxembourg, recently loaned the equivalent of USD 9.86 million to Romanian microfinance institution Patria Credit for on-lending to rural micro- and small enterprises. Forty-three percent of the loan is denominated in local currency. Patria Credit reports total assets of USD 54 million, a gross loan portfolio of USD 46 million, 7,800 borrowers, return on assets of -2.4 percent and return on equity of -7.4 percent. Managed by Oppenheim Asset Management Services and advised by Finance in Motion, EFSE reports 58 active microfinance investments and fund assets totaling USD 830 million as of 2009. April 1, 2011





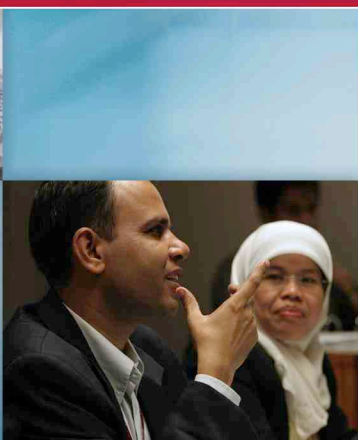
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### **Reserve Bank of Fiji to Take “Expos” to Outlying Islands**

The Reserve Bank of Fiji, the nation's central banking authority, has announced plans to take a microfinance road show to the country's outlying islands to promote greater financial inclusion. April 1, 2011

### **FMO Syndicates \$150m Loan to Sacombank for Vietnam's SMEs**

The Netherlands Development Finance Company (FMO), a Dutch public-private partnership, recently arranged a 10-year, subordinated, syndicated loan facility worth USD 150 million for Sacombank, a Vietnamese commercial bank. Funders include FMO and four other European development banks: Norwegian Investment Fund for Developing Countries, Germany's Deutsche Investitions-und Entwicklungsgesellschaft, Belgian Investment Company for Developing Countries (BIO) and Proparco of France. The funding will be directed to retail customers and small and medium-sized enterprises. Additionally, the lenders will advise Sacombank in the areas of corporate governance and social and environmental risk management. Sacombank reports total assets equivalent to USD 7.2 billion. April 1, 2011

### **Reserve Bank of India to Ratify Malegam Recommendations**

On April 1, the Reserve Bank of India was expected to ratify some of the recommendations put forth by the Malegam Committee, headed by central bank director Y H Malegam, such as caps on annual interest rates at 24 percent, loan sizes at the equivalent of USD 555 per person and the number of loans per individual at two. April 1, 2011

### **IFC Loans \$20m to Armenia's ACBA-Credit Agricole for MSMEs**

The International Finance Corporation (IFC), the private-investment arm of the World Bank Group, has loaned USD 20 million to Agricultural Cooperative Bank of Armenia-Credit Agricole Bank (ACBA-CAB) to increase lending to micro-, small and medium-sized agribusinesses. According to IFC Regional Head Thomas Lubeck, “The agriculture sector...has been negatively affected by the financial crisis and by adverse weather conditions last year. Our cooperation with this strategic agribusiness lender will enable us to...improve access to finance and sustain jobs.” As of 2009, ACBA-CAB reports USD 425 million in assets, a loan portfolio of USD 223 million, return on assets of 2.83 percent and return on equity of 13 percent. March 31, 2011

### **IFC Advises American Life of Brazil on Microinsurance**

The World Bank Group's International Finance Corporation has agreed to provide business planning and product development advisory services to American Life, a Brazilian insurance company, in support of a life insurance product to be targeted at Brazilian families that earn up to the equivalent of USD 800 per month. March 31, 2011

### **IFC Loans \$5m to Nepal's Laxmi Bank for Trade, Small Businesses**

The International Finance Corporation (IFC) recently announced that it extended a USD 5 million trade facility to Laxmi Bank, a Nepalese commercial bank, to support the development of small businesses in Nepal through international trade. Laxmi will also join IFC's Global Trade Finance Program, which guarantees the trade-related payment obligations of participating institutions. Additionally, IFC will provide risk management advisory support to Laxmi, which reported total revenue equivalent to USD 17 million and an operating profit of USD 4.7 million for 2009. March 30, 2011

### **Philippines Sets Guidelines for Offering Microinsurance**

The central bank of the Philippines recently set requirements for financial institutions to offer microinsurance. Specifically, staff acting as insurance agents must complete training and pass an exam, and institutions must acquire authorization to operate from the Philippines' Insurance Commission. March 30, 2011

### **ASK, Habitat for Humanity Launch MicroBuild India Fund**

Habitat for Humanity, a US-based Christian nonprofit involved in building homes for poor people, and ASK Group, an Indian financial services group, recently launched the MicroBuild India Fund to help low-income individuals fund home improvement activities. Habitat for Humanity will invest USD 3.85 million in the fund while ASK will invest USD 1.89 million over a three-year period. The MicroBuild Fund will lend to microlenders, which will offer home-improvement loans in amounts approximately equivalent of USD 1,000. March 30, 2011

### **IFC Takes 15% Equity Stake in Housing Bank in Burkina Faso**

The World Bank Group's International Finance Corporation (IFC) recently signed an agreement with Banque de L'Habitat du Burkina Faso (BHHF) through which IFC will purchase a 15-percent stake in BHHF for USD 600,000 to support housing finance. IFC will purchase the stake from the government of Burkina Faso, which holds a 40-percent stake in the bank in advance of the transaction. In addition, IFC will provide advisory services related to risk management and property finance. Financial data on BHHF are not available. March 29, 2011

### **EB-ACCION of Cameroon Aims to Serve 70k Savers in 5 Years**

Cameroon's EB-ACCION Microfinance, the launch of which was announced in the May 2010 issue of this newspaper, has announced plans to open 71,000 savings accounts, accumulate deposits of USD 30.8 million and build a loan portfolio of USD 32 million serving 28,400 borrowers in its first five years of operation. EB-ACCION Microfinance is a partnership between ACCION International, a US-based nonprofit with operations in approximately 20 countries, and Ecobank Transnational Incorporated, an African bank with a network of approximately 500 branches in 27 countries. March 29, 2011

### **India's ICICI Lombard to Expand Agricultural Microinsurance**

ICICI Lombard, a private Indian insurer, recently announced plans to expand its microinsurance product line and the geographic reach of its agriculture microinsurance business. ICICI Lombard, which also offers health microinsurance, has offered weather index-based crop insurance since 2003 and currently offers policies covering 26 types of crops in 14 Indian states. ICICI Lombard is majority-held by India's ICICI Bank Limited. As of 2009, ICICI Lombard reported total profits equivalent to USD 5.2 million. March 28, 2011

### **IFC-CABEI Advisory to Set Stage for Central American MSMEs**

The World Bank Group's International Finance Corporation, and the Central American Bank for Economic Integration, an organization founded by the governments of five countries in the region, recently agreed to provide joint advisory services to government projects that include private sector participation. Through this effort to create development opportunities and support infrastructure improvements, IFC aims to improve the business climate for micro-, small and medium-sized enterprises in the region. March 28, 2011

### **Rwandan MFI Association Seeks Tax Relief**

The Association of Microfinance Institutions in Rwanda recently called for the government to address issues that it says are hindering the growth of the country's microfinance sector, including the level of taxes and audit costs as well as poor access to commercial courts. March 28, 2011

### **MIX Confirms Launch of Fee-based Features in Mid-2011**

As was intimated in the July 2010 issue of this newspaper, the US-based nonprofit Microfinance Information Exchange recently announced that it will launch new website features on a fee-for-service basis in the next several months. The details of the new features have not yet been made available. March 28, 2011



**CGAP Launches Islamic Microfinance Blog Series**

The CGAP Microfinance Blog, which is operated by US-based think tank CGAP (Consultative Group to Assist the Poor), is featuring a series on Islamic microfinance in an effort to engage the broader microfinance and Islamic finance communities in finding new ways to support Islamic microfinance. The series can be found at <http://microfinance.cgap.org/category/blog-series/islamic-microfinance-series/>. March 27, 2011

**Guy Carpenter Nabs Grant for Ag Microinsurance in Mozambique**

Guy Carpenter and Company, a reinsurance company headquartered in New York, recently announced that it will receive a USD 1 million grant from the International Finance Corporation to develop agriculture microinsurance in Mozambique. Guy Carpenter will work with Risk Management Solutions (RMS), a US-based company that specializes in managing catastrophic risk, to design and implement weather index-based insurance against floods and drought. While RMS will focus on risk modeling to price the insurance products, Guy Carpenter's role will be to develop the local market and build capacity to support the system. March 25, 2011

**Operating as Licensed MFI, Pakistan's NRSP Sells 16% Stake**

The State Bank of Pakistan, the nation's central banking authority, has granted a "business commencement certificate" to the nonprofit National Rural Support Program (NRSP) to operate its NRSP Microfinance Bank as a regulated microfinance institution. The International Finance Corporation, a member of the World Bank Group, has agreed to acquire a 16-percent stake in the bank. The amount of the investment was not disclosed, but US-based Acumen Fund has invested USD 1.9 million in the bank, and Germany's Kreditanstalt für Wiederaufbau is also cited as a co-investor. As of 2009, NRSP reported assets of USD 81.5 million, return on assets of 2.31 percent and return on equity of 16.3 percent. March 23 and March 25, 2011

**Unguka of Rwanda Reports 58% Profit Increase**

Unguka Microfinance, a Rwandan microfinance institution that was established in 2005, recently reported that its net profit increased 58 percent during 2010 to USD 384,000. Unguka, which currently has eight branches and plans to open five more during April, attributes the profit increase to a growing customer base and good repayment rates. Unguka reports working capital of USD 1.8 million. March 24, 2011

**IFAD Loans \$90m to Tanzania for Private Sector, Rural Finance**

The UN's International Fund for Agriculture and Development recently announced it will lend USD 90 million to the Tanzanian government to strengthen access to finance in rural areas and to promote private sector development through its "Marketing Infrastructure, Value Addition and Rural Finance Support Program." This program, which is co-funded by the African Development Bank and Kenya's Alliance for a Green Revolution in Africa, is intended to build the capacity of commercial banks that lend to agricultural concerns and to improve governance and management systems in rural microfinance institutions. March 24, 2011

**AfDB Seminar Addresses Boosting MSME Growth**

The African Development Bank recently presented its inaugural Thought Leadership Seminar, which is intended to boost the development of micro-, small and medium-sized enterprises in Africa. Representatives of global management consulting firm McKinsey and Company addressed barriers confronting the sector such as cumbersome regulatory environments, corruption, limited insurance coverage and a credit shortage of approximately USD 400 billion. The following potential interventions were analyzed: establishment of credit bureaux, setting up risk-sharing facilities, the creation of special economic zones and up-scaling microfinance institutions to serve larger businesses. March 23, 2011



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### Bankers Urge RBI to Maintain Priority Sector Status for MFIs

Bankers in India recently met with the Reserve Bank of India's (RBI's) Malegam Committee, which is headed by RBI Director Y H Malegam, to urge RBI to maintain the microfinance sector's priority status, which allows banks to count lending to microfinance institutions (MFIs) toward government-mandated quotas for lending to underserved sectors. K Ramakrishnan, chief executive of the Indian Banks Association, argued that the microfinance sector as a whole should not be penalized as a result of the misconduct of a small number of MFIs. The bankers also voiced support for having a single regulator for both the general banking and microfinance sectors. March 23, 2011

### MIF Forecasts Remittance Rebound in Latin America, Caribbean

The Multilateral Investment Fund, which is managed by the US-based Inter-American Development Bank, recently forecast that remittances to Latin America and the Caribbean will rise during 2011 after falling from USD 69 billion in 2008 to approximately USD 58 billion in 2009 and 2010. The purchasing power of those remittances, however, is expected to continue to fall. Largely due to local-currency appreciation, the purchasing power of remittances received in the region fell 8.9 percent from 2009 to 2010. March 23, 2011

### Nigeria's Lagos State Looking for MFIs to Fund

The Lagos State Microfinance Institution, which was established by the government of the Nigerian state of Lagos to oversee its microfinance program, recently announced plans to lend an undisclosed level of funding to microbanks that it deems "financially capable" in an effort to increase financial inclusion, particularly in rural areas and via group lending. March 22, 2011

### Micro Housing Finance of India Achieves \$5.5m in Loan Sanctions

The Micro Housing Finance Corporation (MHFC), an India-based housing finance company established in 2008, has reported to MicroCapital that it has reached the equivalent of USD 5.54 million in loan sanctions. As of March 2010, MHFC reports total share capital of USD 2.59 million. March 22, 2011

### CAMCO Founded in Kazakhstan to Advise MFIs

The Microfinance Center for Central and Eastern Europe and the New Independent States, a microfinance network based in Poland, and the Joint Stock Company Fund for Financial Support of Agriculture, a microlender in Kazakhstan, recently launched the Center for Assistance to Microcredit Organizations to provide technical assistance to small microfinance institutions in Kazakhstan. March 22, 2011

### Sophia Invests \$4.5m in Credits for Microfinance Technology

Kredits, a US-based provider of microfinance technology solutions, has announced that it received an investment of USD 4.5 million from Danish investment vehicle Sophia to expand its global presence and develop unspecified new technologies for the microfinance sector. Kredits reports having partnered with 30 microfinance institutions to date. March 22, 2011

### Indian Banks Collaborate on Refinancing MFIs, SKS Opts Out

Indian banks that have disbursed loans to microfinance institutions (MFIs) experiencing repayment problems have reportedly offered the MFIs a maximum of 10 years to repay the loans at an interest rate of 12 percent. The Reserve Bank of India approved the framework in January, contingent on MFIs rescheduling loans to their clients. Details of the concessions that would be made by MFIs to retail borrowers have not been released. While the loans that could be restructured are estimated to total the equivalent of USD 2.8 billion, several MFIs, including SKS Microfinance, have indicated that they are not interested in refinancing. March 22, 2011

### FSB of South Africa Releases "Treat Customers Fairly" Outline

The Financial Services Board (FSB) of South Africa, an organization that oversees the country's non-bank financial services industry, recently released a regulatory framework defining standards with which financial products must comply and providing guidelines for each stage of development of products targeted at low-income individuals. The implementation date of the framework, called Treat Customers Fairly, is yet to be determined. Additionally, FSB is currently developing a model for microinsurance products. March 22, 2011

### Peru's Prisma First to be Certified in Use of Poverty Index

US-based Grameen Foundation has announced that Asociacion Benefica Prisma, a Peruvian microfinance institution, has become the first fully certified user of the Progress out of Poverty Index (PPI), a set of country-specific assessment tools created to help institutions measure their outreach to poor people and monitor changes in the economic well-being of clients. When PPI was used to interview a group of Prisma clients in 2009 and 2010, the results indicated that 2.6 percent had crossed the national poverty line during the year. Launched in 2005, PPI now is reportedly in use by 89 institutions worldwide. March 22, 2011

### MIX: Most Clients Borrow from MFIs with ROE Under 30%

Based on indicators of profitability from roughly 1,750 institutions over seven years, US-based nonprofit Microfinance Information Exchange argues in a recent web posting against the idea that the commercialization of microfinance is increasing the vulnerability of low-income households. On the contrary, high-yield, high-return microfinance institutions (MFIs) that have had adverse impacts on clients appear to be exceptions, while the majority of clients borrow from MFIs that realize less than 30 percent return on equity. Returns on assets were higher for nonprofit institutions than for commercial institutions. March 22, 2011

### India Mulls "Basic" Banking License for Financial Inclusion

India's Finance Ministry has proposed the use of two types of licenses for banks: one for basic services to serve the purpose of financial inclusion and the other for providing a full range of banking services such as is offered by commercial banks. Non-banking finance companies would be divided in an unspecified manner between the groups. March 22, 2011

### Nigerian Agencies Unite to Combat Youth Unemployment

The Association of Micro Entrepreneurs of Nigeria recently announced plans to work with two government agencies, the Small and Medium Enterprise Development Agency of Nigeria (SMEDAN) and the Central Bank of Nigeria (CBN), to combat youth unemployment in the country by encouraging young people to engage in small-business ventures and connecting them to microfinance institutions. SMEDAN will provide technical assistance to support CBN in helping microlenders evaluate business plans. March 22, 2011

### Diamond Bank of Nigeria Downscales

Diamond Bank Public Limited Company, a Nigerian commercial bank that was established in 1990, recently announced that it would extend collateral-free loans to micro-, small and medium-sized enterprises (MSMEs) that can meet certain standards pertaining to business history. According to Chima Nnadozie of Diamond Bank, "MSMEs are responsible for 80 percent of the gross domestic product [and] employing most people in the country which contribute to the growth of Nigeria's economy." Diamond Bank reports total assets equivalent to USD 3.8 billion. March 21, 2011

### Uganda Reports 71% of Population Saves, 4% via MFIs

The Ugandan Ministry of Finance has announced that 71 percent of Ugandan adults save, including 17 percent that save with regulated institutions and 4 percent that use microbanks. March 21, 2011

**CBN: No More Time For Nigerian MFIs to Recapitalize**

The Central Bank of Nigeria (CBN) recently announced that it will not allow 121 microfinance banks (MFBs) that hold provisional operating licenses more time to recapitalize. CBN gave the 121 MFBs, the surviving portion of 224 MFBs that had their operating licenses revoked in October 2010, a deadline of January 31 to shutdown branches engaging in illegal activity, to embrace “good” corporate governance and to double their minimum capital to the equivalent of USD 130,000. Unspecified industry sources report that just 30 percent of these banks have so far met the requirements for reinstatement, fueling speculation that CBN will eventually extend the deadline. March 21, 2011

**Proparco, Grameen Credit Agricole Loan \$10m to Kenyan MFI**

Grameen Credit Agricole Microfinance Foundation, which is based in Luxembourg, recently reported to MicroCapital that it has partnered with Promotion et Participation pour la Cooperation Economique (Proparco), a French development finance institution, to provide a local-currency credit line worth USD 10 million to Kenya Women Finance Trust (KWFT), a microfinance institution that serves female microentrepreneurs. Proparco financed USD 7 million of the credit line, while Grameen Credit Agricole funded the remainder. As of 2009, KWFT reported total assets of USD 195 million, a gross loan portfolio USD 134 million, 334,000 borrowers, return on assets of 5.24 percent and return on equity of 28 percent. March 21, 2011

**AFD, IFC Host Discussion on Sustainable Development, SMEs**

Agence Francaise de Developpement and the International Finance Corporation (IFC) recently hosted policymakers and development financiers to discuss sustainable economic growth and finance solutions for small and medium-sized enterprises in support of an initiative of the G-20, a group of international finance ministers and central bank governors. IFC Director for Global Finance Markets James Scriven was quoted as saying, “Increasing access to financial services for small and medium-sized businesses...requires significant effort from public, private and social sector actors.” March 21, 2011

**Savings-Revolution.org Covering Community-managed Savings**

The website <http://www.nextmf.org/> has been succeeded by <http://Savings-Revolution.org/>, which offers a range of resources regarding community-managed, savings-led services. March 21, 2011

**Pakistan Announces \$16m Financial Innovation Fund**

The State Bank of Pakistan, the central banking authority in Pakistan, recently announced its launch of a “Financial Innovation Fund” worth the equivalent of USD 16 million that aims to encourage innovations in financial products and delivery channels. March 21, 2011

**Swarna Pragati Launches Micro-Mortgage Product in India**

India's Swarna Pragati Housing Microfinance Limited has launched a housing microfinance facility which it plans to fund with the equivalent of USD 652,000 to be loaned to 100 self-help groups (SHGs) via existing local organizations in the Indian state of Maharashtra. Swarna Pragati will also provide training and capacity building in an effort to empower SHG members to play a wider role in their communities. Financial data on Swarna Pragati is not available. March 21, 2011

**Transparent Pricing Initiative Launched in the Philippines**

MFTransparency, a US-based nonprofit that aims to amplify data on credit products and pricing, is expanding its work to the Philippines in partnership with Microfinance Council of the Philippines, a trade association of microlenders, and the Rural Bankers Association of the Philippines. The initiative was launched with a series of workshops on pricing transparency for staff of microlenders, funders, regulators and others and will culminate with the publication of microfinance pricing data and various educational materials. March 21, 2011

**Grameen to Focus on Human Resources in India**

Grameen Foundation, a US-based nonprofit, has announced that it will undertake a USD 550,000 project to improve employee retention, client protection, and leadership development among mid-level managers at microfinance institutions in India. March 17, 2011



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## FIELD NOTES

### Responses to “Sex, Money and Microfinance...”

*We hope you enjoy the following responses to last month's opinion column by Barbara Magnoni on women's leadership in microfinance. -MicroCapital*

Women's World Banking (WWB) was surprised and saddened to learn that Barbara Magnoni “came up short” in her recent search for a woman thought leader in microfinance. One would have only needed to look at the WWB network to find at least 21 examples of visionary women CEOs in microfinance around the globe. At the core of the microfinance industry are inspiring women leaders - from Michaela Walsh, WWB's founder and current emeritus trustee, to Jennifer Riria, CEO of Kenya Women Finance Trust and WWB board chair. These talented women from WWB form only a small part of the industry's female leadership. Notable examples are Lynne Patterson, co-founder and director of Pro Mujer, and Diana Taylor, chair of ACCION International.

This is not the time to decry the lack of women leaders pursuing the cause of women's economic empowerment. Rather, this is the time to rally around the many women leading the way. Mary Ellen Iskenderian, president and CEO of WWB, said in response to the article, “We recognized years ago that nurturing women leaders was going to be a pre-requisite for the industry's growth. In response, we launched women's leadership courses that have grown into our Center for Microfinance Leadership, which seeks to address the declining number of women in senior management by offering leaders workshops, coaching and support for organizational change.” The Center graduates - many of whom have shared their leadership stories at <http://leadership.swwb.org/> - need resources, a platform to voice their concerns and successes, and the finances to execute their mission to empower women across the globe through access to financial services. They do not need to be overlooked.

Ultimately for WWB, the leaders of the industry are the more than 19 million female clients we serve. We should honor and celebrate these countless women who bring financial security to their households and communities and, in turn, impact generations to come. **-Women's World Banking**

\* \* \*

Women know the wants and needs of women best, and given the 65 percent microfinance client base that Barbara cites as well as the many women in the labor force supporting them, it is particularly important to make a concerted effort to recruit and retain women in leadership roles within the industry. Fortunately for Pro Mujer, Rosario Pérez took the helm as CEO in 2008, and her commitment to women's empowerment

is being felt from the top down. That being said, we need to ensure that the landscape of women leaders in microfinance doesn't disappear altogether while also continuing to engage men so that together we can maximize our impact.

Pro Mujer was founded on the belief that empowered women are the key to catalyzing change. This is true not only of our more than 200,000 clients but also of our more than 1,360 employees; women hold 80 percent of our senior management and country director positions and 70 percent of all of our leadership positions.

Listening to the wants and needs of our clients is ingrained in our organizational culture, and over the years they've told us they wanted more. While microfinance is an invaluable tool, it is just one arrow in Pro Mujer's quiver. As Barbara points out from her 2010 study, women-owned business are “smaller” and “less profitable than those owned by men” because of, among other reasons, “poor access to financial services” and “limited training.” We've sought to fill the gap by providing clients with an integrated package of services that not only includes financial services but also business and empowerment training; preventative health education; and access to high-quality, low-cost primary healthcare. What better way to influence the field than to demonstrate how complementary services can piggyback on microfinance infrastructure, thereby maximizing the transformational dimension of microfinance? **-Lynne Patterson, co-founder and director, Pro Mujer**

\* \* \*

This month, I am excited to be sharing this space since my article last month stirred a little controversy. I should have included “controversy” in the “Sex, Money and Microfinance” title because often controversy (in moderation) can call attention to important issues. I hope that in this case it will translate into more buzz and attention to the needs of poor women entrepreneurs. I would like to clarify, nonetheless, that my intention was not to criticize, but to emphasize that with more and more men in the industry, the needs of the women entrepreneurs served by microfinance providers need to be made known more widely. I believe that the experiences and leadership of many great women in the field have not trickled to the ears of donors and policy makers, and I hope that Pro Mujer, WWB and others can play a role in getting the voices of these busy, important women heard. **-Barbara**

*About the Author: Ms Barbara Magnoni is President of EA Consultants, a development consulting firm based in New York. She has 15 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@eac-global.com](mailto:bmagnoni@eac-global.com). 📧*

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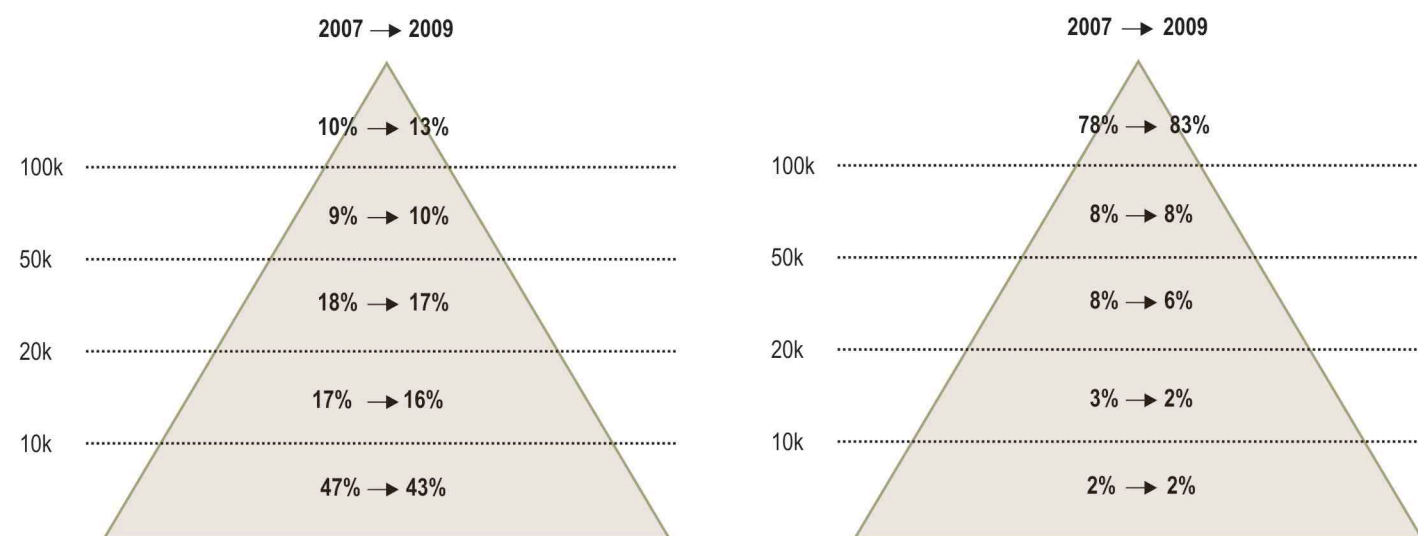
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## TOP 10 MICROFINANCE INSTITUTIONS (MFIs) BY GROWTH IN GROSS LOAN PORTFOLIO: CHANGE IN USD

MFI NAME	COUNTRY	AVERAGE ANNUAL USD INCREASE	AVERAGE ANNUAL % INCREASE	2007	2009
Vietnam Bank for Social Policies	Vietnam	873,671,737	34	2,181,692,160	3,929,035,635
SKS Microfinance Private Limited	India	349,553,810	92	261,686,368	960,793,988
Spandana Sphoorty Innovative Financial Services Ltd.	India	302,576,763	108	182,150,736	787,304,262
Mibanco	Peru	269,997,170	44	500,566,560	1,040,560,900
Equity Bank	Kenya	234,576,662	53	348,948,192	818,101,516
BancoEstado	Chile	225,189,583	25	820,008,064	1,270,387,230
Capitec Bank	South Africa	221,201,550	60	283,953,376	726,356,477
Grameen Bank	Bangladesh	142,682,661	24	532,024,512	817,389,833
Crediscotia Financiera	Peru	138,296,563	34	344,900,992	621,494,118
Bandhan	India	125,015,510	101	82,431,184	332,462,204

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



(1) Denotes only MFIs that report data for 2007-2009 to MicroBanking Bulletin (MBB) or MIX Market.  
Source: Microfinance Information Exchange, Inc., April 2011, based on MFIs reporting to MBB or MIX Market.

## UPCOMING EVENTS

### HBS-ACCION Program on Strategic Leadership for Microfinance

April 25 - April 30, 2011, Boston, USA

Registration has officially closed for this event, but more information is available via +1 617 625 7080, [hbsaccion@accion.org](mailto:hbsaccion@accion.org) or <http://www.accion.org/Page.aspx?pid=494>.

### Investors' Summit on Social Investing, Social Enterprise in Africa

May 3, 2011, Capetown, South Africa

This event, which occurs the day before the World Economic Forum Africa, includes talks on inclusive business models, a "Social Enterprise Marketplace" and the Sukuma Afrika Young Entrepreneurs Competition. The fee to attend is USD 1,500. More details are available from Patrick Khumalo at [pkumalo@africa-investor.com](mailto:pkumalo@africa-investor.com) or +27 11 783 2431 or via <http://africainvestor.com/event.asp?id=254>.

### Convergences 2015 – Working Towards the MDGs

May 3 - May 5, 2011, Paris, France

The conference, which will be held in French, serves as a forum to discuss strategies for accomplishing the UN's Millennium Development Goals by 2015. The fee to attend the first two days is EUR 300 for representatives of private organizations. The sessions on May 5 are free of charge, as are sessions on all three days for NGO representatives. More details may be had via <http://www.convergences2015.org/>, +33 1 42 65 78 84 or [contact@convergences2015.org](mailto:contact@convergences2015.org).

### Sankalp 2011: Social Enterprise & Investment Forum

May 5 - May 6, 2011, Mumbai, India

Sankalp, which is an initiative of Indian consultancy Intellectap, promotes impact investing in scalable businesses on a global basis. Focus areas include: education; clean energy; health and sanitation; agriculture, food and rural businesses; and technology for development. The cost to attend is INR 10,000. More information may be requested from Praveen Nair at [praveen.nair@intellectap.com](mailto:praveen.nair@intellectap.com) or +91 22 4035 9222 or via <http://www.sankalpforum.com/>.

### Chicago Microfinance Conference

May 6, 2011, Chicago, USA

This event is a collaboration among several graduate business and policy institutions bringing together practitioners, academics and emerging industry leaders to advance the strategic debate on microfinance. The fee to attend is USD 75, with various discounts available, including for registrations completed by April 15. No contact phone number has been offered, but you may reach the organizers at [info@chicago-microfinance.org](mailto:info@chicago-microfinance.org), or you may view more details at <http://www.chicagomicrofinance.com/>.

### Mobile Money Transfer (MMT) Africa

May 10 - May 13, 2011, Nairobi, Kenya

This conference will cover building mobile money models, analyzing mobile money initiatives from other continents for application in Africa and how mobile money benefits microfinance clients. Pricing begins at USD 2149 with group discounts available. More details may be had via <http://www.mobile-money-transfer.com/africa>, +44 (0) 20 7067 1831 or [mmt@clarionevents.com](mailto:mmt@clarionevents.com).

### Fourth Annual Global Microfinance Investment Congress

May 16 - May 17, 2011, New York, USA

The conference will cover investment risks and opportunities, strategies for microlenders seeking to source funds and measuring social performance. The fee to attend is USD 1,795 with an add-on workshop available and a discount of USD 100 for registrations paid by April 15. Details may be had via Miles Levit at [m.levit@americanconference.com](mailto:m.levit@americanconference.com) or +1 480 927 8200 or via <http://www.microfinancecongress.com/>.

### Transformational Microfinance LATAM

May 17 - May 19, 2011, Mexico City, Mexico

This event will cover achieving scale through technology, delivering mobile microfinance and educating the financially excluded. The standard registration fee is USD 2,149, with discounts available including a 10 percent discount for MicroCapital readers indicating the priority code "MicroCapital." More details may be had via Miles Harley at +44 (0) 20 3141 8700, [info@hansonwade.com](mailto:info@hansonwade.com) or <http://microfinance-latam.com/>.

### 14th Annual Microfinance Centre Conference

May 18 - May 20, 2011, Prague, Czech Republic

Subtitled "Reorienting Microfinance Towards Balanced Growth," this event will feature lessons learned from the financial downturn, asset building, responsible microfinance investing, microfinance models emerging in the EU, financing microenterprise startups and over-indebtedness. The registration fee is EUR 520, with discounts available for registrations received by April 15 and for members of Microfinance Centre for Central and Eastern Europe and the New Independent States. More information is available via <http://www.mfc2011.com/>, +420 284 001 444 or [mfc2011@guarant.cz](mailto:mfc2011@guarant.cz).

### Investment and Innovation in MicroFinance Europe 2011

May 23 - May 25, 2011, London, United Kingdom

This event includes the MicroFinance Recognition Awards as well as strategies for investing, tackling over-indebtedness, examining social impact, strengthening regulation, handling unfavorable media coverage and addressing foreign exchange risk. The cost to attend, excluding VAT, is GBP 1,599 for representatives of for-profit organizations and GBP 1,099 for those from nonprofits, with a 10 percent discount available to MicroCapital readers indicating the priority code "MicroCapital." Add-on workshops may be had for an extra fee. More details are available from Miles Harley at +44 (0) 20 3141 8700, [info@hansonwade.com](mailto:info@hansonwade.com) or <http://microfinance-europe.com/>.

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June 16, 2011, London, UK

#### Cracking the Nut:

#### Overcoming Obstacles to Rural and Agricultural Finance

June 20 - June 21, 2011, Washington, DC, USA

#### Canadian Responsible Investment Conference 2011

June 20 - June 22, 2011, Victoria, Canada

#### Sixth Annual Microfinance Investment Summit

July 5 - July 8, 2011, Geneva, Switzerland

#### Mobile Payments & NFC (Near Field Communications) Asia 2011

July 13 - July 14, 2011, Hong Kong, China

#### Third Pacific Microfinance Week 2011

July 25 - July 29, 2011, Vanuatu

#### Global Youth Enterprise & Livelihoods Development Conference

September 7 - September 9, 2011, Washington, DC, USA

#### Microcredit Summit Campaign 2011

November 14 - November 17, 2011, Valladolid, Spain



## PAPER WRAP-UPS

### Solutions for Financial Inclusion: Serving Rural Women

*By Anjali Banthia, Janiece Greene, Celina Kavas, Elizabeth Lynch and Julie Slama; published by Women's World Banking; 2011; 17 pages; available at: [http://www.swrob.org/sites/default/files/pubs/en/solutions\\_for\\_financial\\_inclusion\\_serving\\_rural\\_women\\_1.pdf](http://www.swrob.org/sites/default/files/pubs/en/solutions_for_financial_inclusion_serving_rural_women_1.pdf)*

This case study on Uganda examines gender-based barriers confronting women in rural areas and the operational challenges faced by microfinance institutions (MFIs) in serving these women. Uganda was chosen for the study as 88 percent of its population lives in rural areas, agriculture is the predominant form of economic activity and three quarters of Ugandan women are engaged in agriculture.

The study divides the challenges faced by MFIs in serving rural women into two elements:

1) Demand-side issues: The authors consider gender-based inequalities faced by rural women as the primary factor affecting the demand for MFI services. The study indicates that the community norms within rural Ugandan households result in women assuming additional burdens when adding entrepreneurial activities to their traditional roles: earning disproportionately low levels of income for their effort on farms, as their husbands are usually the managers, owners and sellers of the crop; lack of ownership of assets; and lack of control over decision-making in their households. In addition to this, in Uganda, women have a lower literacy rate (64 percent) than men (81 percent), thereby making it harder for them to understand loan documentation and creating psychological barriers such as fear and anxiety that prevent them from approaching MFIs to access services.

2) Supply-side issues: The study also explores operational constraints that affect the supply of services to rural women by MFIs. As the primary objective for some MFIs is profit-

maximization, they sometimes adopt lending methodologies that focus on low-risk, high-profit clients; design products that may not be customer-centric; and serve areas that are easier to access in an effort to reduce transaction costs. The authors argue that these tendencies lead MFIs to serve predominantly urban areas - as they are easier to access - and men - as they are more likely to manage cash crops.

Based on the above analysis, the authors examine strategies to overcome these issues to serve the market in a sustainable manner. The authors discuss the importance of governance and leadership within MFIs to ensure that the commitment to serve rural women is developed and communicated across all staff levels. The study proposes the following strategies:

- 1) Developing "lifecycle" products to serve women throughout their lives, supporting their dual role as income generators and caregivers: These may include savings programs to help women achieve differing goals based on their stage of life and the ages of their children; health microinsurance to compensate women for health costs and loss of income while tending to their own or their family members' health needs; and micropensions and life microinsurance to address costs associated with old age such as increased healthcare needs and the risk of losing a spouse.
- 2) Helping women purchase and retain control over land and other assets: The study recommends that MFIs encourage ownership of assets by women such as by directing the use of loans to purchase assets to be held solely in women's names.
- 3) Tailoring marketing messages to resonate with women: The authors recommend sales messaging be tailored to highlight features such as confidentiality and trust; personalized based on customers' lifecycle stages; and adapted to serve illiterate women.
- 4) Adapting sales and delivery approaches to reach women: Providers should sell financial services in places that women are likely to visit

such as community events, local markets and places of worship. The use of alternative delivery channels such as mobile phone banking is also recommended to reach women in rural areas.

5) Investing in hiring and training appropriate sales staff: In order to ensure a more personal experience for clients, the authors recommend hiring staff from local communities, place emphasis on hiring women for customer service roles and highlight the importance of conveying product benefits to clients.

6) Revising lending methodology and collateral requirements to be more inclusive of women: In order to increase the utilization of services by rural women, the authors suggest analyzing loan applicant data to ensure that all sources of income are captured fully, revising existing lending methodologies to allow more than one loan per household and replacing traditional collateral requirements with group lending and joint liability.

In conclusion, the authors argue that customer-driven services can allow MFIs to differentiate themselves in the market. The authors issue a call for action to the wider microfinance community to implement strategies to better serve women in rural Sub-Saharan Africa and create long-term social impact by facilitating the role of women as drivers of rural economic activity.

### Guidelines of Principles for Effective Regulation and Supervision of Microfinance Operation

*Published by the Association of Supervisors of Banks of the Americas, the Inter-American Development Bank and the Multilateral Investment Fund; 2010; 38 pages; available at: <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=35735061>*

The document encourages microfinance institutions to practice transparency and encourages regulators to: 1) require better disclosure of product information to customers; and 2) evaluate credit agreements to counter abusive practices.

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## Integrating Microfinance and Health Strategies: Examining the Evidence to Inform Policy and Practice

By Sheila Leatherman, Marcia Metcalfe, Kimberley Geissler and Christopher Dunford; published by Oxford Journals' Health Policy and Planning; forthcoming, available for purchase at: <http://heapol.oxfordjournals.org/content/early/2011/02/21/heapol.czr014.abstract>

This paper examines the benefits of integrating microfinance with health protection services and makes recommendations intended to inform policy and program design for expansion of the practice.

After conducting a review of multiple studies, the authors conclude that microfinance institutions are capable of contributing to health improvements by increasing client knowledge that leads to behavioral changes and by enhancing access to health services by decreasing financial, geographic and other barriers.

Sheila Leatherman, the paper's lead author, points out that, "while the quality of some of the studies is uneven, the evidence of positive health benefits in diverse areas such as maternal and child health, malaria and other infectious disease and domestic violence would indicate that the microfinance sector offers an underutilized opportunity for delivery of health-related services to many hard-to-reach populations."

The authors recommend that more rigorous research be performed to inform policy and guide program implementation, but that useful evidence now exists pointing toward a "clear opportunity, perhaps even an imperative, for the microfinance and public health communities to engage with each other more actively and collaboratively."

## 2010 Arab Microfinance Analysis and Benchmarking Report

By Charles Cordier, Micol Pistelli, Ranya Abdel-Baki and Shaimaa Zain; published by the Microfinance Information Exchange; March 2011; 27 pages; available at: <http://www.themix.org/publications/mix-microfinance-world/2011/03/2010-arab-microfinance-analysis-and-benchmarking-report>

This report presents three-year regional trends based on a sample of 37 microfinance institutions (MFIs) from seven Arab countries as well as point-in-time data from 2009 based on 55 Arab MFIs from nine countries. The report also includes a section on social performance indicators to measure efforts by MFIs to serve larger numbers of poor and excluded people.

## Beyond Payments – Next Generation Mobile Banking for the Masses

By Arnaud Ventura, Greg Rung, Thierno Seck and Prakriti Singh; published by PlaNet Finance and Oliver Wyman; February 2011; 30 pages; available at: [http://www.oliverwyman.com/ow/pdf\\_files/OW\\_E\\_n\\_FS\\_2011\\_Publ\\_NextGenerationMobileBanking.pdf](http://www.oliverwyman.com/ow/pdf_files/OW_E_n_FS_2011_Publ_NextGenerationMobileBanking.pdf)

This report explores the potential of mobile technology to provide access to a wide range of financial products beyond simple mobile payments. Sponsored by the US-based Bill and Melinda Gates Foundation, the report examines distribution strategies and "second-generation" mobile microfinance products piloted in West Africa and Southeast Asia.

"The study outlines that the benefits of these models include a more than twofold increase in access to banking, 20 percent to 50 percent lower operational costs for the microfinance institution [MFI] and revenue or market share benefits for the mobile network operator," says Arnaud Ventura, co-founder and vice president of PlaNet Finance Group.

The report draws the following main conclusions:

- "Mobile microfinance can have a significant impact on increasing financial services access for unbanked subscribers," and
- "It is a cost-effective way for banks and MFIs to reach the masses by capitalizing on the widespread penetration of telecom distribution networks."

## Financial Systems in Developing Economies

By Robert M Townsend, published by Oxford University Press, January 2011, 488 pages, available for purchase at: <http://ukcatalogue.oup.com/product/9780199533237.do>

This book offers a framework for evaluating the impact of financial policies in emerging economies, featuring an analysis of the Thai government's 1997 decision to allocate 1.5 percent of gross domestic product to a village-level savings and loan program.

## 2010 WAEMU – Microfinance Analysis & Benchmarking Report

By Charles Cordier, published by the Microfinance Information Exchange, March 2011, 19 pages, available at: <http://www.themix.org/publications/mix-microfinance-world/2011/02/2010-waemu-microfinance-analysis-benchmarking-report>

This report summarizes the performance of the microfinance sector in the West African Economic and Monetary Union, presenting 2009 data on 39 microfinance institutions and a trend sample for 2007 to 2009 consisting of 23 microbanks. A French-language edition of the report is also available at: <http://www.themix.org/publications/mix-microfinance-world/2011/02/uemoa-2010-benchmarking-et-analyse-du-secteur-de-la-micr>

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## Deposit: Assessment in India

*Published by the International Finance Corporation and MicroSave, March 2011, 64 pages, available at: [http://www.ifc.org/ifcext/gfm.nsf/AttachmentsByTitle/Microfinance-Microsave\\_Dpps/\\$FILE/Microfinance-Microsave\\_Dpps.pdf](http://www.ifc.org/ifcext/gfm.nsf/AttachmentsByTitle/Microfinance-Microsave_Dpps/$FILE/Microfinance-Microsave_Dpps.pdf)*

This report analyzes macroeconomic trends in India and examines the country's legal and regulatory framework as well as the supply of and demand for savings services. The report concludes that microfinance in India has thus far focused on microcredit and microinsurance while deposit services have not been offered in sufficient quantity to meet the needs of poor people. An argument is presented in favor of supporting micro-savings services for low-income individuals in India as a way to increase the utilization of financial services.

## Protecting Mobile Money Against Financial Crimes

*By Pierre-Laurent Chatain, Andrew Zerzan, Wameek Noor, Najah Dannaoui and Louis de Koker; published by the World Bank Group; February 2011; 230 pages; available for purchase at: [http://publications.worldbank.org/index.php?main\\_page=product\\_info&cPath=0&products\\_id=23987](http://publications.worldbank.org/index.php?main_page=product_info&cPath=0&products_id=23987)*

Based on research in multiple markets including Kenya, Malaysia, Mexico, the Philippines and Zambia the authors suggest approaches to mitigate the risks associated with mobile money with a focus on serving unbanked people in rural areas. Lead author Pierre-Laurent Chatain said, "The opportunity is ripe to replicate the success of services like Kenya's M-Pesa, which is used by 9 million adults to save and transfer money.... However, poorly designed regulatory frameworks can hamper the delivery of mobile money services."

## Regulating Banking Agents

*By Michael Tarazi and Paul Breloff, published by CGAP (Consultative Group to Assist the Poor) as Focus Note 68, March 2011, 20 pages, available at: <http://www.microfinancegateway.org/gm/document-1.9.50439/Focus%20Note%2068.pdf>*

After examining the regulation of the use of banking agents by microfinance institutions, the authors conclude that: "Regulators can safely permit the use of bank agents to offer financial services and verify customer identity for know-your-customer purposes with minimal restrictions on agent eligibility, compensation, and structuring - provided that regulators hold banks liable for the provision of financial services by their agents."

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## Making Insurance Markets Work for the Poor: Microinsurance Policy, Regulation and Supervision – India Case Study

*By Sanjay Sinha and Svetan Sagar, published by the CGAP (Consultative Group to Assist the Poor) Working Group on Microinsurance, January 2009, 127 pages, available at [http://www.microinsurance-network.org/file/8\\_India\\_Impact\\_RSP\\_2009.pdf](http://www.microinsurance-network.org/file/8_India_Impact_RSP_2009.pdf)*

This document presents the findings from the Indian component of a five-country study on the role of regulation in the development of microinsurance markets. The other countries that comprise the series are Colombia, the Philippines, South Africa and Uganda.

The authors trace the evolution of microinsurance in India from the deregulation of the insurance industry in the 1990s, which facilitated the entry of private insurance providers into the market. In 2000, the Insurance Regulatory and Development Authority (IRDA) was established to oversee the development of the insurance industry and ensure that the benefits of insurance services reach low-income people. Accordingly in 2002, IRDA promulgated a law that requires insurance companies to develop business on a quota basis from predefined rural areas and social sectors. Meanwhile, the minimum capital requirement equivalent to USD 25 million to establish an insurance provider deterred restricted competition in the industry.

In 2005, IRDA introduced microinsurance regulations including:

- The definition of microinsurance and delineation of product guidelines
- The promotion of the use of microinsurance agents to sell and service insurance products, including microfinance institutions (MFIs) and other community organizations
- The capping of commissions paid to those agents at 10 percent to 20 percent of premiums collected

The authors report that the 2005 regulations coupled with economic growth have stimulated the microinsurance industry, with life microinsurance provided to approximately 14 million clients as of January 2009. Over 80 percent of this coverage is channeled by formal insurance companies via the micro- and rural finance network, of which approximately 90 percent is provided via compulsory credit-life insurance products. These products pay off the loans of microborrowers that die with an outstanding loan balance. The 10 percent of microinsurance taken up voluntarily consists mainly of endowment products, which are a variant of life insurance that returns funds to the insured at the end of the term if no claim is made.

Other aspects of the 2005 microinsurance regulations impose limitations that may have slowed the uptake of microinsurance. First, while NGOs, self-help groups and MFIs may act as microinsurance agents, the participation of MFIs is limited to societies, trusts and cooperatives, thus excluding MFIs operating through legal forms such as for-profit and nonprofit companies. Second, a micro-insurance agent is restricted to working with one life insurer and one general insurer. Third, potential clients often have difficulty with identification documents, particularly those living in rural areas. Fourth, it has been argued that the commission cap is not high enough to incentivize agents sufficiently. Lastly, there is a lack of awareness of the benefits of insurance amongst low-income people.

The authors argue that Indian regulation has to some extent created supply-side interest but that this needs to be reinforced by: (1) loosening requirements to enable the entry of specialized insurers to meet the specific needs of low-income populations; and (2) enabling for-profit rural finance companies to act as microinsurance agents. This must be coupled with the creation of demand-side interest through financial literacy programs and marketing campaigns. 