

MICROCAPITAL BRIEFS | TOP STORIES

ResponsAbility Loans \$9m to ProCredit Moldova, Noa of Albania

Please see page 3 for coverage of this “MicroCapital Deal of the Month”

Taiwanese Banks to Enter Chinese Microcredit Sector

Taiwan's Financial Supervisory Commission recently relaxed regulations on cross-border banking, reportedly prompting Taishin Financial Holding, Chinatrust Financial Holding, SinoPac Holdings and Cosmos Bank to consider establishing microcredit operations in China. Although Taiwanese regulators are not expected to allow the disbursement of larger loans in Chinese yuan quickly, banks may now offer loans up to the equivalent of USD 7,800 with terms of up to two years. Similarly, Taiwanese financial institutions reportedly are interested in entering the Chinese leasing business. August 8. 2012

Bangladesh to Establish Microdeposit Insurance Fund

The Microcredit Regulatory Authority (MRA) of Bangladesh will reportedly create a security fund to benefit microfinance depositors up to the local-currency equivalent of USD 43, which is equal to or greater than the balance of 80 percent of depositors. Microbanks will pay into the system based on their assigned level of risk. Of the 3,000 microfinance institutions reportedly operating in Bangladesh, the 600 that are registered with MRA have 10 million clients and USD 360 million in deposits. August 3. 2012

Accion Buys 9% of Mexico's CrediConfia for \$1.9m

US-based nonprofit Accion recently made an equity investment of USD 1.9 million in CrediConfia, a Mexican microfinance institution (MFI). Accion obtained a 9-percent stake in CrediConfia; a seat on the MFI's board of directors; and a three-year contract to provide governance, management and technical support to the microlender. CrediConfia currently serves 21,500 economically active poor people through 25 branches in Mexico City and the states of Puebla, Hidalgo and Michoacán. CrediConfia reports assets of USD 8 million, a gross loan portfolio of USD 5 million, return on assets of -46 percent and return on equity of -69 percent. Accion serves 3.18 million active clients in 22 countries with an active loan portfolio of USD 3.81 billion. July 26. 2012

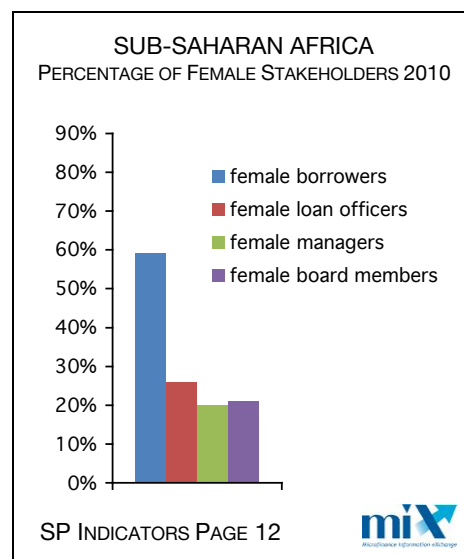
Myanmar Allows More Players, but Caps Microloan Rates at 17%

Germany's Sparkassenstiftung für internationale Kooperation (Savings Bank Foundation for International Cooperation), a microfinance institution (MFI) funder, and the Centre for Agriculture and Rural Development, an MFI in the Philippines, recently agreed to partner on microfinance projects with two NGOs in Myanmar: Mingalar Myanmar and Myanmar Egress. The deals were made possible by the recent approval of the Myanmar Microfinance Bill, which allows more types of institutions to provide microloans. The bill also sets an interest rate ceiling of 17 percent per year. Of the deal, Joerg Teumer, the Savings Bank Foundation's representative for Vietnam and Myanmar, reportedly said, “We want both organizations to be deposit-taking microfinance institutions like small banks for simple people.” The German government is providing the equivalent of USD 250,000 for the project, which is set to begin in 2013. July 25. 2012

Nigerian Stock Exchange Lists Fortis Microfinance Bank

Fortis Microfinance Bank of Nigeria has joined the Nigerian Stock Exchange, increasing the exchange's market capitalization by the equivalent of USD 50 million. Fortis reports a loan portfolio of USD 65 million, 434 staff members, return on assets of 11 percent and return on equity of 24 percent. July 19. 2012

INSIDE	Page
MicroCapital Briefs	2
Microfinance news	
Field Notes	11
Investing in Rural Financial Access	
Social Performance Indicators	12
Courtesy of MIX	
Upcoming Events	13
Industry conferences	
Paper Wrap-ups	14
Latest research and reports	
Subscribe to the Monitor	14



MICROCAPITAL BRIEFS

MasterCard Grants \$7m to SEEP for African MF Associations

Canada's MasterCard Foundation has agreed to grant USD 7.6 million to US-based nonprofit Small Enterprise Education and Promotion (SEEP) Network in an effort to improve the management capacity of eight microfinance associations representing approximately 500 microfinance institutions serving 6 million clients in sub-Saharan Africa. MasterCard Foundation CEO Reeta Roy said, "This partnership will enable African microfinance associations to mainstream client protection principles across the industry..." August 9, 2012

Pakistan's Ufone Acquires Rozgar Microfinance Bank

Pending regulatory approval, mobile phone service provider Ufone, a subsidiary of the government-controlled Pakistan Telecommunication Company Limited, will purchase Rozgar Microfinance Bank for an undisclosed price. Ufone reportedly is acquiring Rozgar as part of an effort to roll out branchless banking services. Rozgar has nine service locations, all in Karachi. As of 2009, Rozgar reported assets of USD 839,000, a gross loan portfolio of USD 10,469, deposits of USD 365,000, return on assets of -17% and return on equity of -30%. August 9, 2012

Opportunity, BlueOrchard Name New CEOs

US-based microfinance nonprofit Opportunity International recently named Vicki Escarra as its CEO. Since 2006, Ms Escarra has served as president and CEO of Feeding America, a US-based hunger-relief nonprofit. In Switzerland, microfinance investor BlueOrchard Finance announced the selection of Wolfgang Landl as its CEO. Mr Landl has experience in Europe, the Middle East and the US working with consulting firms such as Investcorp, Man Investments and InterSec Research. August 9, 2012

India's Janalakshmi Raises \$14m from IFIF, Gawa, Others

Janalakshmi Financial Services Private Limited, an Indian microfinance institution, has raised the equivalent of USD 14 million in the second tranche of its Series C equity raise. The India Financial Inclusion Fund and Gawa Microfinance Fund led the investment with other participants including Enam Shares & Securities Private Limited, Tree Line Asia Master Fund (Singapore) Private Limited and existing investors such as Citi Venture Capital International. As of 2010, Janalakshmi reported total assets of USD 25 million, a gross loan portfolio of USD 15 million, 82,000 borrowers, return on assets of -3.05 percent and return on equity of -8.74 percent. August 9, 2012

CORRECTION

Briefs in the July issue of this newspaper reported conflicting data on the Middle East Micro Credit Company of Jordan. As of May 2012, the organization holds a portfolio worth USD 24.9 million and serves 17,540 clients.

The *MicroCapital Monitor* is available to the public by paid subscription. Since 2009, MFIs in developing countries have been receiving the publication at no charge courtesy of:



France Donates \$1m to Cambodian Microfinance Association

Agence Française de Développement, a department of the French government, has agreed to donate the euro-equivalent of USD 990,000 to the 28-member Cambodia Microfinance Association. The effort is intended to support the sector's growth and stability through research, training and the promotion of the use of credit bureaux and "responsible" finance. August 9, 2012

Hypo Alpe Adria, ResponsAbility Loan \$7m to Prizma of BiH

Hypo Alpe Adria Group, which is owned by the government of Austria, and ResponsAbility Social Investments of Switzerland have approved a local-currency loan worth USD 3.2 million and a euro-denominated loan worth USD 3.7 million, respectively, to Microcredit Foundation Prizma of Bosnia and Herzegovina. As of April, Prizma reports assets of USD 68 million with USD 64 million loaned to 68,000 clients, mostly in rural areas. August 8, 2012

MFTransparency Partners with Planet Rating, India's MFIN

US-based nonprofit Microfinance Transparency (MFTransparency) and Planet Rating, a for-profit organization spun off from French NGO PlaNet Finance, have agreed that Planet Rating will implement MFTransparency's pricing data collection in various countries, largely in Africa. MFTransparency has also expanded its partnership with India's 46-member Microfinance Institutions Network to collect microloan pricing data in that country. August 8, 2012

Angola's Sol Bank Disburses \$148m in Microloans

According to a statement attributed to CEO Coutinho Nobre Miguel of Angola's Sol Bank, the institution has released USD 148 million in microcredit since the start of 2012. Dr Miguel added that the bank will continue to loan USD 1 million per month to micro-, small and medium-sized businesses. Sol Bank reports assets of USD 1.3 billion, outstanding loans of USD 332 million, deposits of USD 1.2 billion, 267,000 active clients, return on assets of 2.1 percent and return on equity of 30.4 percent. August 7, 2012

EBRD Extends \$24m Credit Line to Turkey's Vakifbank

In an effort to support small and medium-scale agribusinesses, the UK-based European Bank for Reconstruction and Development has established a local-currency credit line worth USD 24.7 million for Turkey's Türkiye Vakıflar Bankası (Vakifbank). Vakifbank reports total assets of USD 50 million, outstanding loans of USD 32 million, return on assets of 1.5 percent and return on equity of 13.7 percent. August 6, 2012

EFSE Loans \$10m to ProCredit Bank of Georgia

The European Fund for Southeast Europe, a microfinance investment vehicle domiciled in Luxembourg, has reported to MicroCapital that it loaned USD 10 million to ProCredit Bank of Georgia, one of 21 banks serving small and medium-sized enterprises as part of Germany's ProCredit Holding. ProCredit Bank of Georgia reports assets of USD 582 million, loans of USD 409 million, deposits of USD 307 million, 332,000 clients and return on equity of 23 percent. August 6, 2012

MicroCapital Monitor - © 2012 MicroCapital - ISSN 1935-505X
The MicroCapital Monitor is published monthly by MicroCapital

Editor Bob Summers

Writers Brett Cohen, Jaime Fellers, Mihaela Grindneau,
Webster Hughes and Charlotte Newman

For questions, comments or suggestions, please contact us via
info@microcapital.org or +1 617 648 0043, Boston, USA

Please refer to <http://MicroCapital.org> for information sources for all briefs. MicroCapital recognizes the individuals at CGAP, the Microfinance Gateway and the Microfinance Information Exchange for their outstanding work disseminating information on microfinance. Thank you!

India May Allow Shop Owners to Sell Microinsurance

India's Insurance Regulatory and Development Authority reportedly has released a draft set of microinsurance regulations that would allow shop owners to sell microinsurance policies. To date, NGOs, microfinance institutions, self-help groups and banks are among those authorized to act as microinsurance agents. August 6, 2012

MIF Commits Equity, Grant Funds to Haiti's ACME

The Multilateral Investment Fund, which is administered by the US-based Inter-American Development Bank, has approved an equity investment of undisclosed size in Haitian microfinance institution Association pour la Coopération avec la Micro Enterprise (ACME). MIF will also provide ACME with a technical assistance grant of USD 600,000. The equity investment will be used to help ACME expand and improve its outreach outside of Port-au-Prince, while the grant will be used to strengthen ACME's governance, operations and service provision. ACME reports total assets of USD 24.5 million, a gross loan portfolio of USD 19.8 million, return on assets of 4.6 percent, return on equity of 17 percent and 30,300 borrowers. August 6, 2012

BPC's SmartVista to Run Branchless Banking for Cambodia's HKL

Hattha Kaksekar Limited (HKL), a Cambodian microfinance institution, has contracted with Russia's Banking Production Centre (BPC) Banking Technologies to implement its SmartVista electronic banking product. The service will allow HKL customers to make withdrawals and loan payments using automated teller machines (ATMs) and - eventually - mobile phones. The service also allows customers to process remittances at ATMs. All of these services can be performed using an ATM card or on a card-less basis via biometric technology. HKL reports total assets of USD 86.8 million, and BPC reports serving 110 million customers daily. August 5, 2012

Public, Private Partners to Promote Inclusion in Sierra Leone

The Sierra Leone Association of Commercial Banks; the Central Bank of Sierra Leone; and Sasikom Capital Partners, a private consulting firm, have created a partnership to promote financial inclusion in Sierra Leone through a national survey and public engagement campaign intended to provoke dialogue about financial inclusion and how it can be increased. August 4, 2012

MIF Places \$5m in Equity in Mexico Development Fund I

The Multilateral Investment Fund (MIF), which is administered by the US-based Inter-American Development Bank, has made an equity investment of USD 5 million in Mexico Development Fund I (MDF-I), a venture capital fund focused on Mexican small and medium-sized firms that provide educational, financial or retail services. Susana Garcia-Robes, principal specialist in charge of early-stage financing at MIF, said, "The Fund presents a compelling impact investment case that will benefit Mexico's young and growing low-income population that is now transitioning into the middle class...". Financials are not available on MDF-I or its manager, PC Capital Partners of Mexico. August 3, 2012

Diamond Trust Bank of East Africa Looks to Raise \$21m

Diamond Trust Bank (DTB), an East African affiliate of Swiss nonprofit Aga Khan Development Network, reportedly has opened a rights issue in an effort to raise the equivalent of USD 21.5 million. Among the bank's plans are offering agent banking and launching a pilot microfinance unit in Kenya. While the new shares will not be traded on the Nigerian Stock Exchange until September, existing shareholders may now enjoy a discounted purchase option. DTB has branches in Burundi, Kenya, Tanzania and Uganda. While financial information for DTB Burundi is unavailable, DTB Kenya reports assets of USD 1.3 billion for 2012. For 2010, DTB Tanzania reported USD 169 million and DTB Uganda reported USD 117 million in assets. August 3, 2012

MicroCapital Deal of the Month

ResponsAbility Loans \$9m to ProCredit Moldova, Noa of Albania

ResponsAbility Social Investments of Switzerland recently reported to MicroCapital that it issued loans totaling USD 7.8 million to ProCredit Moldova, a subsidiary of Germany's ProCredit Group. ProCredit Moldova reports assets of USD 150 million, outstanding loans of USD 117 million, deposits of USD 43.6 million and return on equity of 8.8 percent. As of 2010, ProCredit Group, which has 21 subsidiary banks, reported assets equivalent to USD 6.8 billion. ResponsAbility also loaned a total of USD 1.2 million to Noa, a microfinance institution in Albania that is owned by Amance Holding of the Netherlands. Noa reports USD 56.8 million in assets, 15,000 borrowers, a gross loan portfolio of USD 39.8 million, return on assets of -4.4 percent and return on equity of -28 percent as of 2010. Amance is backed by US-based Creation Investments and Switzerland's Balkan Fund for Southeast Europe.

Imagine your branding here

Accion Launches Avanza Portfolio Management Service

Accion, a US-based nonprofit with clients in 22 countries, recently launched Avanza, a retail microfinance portfolio management service that includes the evaluation of prospective clients, loan disbursement and administration. Avanza replaces loan officers with a team of commercial advisors, credit analysts, and call center and collections staff. Avanza's first partnership is with Finamérica, a Colombian microfinance institution that reports assets of USD 260 million. August 2, 2012

India's FINO to Tackle Financial Inclusion in Nigeria with ZaaEdge

Financial Information Network and Operations (FINO), an Indian for-profit technology provider, and ZaaEdge Resources, a for-profit company that promotes financial inclusion technology in Nigeria, have agreed to a partnership whereby FINO will offer banking services to the poorest sector of Nigeria's population and ZaaEdge will promote FINO's services. ZaaEdge Co-founder Omotayo Babatunde stated that the partnership will support an initiative of the Central Bank of Nigeria that is intended to reduce the percentage of adult Nigerians without financial services from 46 percent to 20 percent by 2020. August 2, 2012

Nigerian Traders Association to Issue Loans to 19k Rural Farmers

The National Association of Nigerian Traders, a Nigerian organization that aims to promote trade and economic advancement, reportedly will support 19,000 "small-scale" rural farmers through a microcredit program that was launched in 2010. Recipients of this year's loans were chosen from communities in the country's capital, Abuja, and the Nigerian states of Nasarawa, Plateau and Benue. While the amount loaned is unavailable, loans disbursed in 2010 and 2011 carried one-year terms with an annual interest rate of 10 percent, and the most recent loans reportedly were repaid at a rate of 100 percent. August 1, 2012

2.7 billion people in the developing world lack access to basic financial services.

We invest in the solution.



Developing World Markets is a global leader in microfinance investing that aims to expand access to financial services in the developing world. With approximately \$720 million in assets*, we have invested in more than 140 financial institutions serving low-income populations in

more than 40 developing countries. We go to the ground level to originate our investments. We speak to managers. We speak to loan officers. We speak to borrowers. We build relationships. So it helps that we speak over 20 languages. We're serious about investing. We're serious about impact.

*as of 30 June 2012.

Developing World Markets offers tailor-made financing:

**Senior & Subordinated Debt • Convertibles • Equity
Syndications • Bond Issues • USD • EUR • Local Currencies**

Investing for impact.
www.dwmarkets.com



**DEVELOPING
WORLD
MARKETS**

India's SEBI Seeks Comment on "Massive" Education Effort

The Securities and Exchange Board of India (SEBI) has proposed a draft National Strategy for Financial Education with the goal of creating "a financially aware and empowered India." The five-year plan, which includes reaching young people via schools, focuses on financial education and consumer protection related to banking, securities, insurance and retirement planning. In partnership with the Reserve Bank of India and India's Insurance Regulatory Development Authority, SEBI has proposed a national survey to assess usage of financial services as well as "the state of financial competency." Comments on the draft may be emailed to [iad\[at\]sebi.gov.in](mailto:iad[at]sebi.gov.in) until August 15. For a link to the document, please refer to <http://microcapital.org>. July 31. 2012

Zidisha Peer-to-peer Service Reaches \$300k Brokered

On July 18, US-based nonprofit Zidisha reached the milestone of USD 300,000 raised for 500 businesses in Burkina Faso, Indonesia, Kenya and Senegal. A microbusiness that has successfully repaid a loan to another lender may use the Zidisha website to request a loan at an interest rate of its choosing. Zidisha allows individual lenders to provide loans as low as USD 1 to fund all or part of the loan at an interest rate equal to or less than the proposed rate. If a loan is over-subscribed, the lowest offered rates prevail. As borrowers make monthly repayments, the principal and interest can be reinvested or withdrawn. Zidisha reports that the loans it facilitates are repaid at a rate of 98 percent with an average annualized interest rate of 3.1 percent. July 31. 2012

European Progress Microfinance Hits 20 Partners, \$98m Allocated

The European Progress Microfinance Facility, which is managed by the European Investment Fund (EIF), has brought on its 20th microfinance intermediary, Italian credit cooperative Banco di Credito Mediocredito. Details on the transaction have not been released, but with this commitment, Progress Microfinance has committed the euro-equivalent of USD 98 million to microfinance providers in 14 EU countries. The funds are expected to facilitate USD 220 million in new microloans by 2019. EIF is a public-private partnership with assets of USD 1.6 billion. July 31. 2012

Investors Back Paga's Money Transfers in Nigeria

Paga, a Nigerian money-transfer service, has received new equity investments of undisclosed size both from prior investor Goodwell West Africa Microfinance Development Company, a branch of the Dutch firm Goodwell Investment, and from new investors Adlevo Capital, a Mauritius-based private equity fund manager; Omidyar Network, a US-based nonprofit investment firm; US-based nonprofit Acumen Fund; and the private, US-based Capricorn Investment Group. Since its launch in 2011, Paga has acquired 125,000 users and processed approximately 276,000 transactions with a total value equivalent to USD 16 million. July 30. 2012

Micro/SMEs • Agribusiness • Green affordable housing



treetopscapital
investing with impact

**Over \$100 million of impact investments
under management and growing**

www.treetopscapital.com / info@treetopscapital.com

Future Generali India Offers Microinsurance for Rural Businesses

Future Generali India, a joint venture of US-based Future Group and Italy's Generali Group, reportedly has created a microinsurance product targeted at rural business owners in India. Dubbed Future Sampoorana Suraksha, the policy covers assets such as produce, pump sets and furniture. Although policy details have not been released, Future Generali Chief Executive KG Krishnamoorthy Rao has been quoted as saying, "We are confident that this comprehensive product and its viable price will...attract many first-time buyers who would otherwise stay away." Future Generali reports investment assets totaling the equivalent of USD 295 million. July 30. 2012

Nigeria to Insure Mobile Payment Accounts

The Central Bank of Nigeria and the Nigeria Deposit Insurance Corporation are reportedly designing an insurance mechanism to protect customer balances held by mobile-payment operators. The initiative aims to increase customer confidence in order to attract 50 million Nigerians into the financial system. July 29. 2012

Jordan Moving Forward on Microfinance Strategy

Jordan's Minister of Planning and International Cooperation Jafar Hassan recently met with a group of microfinance practitioners as part of the country's national strategy for the microfinance sector for the years 2012 through 2014. Minister Hassan expressed support for developing the sector in line with international best practices and creating an institutional and legislative framework that allows private-sector and civil-society institutions to finance and otherwise support microfinance. For a list of microlenders represented at the meeting, please see <http://microcapital.org>. July 27. 2012

Traditional, Branchless Locations Hit 9,050 in the Philippines

The banking network in the Philippines, including bank branches and other banking offices (OBOs) that offer limited banking services outside of bank branches, rose from 8,870 sites as of March 2011 to 9,050 as of December 2011. The number of OBOs that cater to microfinance clients reportedly reached 700 as of July 2012. According to a statement attributed to Bangko Sentral ng Pilipinas Deputy Governor Nestor Espenilla, pawnshops are now the primary type of business used for money transfers. July 27. 2012

India's Janalakshmi Focuses on Long-time Customers

Janalakshmi Financial Services, an Indian microfinance institution, recently launched the JanaOne initiative, which is aimed at providing customers a "one-stop-shop" for all their financial needs including financial planning, product selection assistance and financial literacy tools. JanaOne centers are exclusively focused on customers who have been with Janalakshmi for at least two years. Janalakshmi reports total assets of USD 25 million and 82,000 active borrowers. July 26. 2012



PERFECT POINT PARTNERS
Consultants for Microfinance and Microenterprise



www.perfectpointpartners.com

Digicel Services Win \$3.2m for Achieving 5m Transactions in Haiti

Two services of Bermuda-based mobile phone network provider Digicel Group Limited, Tcho Tcho Mobile and Voila's T-Cash, will share an award of USD 3.2 million from the Haiti Mobile Money Initiative, a competition that provides prize money from the US-based Bill and Melinda Gates Foundation and the US Agency for International Development. The award recognizes that the two companies have reached the milestone of handling 5 million transactions since being launched in 2010. This is the final grant from a fund of USD 10 million that was created in the wake of the earthquake that wracked much of Haiti in 2010. Digicel reports 12.8 million customers in the Caribbean, Central America and the Pacific. July 25, 2012

India's Shreenidhi to Loan \$81m for Education, Livelihoods

Shreenidhi, an apex cooperative credit society set up by the Indian state of Andhra Pradesh, reportedly will disburse loans totaling the equivalent of USD 81 million for livelihood promotion and education and skill development. USD 54 million of this is to be disbursed to 300,000 families with members that are part of self-help groups to pay for courses in areas such as information technology that are expected to improve employability. Each loan is to carry a term of five years and range in size from USD 900 to USD 1,200. Details on the livelihood-promotion loans are not available. July 25, 2012

Banks Seek to Serve Every Adult in Indian District

A campaign by banks in the district of Ernakulam in the Indian state of Kerala is aimed at supplying every adult in the district with a bank account by September. In support of the effort, the state-controlled Union Bank of India plans to open a set of Financial Literacy and Credit Counselling Centres. It is estimated that 80 percent of adults in the district have bank accounts. July 25, 2012

Debtor Suicides Spread to Microlender CEOs

Two microlender CEOs in the Indian state of Andhra Pradesh reportedly have committed suicide after their organizations became insolvent. A Pratap Reddy of Sewa Mutually Aided Cooperative Thrift Societies Federation is said to have killed himself because the organization was not able to repay bank loans equivalent to USD 4.5 million. In 2011, Sewa reported total assets of USD 4 million. The CEO of a different unidentified MFI in Andhra Pradesh also reportedly committed suicide recently for a similar reason. Many lenders have had financial problems since suicides among microborrowers prompted the government of Andhra Pradesh to implement a set of restrictions on the microfinance sector in 2010. July 24, 2012

Nigeria's Bauchi to Create Ministry to Promote Microfinance

The State House of Assembly of the Nigerian state of Bauchi has reportedly passed a resolution creating a ministry that will focus on educating rural people about microfinance services. According to a statement attributed to Alhaji Dayyabu Ciroma, chairman of the House Committee on Information, most customers use banks only to collect salaries rather than to borrow or deposit money. July 24, 2012

Uganda's aBi Trust Grants \$60k to MAMIDECOT for New Branch

Uganda's Agribusiness Initiative Trust has contributed the local-currency equivalent of USD 60,000 to Masaka Microfinance Development Cooperative (MAMIDECOT), also of Uganda, for the establishment of a new branch in the Bukunda trading center in the district of Rakai. MAMIDECOT offers savings services as well as loans for farming, school fees, solar equipment and commercial purposes. MAMIDECOT reports total assets of USD 1.1 million and loans outstanding of USD 776,000 as of 2008, the most recent period for which financial data on the organization are available. July 23, 2012



Vision Microfinance: To invest. And to do good.

Vision Microfinance is an appeal to combat poverty in a meaningful and sustainable way. So far 266 m USD have been distributed in the form of 287 promissory notes to 134 microfinance institutions in 40 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 Absolute Portfolio Management who work in close partnership with microfinance specialist Symbiotics and the Bank in the diocese of Essen, a cooperative bank specialized in sustainable investments. This unique cooperation of fund manager, research team and ethical guide yield innovative microfinance solutions: Vision Microfinance.

www.visionmicrofinance.com



Absolute Portfolio Management GmbH, Wallnerstraße 3/17, A - 1010 Wien, Tel.: +43 (1) 533 59 76, www.absolutepm.at

OPIC to Support SMEs via GATE Impact Investment Platform

The Overseas Private Investment Corporation (OPIC), a US government agency that supports investment in emerging markets, has selected GATE (Global Alternative Trading Engine) Impact of New York to establish an Impact Investment Platform for the Enterprise Development Network, an OPIC effort intended to support small and medium-sized enterprises doing business in emerging markets. GATE Impact is owned by GATE Technologies, which also comprises GATE US, GATE India and GATE Brazil. GATE Impact will connect investors with socially oriented businesses and provide trading information from a variety of markets, including private equity, private debt, microfinance and environmental credits. July 23, 2012

Rafiki of Kenya Launches Home Mortgages

Kenya's Rafiki Deposit Taking Microfinance has introduced a mortgage product targeted at low- and middle-income Kenyans. Rafiki Chief Executive Daniel Mavindu reportedly said, "There is need to empower the middle- and low-income earners through tailor made products to increase availability and access to decent and affordable homes, and this is what we are out to offer." The terms of the loans to be offered have not been released. Rafiki reports assets equivalent to USD 5.2 million, a gross loan portfolio of USD 1.2 million and deposits totaling USD 1.2 million. July 23, 2012

Zambia Postal Services to Launch Microfinance Company

Zambia Postal Services (Zampost), the national postal service of Zambia, recently registered the Zampost Microfinance Company Limited and is awaiting receipt of an operational license from the Bank of Zambia. Francis Mumba, manager of Zampost public relations and corporate affairs, reportedly said that Zampost Microfinance will provide Zambian citizens the opportunity to borrow at a "reasonable rate." Zampost has 165 post offices and sub-offices in addition to 58 agents. July 20, 2012

NMB Revamps Receipt Financing for Coffee Growers in Tanzania

The National Microfinance Bank (NMB), which is backed by the government of Tanzania, reportedly has reintroduced a warehouse-receipt system of financing to allow coffee farmers to use their crops as collateral for loans, allowing them to avoid selling their crops at harvest time when prices are low. NMB plans to allocate the equivalent of USD 500,000 to the project, to be disbursed to 10 agriculture marketing cooperative societies (AMCOS) in the Mara region of Tanzania. USD 230,000 has already been disbursed to four AMCOS. In 2011, NMB allocated USD 315,000 to seven AMCOS for the same purpose, but unspecified problems resulted in only USD 126,000 being disbursed. July 19, 2012

KfW Loans \$30m to AccessBank of Azerbaijan

Kreditanstalt für Wiederaufbau Entwicklungsbank, a development bank owned by the government of Germany, has agreed to loan USD 30 million to AccessBank, a microfinance institution based in Azerbaijan. Half of the money was disbursed in July, and the second half is to be disbursed in August. AccessBank reports total assets of USD 488 million, a gross loan portfolio of USD 378 million and 120,000 borrowers. AccessBank is one of six institutions affiliated with Access Microfinance Holding of Germany. July 18, 2012

Benin's Finada, Ingenico of France Partner on Branchless Banking

Finada, a microfinance institution in Benin, has partnered with Ingenico, a French electronic-payments company, to offer banking services such as deposits and bill payment through Ingenico terminals at shopping centers, pharmacies and gasoline stations. The organizations foresee launching similar activities in Mali, Togo and other French-speaking countries in Africa after the Benin project is underway. Financial data on Finada, which was founded in 2010, are not available. Ingenico reports revenue equivalent to USD 1.1 billion. July 18, 2012



Sustainable Microenterprise & Development Program

- ◆ Arusha, Tanzania, October 15–26, Savings Led Microfinance in Action
- ◆ Accra, Ghana, March 11–22, 2013, Skills for Senior Microfinance Leaders
- ◆ Webinars on Microfinance, Savings Groups & Value Chain Development

www.carseyinstitute.unh.edu/smdp.html



CARSEY INSTITUTE



UNIVERSITY of NEW HAMPSHIRE

**The Candid Voice
for Microfinance**

Since 2005



MicroCapital

Now accepting founding
sponsors for the

**MicroRisk
Monitor**

covering microinsurance
in developing countries

INVESTMENT TRENDS SUMMIT

SEPTEMBER 12-14, 2012
THE FOUR SEASONS, THE BILTMORE
SANTA BARBARA, CA



 **Opal Financial Group**
Your Link to Investment Education

**EUROPEAN ALTERNATIVE
& INSTITUTIONAL
INVESTING SUMMIT**

1-3 OCTOBER 2012
LE MÉRIDIEN BEACH PLAZA,
MONTE CARLO, MONACO



 **Opal Financial Group**
Your Link to Investment Education

Philippines Plans \$66m for MSME Capacity Development, Lending

The Philippine Department of Trade and Industry (DTI) reportedly has included the equivalent of USD 47 million in its latest budget proposal for an incentive fund for microfinance institutions (MFIs) and USD 19 million to be used for capacity-building for micro-, small and medium-sized enterprises (MSMEs). According to a statement attributed to DTI Undersecretary Merly Cruz, the department aims to boost MFI lending to MSMEs to USD 2.8 billion by offering MFIs funding earmarked for MSMEs equal to 5 percent of the MFIs' capital. The capacity-building program will include business and livelihood training conducted in 609 poor, rural municipalities. July 17, 2012

Triodos Loans \$3.7m to Prizma of Bosnia and Herzegovina

Triodos Bank of the Netherlands recently approved a euro-denominated loan equivalent to USD 3.7 million to Prizma Microcredit Foundation of Bosnia and Herzegovina, bringing the bank's exposure to Prizma to USD 6.1 million. Prizma has total assets of USD 68 million and loans totaling USD 63 million outstanding to 68,000 rural clients. Triodos manages four microfinance funds with total assets of USD 442 million and outstanding loans to 95 institutions. July 17, 2012

ResponsAbility Loans \$1.4m in Cameroon, Tanzania

Switzerland's responsAbility Social Investments has issued loans to Advans Cameroun, a microfinance institution (MFI) in Cameroon, and Promotion of Rural Initiative and Development Enterprises Limited (PRIDE), an MFI in Tanzania. ResponsAbility loaned the local-currency equivalent of USD 937,000 to Advans Cameroun, a member of the Advans SA group of financial institutions, which is registered in Luxembourg and has operations in Cambodia, the Democratic Republic of the Congo, Ghana and Tanzania. Advans Cameroun reports a gross loan portfolio of USD 19 million, 9,000 active borrowers, deposits of USD 8.1 million and 21,000 depositors. ResponsAbility also loaned USD 500,000 to PRIDE, which reports a gross loan portfolio of USD 37 million and 100,000 active borrowers. July 16, 2012

Kazakhstan May Limit Microcredit Interest Rates

While details remain sparse, the Majilis, the lower house of the Parliament of Kazakhstan, recently passed a new bill regulating microfinance institutions (MFIs) with the intent of protecting borrowers. According to the National Bank of Kazakhstan, MFIs in the country have become usurious. However, some Members of Parliament, in lieu of government regulation, support self-regulation through the framework of the existing national association of MFIs, which reportedly includes 90 percent of the 900 operating MFIs in the country. July 16, 2012

Microloans in Namibia Grew an "Alarming" 34% in 2011

According to a report attributed to the Namibia Financial Institutions Supervisory Authority, the total of microloans disbursed in Namibia grew 34 percent during 2011, reaching the equivalent of USD 183 million. Of this, USD 175 million was disbursed as "term" loans, which have a term of six months to five years and an average annual interest rate of 22 percent. During 2011, term loans outstanding increased 60 percent to USD 34 million, and the average size of a term loan grew 39 percent to USD 1,350. The growth reportedly is due to consumption lending. According to a quote attributed to Rudolf Kuschke, an analyst at Namibia's Simonis Storm Securities, "The rate at which micro-lending is currently growing is clearly alarming." July 16, 2012

ResponsAbility Invests \$6m in Peru's Crear, Bolivia's Ecofuturo

Funds managed by responsAbility Social Investments of Switzerland recently disbursed loans totaling the local-currency equivalent of USD 5.8 million to Financiera Creditos Arequipa, a Peruvian microbank with assets of USD 203 million, a gross loan portfolio of USD 178 million, deposits of USD 21 million, return on assets (ROA) of 4.7 percent and return on equity (ROE) of 33 percent. ResponsAbility also loaned USD 500,000 to Ecofuturo, a Bolivian microbank with assets of USD 165 million, a gross loan portfolio of USD 146 million, deposits of USD 110 million, ROA of 2.9 percent and ROE of 29 percent. July 14, 2012



Scalable Strategies for Low-Cost Housing LATAM

Secure capital, cement partnerships & accelerate results

27th -29th August 2012 , Miami, Florida

Benefits of attending

Investors

- Big opportunities, even bigger returns: How low cost housing can deliver portfolio diversification & double bottom line success
- Cultivate exceptional partnerships with new delivery channels including MFIs, social enterprises and building manufacturers
- Overcome barriers to entry: Mitigate the risks of longer term, higher value loans

Retail Deliverers

- Political commitment revealed : Align delivery with future policy
- Meet commercial investors: Cement long-term, robust partnerships
- Evaluate your public and private partnerships: Design a blueprint for scale-up

18 expert speakers including



Irene Campos Gomez
Minister of Housing and Human Settlements
Ministry of Housing and Human Settlements, Costa Rica



Douglas Grayson
Global Sector Lead, Global Financial
Markets Department – Housing Finance
IFC



Jorge Wolpert
Deputy Director General
CONAVI



Belinda Florez
Director of Microfinance Initiatives
Habitat for Humanity



Juan Luis Alfiero
Director of Housing
CEMEX

Tel: +1 212 537 5898 Fax: +44 (0)207 222 2685 Email: info@hansonwade.com
www.housingfinance-latam.com



Quote discount code:
MICROCAPITAL for a **15% discount**



Impact Investing

Summit 2012

Source profitable investments, employ the correct financial mechanisms & measure social impact

26th – 28th November 2012, Washington DC

Benefits of attending

- **Big opportunities, even bigger returns:** Assess the quality investment opportunities that will deliver double bottom line success
- **Analyse case studies and data from today's most successful impact investors:** Uncover what worked, and what didn't, to inform your future investment strategy
- **Avoid swapping return for impact:** Analyze real data on return expectations in order to find out how to make the economics work for you
- **Acquire the financial mechanisms and structures that will accommodate your portfolio needs:** Ensure you have the right investment instruments at your finger-tips
- **Develop accurate metrics:** Improve traditional measurement systems to incorporate financial and social returns

25 expert speakers including

J.P.Morgan	Yasemin Saltuk Head of Social Finance JP Morgan Social Finance
	Asad Mahmood Managing Director, Global Social Investments Deutsche Bank
	Emmanuel de Lutz Head of Microfinance BNP Paribas
	Lisa Hall CEO Calvert Foundation

Tel: +1 212 537 5898 Fax: +1 212 537 5898 Email: info@hansonwade.com
www.impactinvesting-usa.com



Quote discount code:
MICROCAPITAL for a 15% discount



15th Global Investment & Innovation in Microfinance: AFRICA




Explore profitable debt & equity opportunities, mitigate against unregulated institutions & overcome regional risk

18th – 20th September 2012, Accra, Ghana

Benefits of attending

- **Big opportunities, even bigger returns:** How Microfinance in Africa can deliver double bottom line success
- **How regulatory transformation impacts you:** Find out to what extent recent legislative changes will create an enabling investment environment
- **Overcome risk, gain investment confidence:** Use the correct risk analysis tools and correct data to determine where to invest, safely
- **Conquer over-indebtedness:** Isolate the right MFIs to work with in order to ensure responsible investment
- **Pinpoint your next big impact investment:** Explore the new product range opportunities which will deliver strong portfolio diversification

25 expert speakers including

	Adetutu Ogunaike Director – Other Financial Institutions Central Bank of Nigeria
	Hiba Farid Head of Microfinance Unit Central Bank of Sudan
	Richard Appietu Head of Microfinance and SME Banking Fidelity Bank
	Asad Mahmood Managing Director, Global Social Investment Funds Deutsche Bank

Tel: +44 203 141 8700 Fax: +44 207 222 2685 Email: info@hansonwade.com
www.microfinance-africa.com



Quote discount code:
MICROCAPITAL for a 15% discount

The global information exchange
for the microfinance industry




Microfinance Information eXchange

www.themix.org

FUNDESER

is very pleased to announce that the institutional crisis
in Nicaragua has passed. During 2011, FUNDESER:



- Finished with a positive ROE
- Finished with a net profit
- Received more than US\$ 3 million in liquid funds
- Agreed on US\$ 1.4 million in rollovers
- Grew more than 18% in terms of assets
- Grew more than 38% in terms of net portfolio
- Achieved PAR30 plus rescheduled loans of less than 7%

www.fundeser.org.ni
Fundación para el Desarrollo Socio Económico Rural

**FONDATION
MICRO-CREDIT**
GROUPE BANQUE POPULAIRE



Supporting Moroccan microentreprises
for 10 years with proximity, financing,
management, training and monitoring.
www.fbpmc.ma

KMF active clients - 35 379
Loan portfolio - USD 40 735 082



Founded in 1997

**Real support -
to real business!**

www.kmf.kz



**Islamic Saving and Credit
Cooperative of Cameroon**

Is proud to announce its
association with the
Farz Foundation of Pakistan.
ISCCC is seeking partners
to assist in its provision
of microcredit, education and
health services.

Cameroon Halal Microfinance +237 33 21 06 02

Banco Solidario

Recognized for social responsibility by
Microfinanzas Americas,
The Smart Campaign,
Planet Rating,
Microfinance Information Exchange and
Great Place to Work.

www.solidario.fin.ec

 **MicroCapital Monitor**
SINCE 2006

Did you know **every MFI**
on the MIX Market receives
the complete subscriber edition
of the *Monitor* each month?

With 385 locations serving over 126,000 clients across Uzbekistan,
Mikrokreditbank is proud to have been recognized as

**Country Winner
for Uzbekistan**

in *The Banker* magazine's
2010 "best bank" awards



MIKROKREDITBANK

FIELD NOTES

Investing in Rural Financial Access: Hurricane Watch Ahead?

Earlier this year, my company embarked on a new challenge: to understand how we can add value to the recent trend of microfinance institutions (MFIs) expanding to rural areas. We have bumped around on trucks visiting rural microfinance programs in six countries, met with donors and experts, and mapped access where we could. The anecdotes we heard and impressions we gleaned from talking with clients are consistent with the results the World Bank's Findex, which is based on a recent survey of 50,000 people in 148 economies. (Please refer to the June issue of this newspaper for details on Findex.)

Our first impression was that there are multiple sources of finance available in many rural areas (at least in Latin America). Why then is there so much talk about lack of rural access? A few months ago, I mentioned in this space that we have seen roads in rural Paraguay peppered with banks, MFIs, pawn shops and consumer finance companies. Well, the same is true in many of the other areas we've visited. I was in Comayagua, the "third" city of Honduras, last month and saw about 20 financial service providers within a five-square-block radius of the central square. Part of the issue is how we think of and define *rural*. (Comayagua is a bustling town of over 100,000 people.) However, the Findex data show that rural people in low- and lower-middle-income countries are more likely than their urban counterparts to have taken out a loan in the past 12 months. This trend is strongest in Southeast Asia and Latin America.

The area in which Latin America lags is savings. This is especially interesting because savings play a much larger role than credit in the average person's financial life in developed countries. While 90 percent of developed-world respondents have formal savings accounts, fewer than 15 percent have loans. In low- and lower-middle-income countries,

this gap is almost nil: only about 10 percent of rural respondents have formal savings accounts, and about the same number have loans. In urban areas, savings is slightly higher but still under 18 percent.

While there certainly are opportunities for lenders in rural areas, there are also high costs and large risks. Rural clients are scattered and hard to identify and visit. Climate change is damaging crops, inventory, infrastructure and even the ability to travel to make loan payments. Market risks driven by commodity price fluctuations and government intervention such as tariffs also play a role. While there are still significant gaps in our understanding of the cash flows of rural households, answering that question would be just a drop in the bucket in a broader strategy to manage rural risk. Many MFIs have shared with us their plans to expand to rural areas. They report that rural borrowers seem less "tainted" by multiple lending. Because investors and donors seem comfortable funding this expansion (partly because of the social value of serving hard-to-reach clients), it may be only a matter of time before we see financial service providers aggressively tackle rural areas, pushing up multiple borrowing. Should lenders just stay out? Perhaps not, but there is a need for better risk management tools. For clients, these include savings, technical assistance and insurance. MFIs need better rural credit analysis, portfolio risk management, insurance and partnerships - including with governments. For investors and donors, understanding the markets, their risks and their access gaps is key. Without these tools, gains in rural financial access might wash away with the next hurricane.

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\[at\]eac-global.com](mailto:bmagnoni[at]eac-global.com), or you may follow her on Twitter at [BarbaraatEA](#).



Your Professional Financing Partner

We are committed to being a client-focused investor, making the following benefits available to our partners:

- Attractive conditions
- Local currency funding
- Lean processes and fast execution
- Reliable source of funding
- Strong networks

responsAbility Social Investments AG

Josefstrasse 59, 8005 Zurich, Switzerland

Phone +41 44 250 99 30, Fax +41 44 250 99 31

www.responsAbility.com/financing, proposal@responsAbility.com

responsAbility

leading social investments

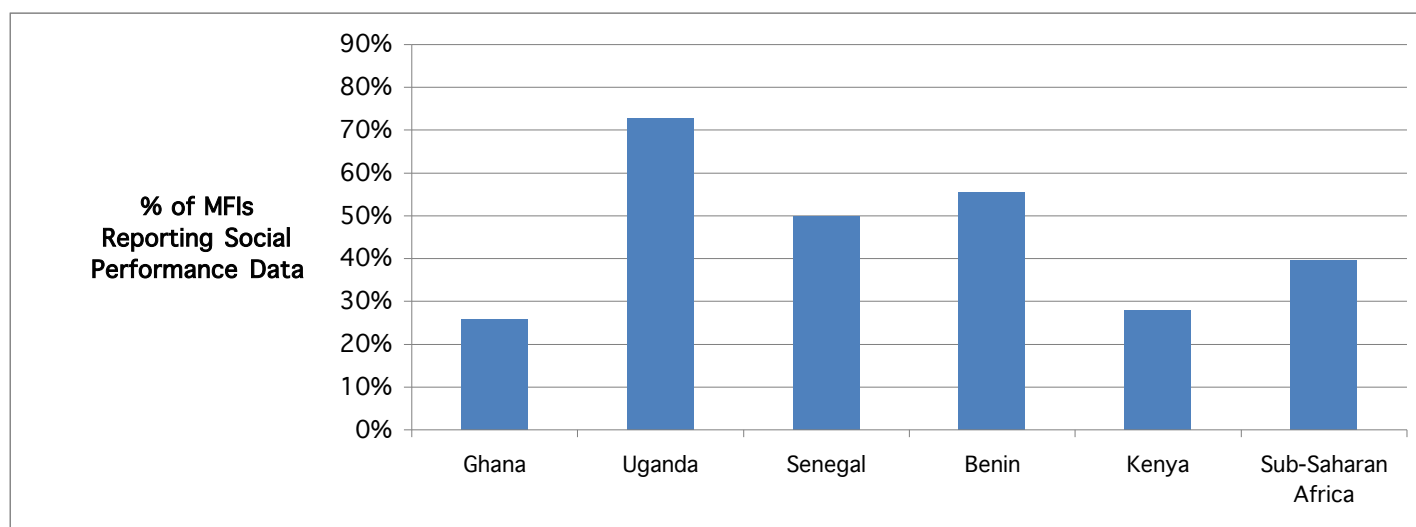


MICROCAPITAL SOCIAL PERFORMANCE INDICATORS

SUB-SAHARAN AFRICA

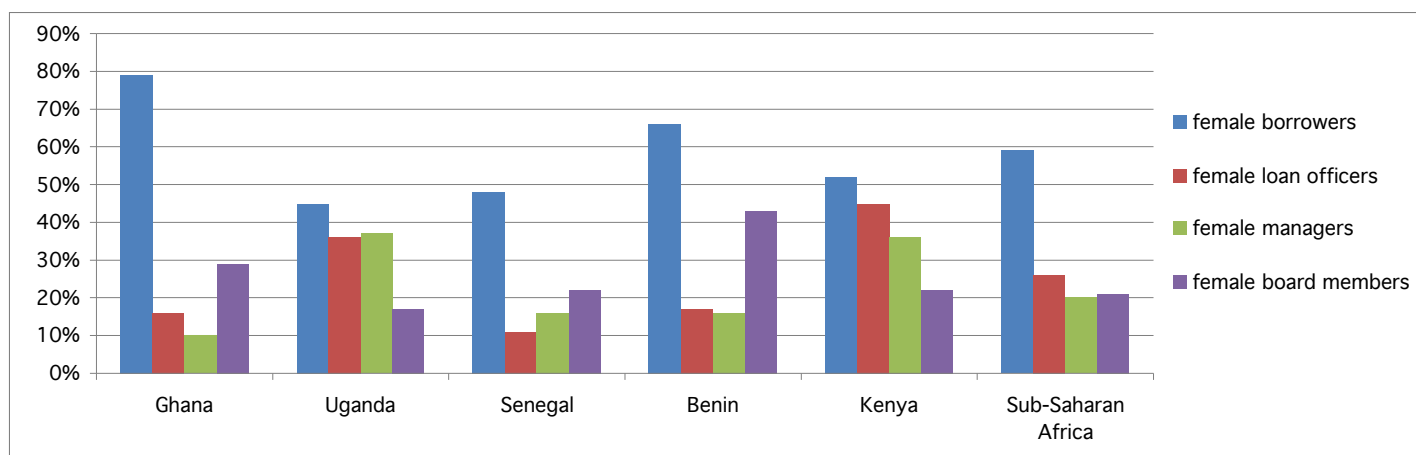
60 MICROFINANCE INSTITUTIONS (MFIs) FROM 21 COUNTRIES REPORTING SOCIAL PERFORMANCE DATA

TOP FIVE COUNTRIES BY MFI REPORTING OF SOCIAL PERFORMANCE DATA



The countries appearing in the above chart are those from the region from which the greatest number of MFIs reported 2010 social performance data to the Microfinance Information Exchange (MIX). The percentages are calculated by dividing the number of MFIs that reported social performance data by the number that reported financial data to MIX.

PERCENTAGE OF FEMALE STAKEHOLDERS



The countries appearing in the above chart are those from the region from which the greatest number of MFIs reported 2010 female stakeholder data to MIX. Percentages for the countries shown include data from 9 to 31 MFIs per country.

Source: MIX, August 2012

UPCOMING EVENTS

Fourth International Disaster and Risk Conference

August 26 - August 31, 2012, Davos, Switzerland

This conference will cover disaster-risk reduction, climate change adaptation, mega-disasters, infrastructure, critical services and others. The standard cost of the conference is EUR 780 with various discounts available. A post-conference symposium is priced separately. For additional information, you may contact Madeleine Colbert at [madeleine.colbert\[at\]grforum.org](mailto:madeleine.colbert[at]grforum.org) or +41 (81) 414 16 00, or you may visit: http://idrc.info/pages_new.php/IDRC-Davos-2012/831/1/.

Scalable Strategies for Low-cost Housing - Latin America

August 27 - August 29, 2012, Miami, Florida, USA

This event will cover boosting returns, risk management, partnerships and regulatory barriers. The price of the two-day conference is USD 2,299. Add-on workshops are available as are discounts for microbanks plus an **additional 15-percent discount for MicroCapital readers indicating the priority code "MicroCapital."** More details may be had via +1 212 537 5898, [info\[at\]hansonwade.com](mailto:info[at]hansonwade.com) or <http://housingfinance-latam.com>.

Impact and Policy Conference

August 30 - September 1, 2012, Bangkok, Thailand

This event will cover financial inclusion, governance, post-conflict recovery and small and medium-sized enterprise development. Matchmaking sessions for researchers and practitioners will include funding offers. The fee to attend is USD 200 for representatives of for-profit organizations and USD 100 for others. More details are available via <http://poverty-action.org/impactandpolicyconference>, +1 203 772 2216 or [events\[at\]poverty-action.org](mailto:events[at]poverty-action.org).

Sixth REDCAMIF Conference: Growing with Inclusion

September 5 - September 7, 2012, Panama City, Panama

To be held in Spanish, this conference is to include various sessions on microfinance including one on distrust of the sector. The cost to attend is USD 450 with discounts for registrations received by August 31 and for affiliates of Red Centroamericana y del Caribe de Microfinanzas. More details may be had via [info\[at\]vi-conferencia-redcamif.org](mailto:info[at]vi-conferencia-redcamif.org), +505 22 781 017 or <http://www.viconferencia-redcamif.org/>.

Sixth Annual Mobile Financial Services Asia Pacific Summit

September 10 - September 12, 2012, Manila, the Philippines

This event will cover partnerships; increasing market share; security; cross-border models; and improving the user experience. The fee to attend is USD 2,395 with add-on workshops and a range of discounts available. More details may be had from Rita Parasurum via [rita.parasurum\[at\]ibcasia.com.sg](mailto:rita.parasurum[at]ibcasia.com.sg) or +65 6508 2482 or by visiting <http://mobilefinancialsummit.com/>.

Global Youth Economic Opportunities Conference

September 11 - September 13, 2012, Washington, DC, USA

The aim of this conference is to form partnerships, share practices and boost technical knowledge relating to increasing youth economic opportunities. The registration fee is USD 695. More information may be sought from Whitney Harrelson at [whitney\[at\]makingcents.com](mailto:whitney[at]makingcents.com) or +1 202 783 4090, or via <http://www.youtheconomicopportunities.org>.

Investment Trends Summit

September 12 - September 14, 2012, Santa Barbara, California

The standard fee to attend this event, which will cover a range of topics including emerging market trends and socially responsible investing, is USD 2,895, with a rate of USD 1,995 for fund managers and venture capitalists. There is no fee for representatives of family offices and plan sponsors. More details are available via [info\[at\]opalgroup.net](mailto:info[at]opalgroup.net), +1 212 532 9898 or <http://www.opalgroup.net/trk/itsb1218.html>.

Investment and Innovation in Microfinance: Africa

September 18 - September 20, 2012, Accra, Ghana

This event includes an awards program and will also cover investment opportunities, risk management, regulation and managing data. The standard registration pricing is USD 1,999 with add-on workshops available. A range of discounts is available including a **15-percent discount for MicroCapital readers indicating the priority code "MicroCapital."** For more information, you may visit <http://microfinance-africa.com>, email [info\[at\]hansonwade.com](mailto:info[at]hansonwade.com) or phone +44 203 141 8700.

Fifth Convergences 2015 Forum

September 19 - September 21, 2012, Paris, France

This event will gather an estimated 3,000 attendees to consider solutions to poverty in Europe and worldwide. Topics will include social entrepreneurship, microfinance and others. Pricing ranges from EUR 25 to EUR 400 depending on employer category. More details may be had via <http://www.convergences2015.org/>, +33 (0) 142 657 884 or [forum\[at\]convergences2015.org](mailto:forum[at]convergences2015.org).

European Alternative & Institutional Investing Summit

October 1 - October 3, 2012, Monte Carlo, Monaco

The standard fee to attend this event, which will cover a range of topics including investing in emerging markets and socially responsible investing, is USD 2,995, with discounts available for fund managers and venture capitalists as well as all who register by August 10. There is no fee for representatives of family offices and plan sponsors. More details are available via [info\[at\]opalgroup.net](mailto:info[at]opalgroup.net), +1 212 532 9898 or <http://www.opalgroup.net/trk/caisb1206.html>.

SRI Conference on Sustainable, Responsible, Impact Investing

October 2 - October 4, 2012, Uncasville, Connecticut, USA

This conference offers sessions on investment and practice management in addition to various social issues, shareholder advocacy strategies and community investment opportunities. The fee to attend is USD 500 per day. For more information, you may contact Krystala Kalil at [krystala\[at\]sriconference.com](mailto:krystala[at]sriconference.com) or +1 719 636 1045, or you may visit <http://www.sriconference.com>.

MORE DETAILS COMING SOON ON...

Accounting and Microfinance

October 5 - October 6, 2012, Asheville, North Carolina, USA

Mobile Banking and Payments for Emerging Asia Summit 2012

October 8 - October 10, 2012, Bali, Indonesia

2012 SEEP Annual Conference: Building Inclusive Markets

November 5 - November 8, 2012, Arlington, Virginia, USA

Eighth International Microinsurance Conference

November 6 - November 8, 2012, Dar es Salaam, Tanzania

TBLI Conference Europe 2012

November 8 - November 9, 2012, Zurich, Switzerland

European Microfinance Week

November 14 - November 16, 2012, Luxembourg

Impact Investing Summit

November 26 - November 28, 2012, Washington, DC, USA

Microfinance India Summit

November 27 - November 28, 2012, New Delhi, India

Global Islamic Microfinance Forum

December 1 - December 2, 2012, Dubai, United Arab Emirates

PAPER WRAP-UPS

Financing Small Enterprises: What Role for Microfinance Institutions?

By Jasmina Glisovic and Meritxell Martinez, published by CGAP (Consultative Group to Assist the Poor), July 2012, 12 pages, available at: <http://www.cgap.org/gm/document-1.9.58676/FN81.pdf>

This paper examines how microfinance institutions (MFIs) serve small enterprises. The authors first give an overview of the financial needs of small enterprises, then analyze the role of MFIs in serving them and conclude with possibilities for improvement. The authors base their findings on a 2011 survey of approximately 300 MFIs in 69 countries; interviews with networks of MFIs; and a review of recent studies on small businesses, economic growth and job creation. Relative to micro-enterprises, the small enterprises considered for this paper are more developed, with 5 to 20 employees each, fixed assets, fixed places of business, simple financial recordkeeping systems, small capital bases and family ownership.

While recognizing the small number of market studies available in the arena and the risks of generalizing their results, the authors note several patterns regarding the needs of small business. They determine that the basic needs when the business is launched - such as short-term loans and basic savings accounts - evolve as the business grows to include long-term debt, current accounts, transfers and payments. In addition to these, the authors cite the following non-financial barriers to success: lack of electricity, inappropriate regulations, taxes and corruption.

In a survey of MFIs, 78 percent reported serving small enterprises as part of their strategy, while 70 percent expect to increase their small-business portfolio.

Among the challenges MFIs face in expanding their customer base to include serving small businesses are the following issues: 51 percent of institutions surveyed reported inadequate risk-assessment methods; fewer than 50 percent offered products like overdraft, transfer or payment services; 59 percent have no specialized staff nor a dedicated department to serve small enterprises; and 44 percent do not monitor the small business portfolio separately from the microfinance portfolio. Nevertheless, the authors point out the advantages MFIs bring to the small business market, from the close relationship they have with their customers to faster lending procedures and less collateral.

The paper concludes that a better understanding is required of the unique needs of small enterprises when tailoring MFIs'

services and products. In addition, the authors cite the importance of a client-centered approach, specialized staff and appropriate technologies.

Youth's Financial Inclusion Policy Reform Study

By Yassir Ahmed Hassan Jamie, published by MDG (Millennium Development Goals) Achievement Fund, Microfinance Unit - Central Bank of Sudan, UN Development Programme; May 2012; 103 pages; available at <http://www.microfinancegateway.org/gm/document-1.9.57618/Youth%20Financial%20Inclusion%20Policy%20Reform%20Study%20FINAL.pdf>

This study, conducted in the Sudanese states of Blue Nile, North Kordofan and South Kordofan, aims to identify the challenges faced by youth, women and vulnerable groups in accessing financial services and to make recommendations to improve financial inclusion among these groups. As defined in the study, financial inclusion is "the quality supply of financial services to all who could use them, combined with a regulatory framework and client knowledge levels that enable the safe and informed use of those services."

The first problem addressed by the study is the cost and limited availability of money-transfer services. The study suggests improvements in technology such as services that allow transfers to be made via mobile phones. Branchless banking can be particularly important in places like Sudan where conflict can damage bank branches and disrupt access to them.

The author states that regulation in the country makes it expensive to launch new financial service organizations and to open new branches. The author argues that these regulations particularly impact the ability of NGOs to enter the market, although they are critical to achieving financial inclusion, as they are better suited to protecting clients, adjusting product designs to meet client needs and providing non-financial assistance such as business skills training and financial education.

The study recommends that the Central Bank of Sudan (CBOS) relax these regulations and provide incentives and training to support NGOs in expanding. Additionally, the study

recommends CBOS support NGOs in increasing financial inclusion by mapping appropriate NGOs, providing incentives such as grant funding, offering training courses and sharing data.

The report also includes a survey indicating that youth in the area believe the ceiling on microfinance loan sizes is too low to allow them to build a lasting enterprise and that the collateral required is not reasonable. The author suggests that, especially in areas of conflict, loans need to be greater in amount and carry longer terms to allow businesses to take root. In order to make saving more attractive, the report recommends including a savings account in every financial service package.

Finally, the report suggests that CBOS support the agricultural sector by establishing borrowing groups among agricultural workers with the intention of fostering social responsibility, minimizing lending risk and providing a setting for training workers in saving money and storing crops.

Latin American and the Caribbean Microfinance Market Trends 2006-2011

By Renso Martinez Ramirez, published by the Microfinance Information Exchange, June 2012, 22 pages, available at: <http://www.themix.org/publications/mix-microfinance-world/2012/06/latin-american-and-caribbean-microfinance-market-trends->

The author of this report examines a sample of 48 larger microfinance institutions (MFIs) in the region that together account for 55 percent of microfinance clients. The author found an overall growth of 20 percent in the market, with increases of 24 percent and 19 percent in gross loan portfolio and assets, respectively. The number of borrowers also increased from 2010 by 17 percent.

Leverage decreased in 2011, which the author attributes to lower equity levels in Mexico, and the overall debt-to-capital ratio in South America also decreased. Overall, delinquency levels decreased, and there was an increase in returns, although Mexico's results showed greater risk and lower profitability. Finally, Central America is recovering in terms of risk and profitability. ■

SUBSCRIBE TO THE MICROCAPITAL MONITOR

The MicroCapital Monitor is available only by paid subscription. Subscribe today to support a representative voice for microbankers and investors at 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