

## MICROCAPITAL BRIEFS | TOP STORIES

### MIF to Invest \$4m in Equity in Vox Fund of Brazil

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

### India's Ujjivan Cuts Operations in Bihar After Staff Murder

Ujjivan Financial Services, a Bangalore-based microfinance institution (MFI), reportedly has ceased operations in the Vaishali and Muzaffarpur districts of the Indian state of Bihar following the murder of its customer relations officer Achchhe Lal Prasad. Three people on motorcycles shot him as he was returning to his office with cash collected from borrowers. This is one of eight "cash loot" crimes reported in the region during the last four months. Ujjivan COO Rajat Singh reportedly stated, "In the prevailing situation, I don't think any MFI working in Bihar will go ahead with its expansion plan." November 5, 2012

### London, Oxfam, Symbiotics Launch SEIIF with Bet on Mongolia

The City of London; Oxfam UK, a member of NGO Oxfam International; and Swiss microfinance investment intermediary Symbiotics recently launched the Small Enterprise Impact Investing Fund (SEIIF), which is intended to deliver social as well as financial returns by investing debt and equity in small and medium-sized enterprises (SMEs) through financial intermediaries in developing countries. Over three years, SEIIF seeks to raise USD 100 million. According to Oxfam UK CEO Barbara Stocking, "In particular, SEIIF has been designed to meet the needs of the missing middle," which refers to organizations that are too large to benefit from microfinance, but too small to get attention from traditional banks. The first beneficiary of the fund is Xac Leasing, an equipment leasing company based in Mongolia that is part of the Tenger Financial Group, the parent company of Xac Bank, Tenger Solutions and Tenger Insurance. Xac Leasing, which serves 260 SMEs, borrowed the equivalent of USD 1.6 million from SEIIF. October 29, 2012

### Kenya to Levy 10% Tax on Mobile Money Transactions

Kenya's government recently announced that a 10-percent excise duty will be charged on fees for cash transactions executed using mobile money transfer systems. The policy is expected to have a significant effect on M-Pesa, which intermediates two million transactions per day for 14 million clients through 28,000 agent outlets. Prior to the announcement, Airtel Kenya, a division of India's Airtel serving four million people in Kenya, removed fees on its mobile money services in an effort to cut into M-Pesa's market share. Kenya's treasury reportedly expects mobile money operators to absorb the cost of the tax rather than increasing service fees to customers, though some analysts deem this unlikely. October 25, 2012

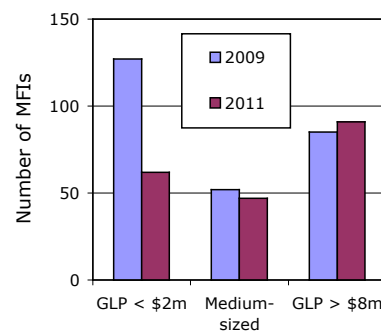
### Bank of Zambia Sounds Alarm on Consumption Lending

The Bank of Zambia (BOZ), the country's apex financial institution, recently called for lenders to embrace lending to productive sectors over consumption lending, which is estimated to account for 90 percent of the volume in the country's "microfinance" sector. At the recent launch of Microfinance Zambia, a subsidiary of Finance Bank Zambia Limited, BOZ Deputy Governor Dr Bwalya N'gandu reportedly remarked that the microfinance sector comprises mostly payroll-based personal loans. For comparison, he noted that 30 percent of lending in the traditional banking sector is for consumption. Dr N'gandu also cited plans to increase the minimum capital requirement for non-bank financial institutions in an effort to bring down interest rates. The minimum capital requirement currently stands at the equivalent of USD 47,800 for deposit-taking microbanks and one tenth of that amount for microlenders. October 19, 2012

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**EASTERN EUROPE & CENTRAL ASIA**  
TREND IN MFI SIZE 2009 TO 2011



MARKET INDICATORS PAGE 10



## MICROCAPITAL BRIEFS

### MicroCapital to Cover European Microfinance Week Onsite

We at MicroCapital are pleased to announce that we have been contracted to provide onsite reporting from Microfinance Week 2012, a production of the 130-member European Microfinance Platform. The event will be held in Luxembourg from November 14 through November 16, with multiple postings to be published each day at <http://microcapital.org> and on Twitter @MicroCapital. For more details, you may refer to the ad on page 4 of this newspaper and <http://e-mfp.eu>. November 8. 2012

### VisionFund, Peru's Caja de Maynas Borrow from ResponsAbility

Swiss for-profit ResponsAbility Social Investments recently informed MicroCapital that it has disbursed a tranche of unspecified size as part of a commitment to disburse USD 15 million in senior debt to VisionFund International, a US-based nonprofit that manages the microbanks of the UK-based Christian organization World Vision International. The investment makes ResponsAbility the largest external investor in VisionFund, which has a loan portfolio of USD 360 million outstanding to 688,000 small businesses in 36 countries. ResponsAbility also disbursed the local-currency equivalent of USD 1.2 million as subordinated debt to Caja Municipal de Ahorro y Crédito de Maynas, a Peruvian microfinance institution with total assets of USD 133 million, a gross loan portfolio of USD 110 million, 33,000 active borrowers, return on assets of 1.6 percent, return on equity of 12 percent and USD 94 million in deposits collected from 55,000 depositors. November 8. 2012

### EFSE Loans \$450k to Opportunity Microcredit Romania

The European Fund for Southeast Europe, a Luxembourg-based microfinance investment fund, reportedly has loaned the local-currency equivalent of USD 453,000 to Opportunity Microcredit Romania (OMRO), a member of US-based nonprofit Opportunity International, which operates in 24 countries. OMRO reports total assets of USD 16 million, a gross loan portfolio of USD 14 million, 2,000 borrowers, return on assets of -0.4 percent and return on equity of -3 percent. November 8. 2012

### FinMark: Financial Inclusion in South Africa Reaches 67%

According to the recent FinScope South Africa survey from South African NGO FinMark Trust, 22.5 million people over the age of 16 in South Africa use banking services, an amount equivalent to 67 percent of the adults in the country. This is up from 46 percent in 2004 and 63 percent in 2011. FinMark's analysis indicates that most borrowers seek funds for necessities like food and transportation rather than luxuries or investments. FinMark, which was established in 2002 to promote financial inclusion in developing countries, is funded primarily by the UK Department for International Development. November 7. 2012

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:



### COSM Updates Open-source Software Package Mifos

The Community for Open Source Microfinance, a US-based nonprofit that promotes the open-source microfinance software package Mifos, recently announced the release of version 2.5 of the tool, which now includes expanded reporting options, improved spreadsheet compatibility and support for generating customer statements and receipts. November 7. 2012

### IsePankur Channels Tiny Loans from Europe to Estonia

IsePankur, an Estonian online lending platform allowing individuals and small and medium-sized enterprises to loan money to each other, recently began enabling users from across the EU to loan as little as the euro-equivalent of USD 6.40 to individuals and organizations in Estonia. Participating lenders may benefit from undercutting the reported 37-percent annual percentage rate often charged on loans in Estonia. Established in 2008, isePankur reports that its lenders have earned an average annual return of 18 percent since 2010. Since its inception, isePankur has facilitated loans totaling USD 1.9 million to 3,700 borrowers. November 6. 2012

### Brazil Doubles Microfinance Loan Ceiling to \$19,000

Brazil's National Monetary Council, which regulates the country's capital markets and financial institutions, recently increased the maximum size of a microcredit loan from the equivalent of USD 9,800 to USD 19,600. The measure is intended to increase usage of the USD 1.4 billion that banks have set aside to comply with a requirement that 2 percent of deposits be allocated to lending to small-scale borrowers. Brazilian Central Bank Regulations Department Coordinator Sergio Odilon dos Anjos reportedly stated that the new rule may aid banks because small-scale borrowers in Brazil generally have higher than average repayment rates. November 6. 2012

### IFC Offers Technical Assistance to Indian Credit Bureau High Mark

The International Finance Corporation (IFC), the private-investment arm of the World Bank Group, recently agreed to provide technical assistance to Indian credit bureau High Mark in an effort to lower credit risk for lenders and protect borrowers from over-indebtedness. High Mark CEO Ajay Kohli stated that, "With IFC's support, we will develop new products and channels over the next 18 months that will help our member microfinance institutions comply with regulatory requirements, contribute quality data, and make effective use of bureau services." Under the partnership, High Mark also expects to add an additional 50 clients to its lender network. November 6. 2012

### Habitat, Citi, MIF Unveil Housing Microfinance Toolkit

US-based nonprofit Habitat for Humanity recently released "The Housing Microfinance: Product Development Toolkit," which includes training materials, market research, a guide for developing construction technical assistance and a prototype for designing housing microfinance products and support services. The guide was sponsored by Citi Foundation, the charitable arm of US-based financial services provider Citigroup, and the Multilateral Investment Fund, a member of the IDB (Inter-American Development Bank) Group. November 5. 2012

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

Editor Bob Summers

Writers Sarah Benali, Mihaela Grindneau, Charlotte Newman,  
Chioma Okwudiafor and Jennifer Young

For questions, comments or suggestions, please contact us via  
[info@microcapital.org](mailto: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!

### **Absolute Dual Return Funds Loan \$5m in Ecuador, Peru**

Absolute Portfolio Management GmbH, an Austrian investment company that specializes in microfinance and other sectors, recently disbursed loans to five microfinance institutions (MFIs) in South America through sub-funds of the Vision Microfinance Fund. The Dual Return Fund (DRF) loaned USD 1.5 million to Cooperativa de Ahorro y Crédito Jardín Azuayo of Ecuador, which reports total assets of USD 243 million. DRF also loaned USD 1 million each to Peruvian MFIs EDPYME Raíz, which reports USD 189 million in assets, and Nueva Vision, which reports total assets of USD 69 million. USD 750,000 was disbursed to Fondo de Desarrollo Regional (FONDESURCO), a Peruvian microlender with assets of USD 27 million. Lastly, DRF Local Currency lent the equivalent of USD 750,000 to Peru's EDPYME Alternativa, which has total assets of USD 26 million. November 5, 2012

### **Mandiri, Pos Indonesia Open Joint Microcredit-Postal Branches**

Bank Mandiri, which is backed by the Indonesian government, recently opened its first office in Sidoarjo, East Java, in partnership with Pos Indonesia, the national postal service. Known as Mandiri Mitra Usaha Pos, the partnership was launched in 2010; and, by the next year, 29 post offices offering microfinance services had been established. The joint offices allow customers to access a maximum equivalent to USD 10,300 through Kredit Usaha Mikro and Kredit Serbaguna Mikro, two microcredit products offered to entrepreneurs. Zulkilfi Zaini, CEO of Bank Mandiri, reportedly stated that both firms "plan to extend the program to the whole of Indonesia in 2013" through 300 integrated offices. Bank Mandiri reports net loans outstanding of USD 30 billion, 789,000 customers and 1,548 branches. November 5, 2012

### **AIL Upgrading Free "OpenQuote" Software to Serve Microinsurers**

Applied Industrial Logic, UK-based technology firm specializing in the insurance market, recently informed MicroCapital that it is in the process of upgrading its open-source OpenQuote software package to include features specific to microinsurance in the areas of policy administration, claims management, reporting and distribution-channel support. The latest available version of the software allows commercial insurers, brokers and agents to manage products online by configuring risk capture, risk assessment and rating rules. Other features of the software include producing insurance quotes online; integrating policy administration; and informing brokers, clients and underwriters as quotes are generated and accepted. The software is offered free of charge. November 5, 2012

### **Absolute Loans \$2.5m in Central Asia, Cambodia**

Absolute Portfolio Management GmbH, an Austrian asset management company, recently loaned USD 1 million to KazMicroFinance, a microlender in Kazakhstan with assets of USD 61 million, via the Dual Return Fund (DRF) - Vision Microfinance, which is managed by Absolute. DRF also lent USD 500,000 to Imon International Limited Liability Company, a microlender in Tajikistan that reports total assets of USD 51 million. DRF-Vision Microfinance Local Currency, another sub-fund managed by Absolute, disbursed the local-currency equivalent of USD 500,000 each to Frontiers, a microfinance investment vehicle in Kyrgyzstan with total assets of USD 26 million, and Thaneakea Phum (Cambodia) Limited, a microbank reporting total assets of USD 46 million. November 4, 2012

### **CGAP Seeks Input on MFI Capacity Building**

Through November 15, US-based nonprofit CGAP (Consultative Group to Assist the Poor) is seeking responses to a survey designed to clarify the demand for as well as the supply of capacity-building services for providers of financial services to poor people. Links to the survey may be found in three languages at <http://microcapital.org>. November 3, 2012

## **MicroCapital Deal of the Month**

### **MIF to Invest \$4m in Equity in Vox Fund to Support Brazilian Firms**

The Multilateral Investment Fund, a member of the US-based IDB (Inter-American Development Bank) Group, recently announced that it will invest USD 4 million in equity in Vox Capital Impact Investing Fund, a Brazilian venture capital fund targeting small and medium-sized enterprises as well as firms that offer access for people with low incomes to education, housing, health and financial services. The fund aims to provide long-term financing and advisory services to approximately 20 such firms that have annual revenues of USD 500,000 to USD 7.5 million. Financial information on the fund and its manager, Vox Capital, is not available. The Multilateral Investment Fund, which has 39 donating member countries from the Americas, Europe and Asia, disburses approximately USD 100 million per year in grants, equity and loans.

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### **Indian MFIs Share, Asmitha Revive Merger Plans**

Share Microfin Limited and Asmitha Microfin Limited, two Indian microfinance institutions (MFIs), reportedly have rekindled efforts to execute a merger. The firms were considering such a move in 2011 but then called off their merger plans, as MicroCapital reported at the time. Share Founder Udai Kumar reportedly stated that the microlenders are waiting to see how the Reserve Bank of India implements the latest MFI Bill before moving ahead with the merger. Alok Prasad, CEO of India's Microfinance Institutions Network, reportedly stated that, "Consolidation is the way forward for the MFI industry. Over the next three years, we could see several mergers in the MFI space." Share and Asmitha's combined portfolio would total the equivalent of USD 555 million. November 3, 2012

### **Dual Return Vision Microfinance Invests \$3m in Eurasia**

Through its Dual Return Fund-Vision Microfinance, Absolute Portfolio Management GmbH of Austria recently loaned USD 1.2 million to Foundation for International Community Assistance (FINCA) Russia, which reports total assets of USD 41 million and is a subsidiary of US-based nonprofit FINCA International, which offers financial services in 21 countries. Dual Return also loaned USD 1 million to VisionFund AzerCredit Limited Liability Company, a non-bank financial institution in Azerbaijan that reports assets of USD 46 million and is affiliated with the UK-based Christian organization World Vision. Lastly, the following organizations each borrowed USD 500,000 from Dual Return: Bank Constanta of Georgia, which reports total assets of USD 90 million, and Mikrofin Banja Luka, which operates in Bosnia and Herzegovina and reports total assets of USD 127 million. With USD 8.2 million held for 33,000 customers, Bank Constanta is the only one of the four institutions that accepts deposits. November 2, 2012



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### Vietnam to Provide Free Health Insurance to Many

The Ministry of Health of Vietnam and Vietnam Social Insurance, a government-funded workers' insurance organization, reportedly will issue health insurance cards free of charge to members of minority groups and to those living in remote regions. As few have purchased the government-subsidized health insurance for which the government allocated the equivalent of USD 114 million this year, the portion of insurance premiums covered by the government will be boosted from 50 to 70 percent for poor people as of January 2013. The goal is to extend health insurance to at least 30 percent of people with incomes "close to the poverty line." November 2. 2012

### M-Pesa, HomeSend Partner to Boost International Remittances

Vodafone, a UK-based telecommunications company, and Safaricom, a Kenya-based cell phone service provider, reportedly plan to expand their mobile money program, M-Pesa, by linking it with HomeSend, a Belgian service that connects money transfer systems with each other. Beginning in November, M-Pesa, which serves Kenya and Tanzania, will allow customers to send funds via approximately 21 money transfer services to people in 35 countries. M-Pesa reports 15 million clients and 35,000 agent outlets. November 2. 2012

### SME Business Support Fund, Kashf Microfinance Bank Partner

SME Business Support Fund (BSF), a nonprofit created by the Pakistani government to assist small and medium-sized enterprises (SMEs) as well as business development service providers, recently partnered with Pakistan's Kashf Microfinance Bank in an effort to create business-support models for encouraging self-employment. The project will focus on training in entrepreneurship, sales techniques and record keeping as well as the provision of microfinance loans to successful trainees. BSF CEO Syed Saqib Mohyuddin stated that, "The microfinance products offered by Kashf Microfinance Bank will be synergized with BSF's Franchising Pakistan program, which focuses on development of Women and Youth Entrepreneurship in Pakistan." November 1. 2012

### Nigeria's Global Initiative Hopes Group Lending Cuts Defaults

The Global Initiative Microfinance Bank Limited (GIMFB) of Nigeria reportedly has released two new products: GIMFB village banking and GIMFB medal deposit accounts. According to a statement attributed to GIMFB Chairman Clementre Doregos, "Individuals who comprise a group...can devise means of accessing funds from deflating individuals because they know it is their responsibility to make sure every member of the group pays as and when due." GIMFB also seeks to cut its costs by serving multiple borrowers in the same place, rather than sending staff to each borrower's home. November 1. 2012

### European Network Seeks Proposals on Microfinance for Seniors

The European Microfinance Network, a France-based NGO, recently announced it will hold a debate on "Microfinance as a Tool of Active Ageing" on December 14 in Belgium. Through November 16, practitioners and researchers are invited to express interest in contributing to the discussion by submitting a statement of up to 3 pages. Submissions, which may be emailed to [rwg.emn\[at\]gmail.com](mailto:rwg.emn[at]gmail.com), will also be considered for publication by the organizers. November 1. 2012

### Equitas of India Receives \$28m from IFC, MicroVentures, IFIF

Equitas Holdings, a microlender based in Chennai, reportedly will accept the rupee-equivalent of USD 18.9 million in equity from the World Bank Group's International Finance Corporation. Two funds that invest in Indian microfinance, the India Financial Inclusion Fund and the Indian arm of Italian private equity firm MicroVentures, will also invest USD 9.2 million in Equitas. The breakdown between the two funds has not been released. The new equity will be used to expand the branch networks of Equitas's subsidiaries, Equitas HF and Equitas VF, which provide financing for housing and used commercial vehicles, respectively. Equitas reports assets of USD 155 million, a gross loan portfolio of USD 142 million, 1.2 million active borrowers, return on assets of 2.1 percent and return on equity of 7.22 percent. October 19 and November 1. 2012

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### Grameen Koota of India Looks to Offer Housing Loans

Bangalore-based microlender Grameen Koota reportedly plans to expand into housing microfinance in rural India, possibly via the establishment of a specialized housing finance company to attract long-term financing. Backers of the project include Aavishkaar Goodwell India Microfinance Development Company, a for-profit, Indian-Dutch joint venture; MicroVentures India, an affiliate of Italian private equity firm MicroVentures; and Incofin, a Belgian company that manages microfinance investments in 39 countries. Grameen Koota reports total assets of USD 62 million, 313,000 active borrowers, return on assets of -1 percent and return on equity of -6 percent. October 31, 2012

### Yavuz Sariyildiz Wins CGAP Photography Contest

US-based nonprofit CGAP (Consultative Group to Assist the Poor) recently announced that Yavuz Sariyildiz of Turkey has won its 2012 Photography Contest for "Smoke of Charcoal," which was chosen from among 2,500 entries from 80 countries. October 30, 2012

### Western Union, ICICI, MasterCard Unveil Prepaid Card in India

India's ICICI Bank and US-based financial services firms Western Union and MasterCard recently launched the Western Union-ICICI Bank Prepaid Card in India. Targeted at previously underbanked Indians, the card will offer the cardholder the opportunity to load funds onto the cards of loved ones and soon will allow for card-to-card fund transfers across the nation. Users of the product can also add funds to their cards via direct deposit from payroll or government payments or by loading cash at select Western Union agent locations. Mike Hafer, Senior Vice President, Global Prepaid, Western Union, reportedly stated that, "The new card will give Indians benefits similar to those offered by mainstream banked cards without the restrictions of maintaining an average daily balance limit or being denied for creditworthiness." October 30, 2012

### Mongolian Banks Back Movable Collateral Reforms

The nonprofit Mongolian Bankers Association, the World Bank Group's International Finance Corporation (IFC) and the UK-based European Bank for Reconstruction and Development (EBRD) recently hosted an event on reforms that might broaden access to finance in Mongolia. Attendees endorsed the Secured Transactions Reform, which would establish a legal framework for the provision of loans secured with "movable collateral." Supported by the EU, the Swiss State Secretariat for Economic Affairs, EBRD and IFC, the effort would include the establishment of a nationwide registry for equipment, accounts receivable and inventory. October 30, 2012

### IFC Loans \$10m to Patria Credit of Romania

The World Bank Group's International Finance Corporation recently agreed to loan the local-currency equivalent of USD 10.3 million to Patria Credit, a non-banking microfinance institution in Romania. Patria CEO Bogdan Merfea remarked, "IFC's support will allow us to increase financial inclusion and reduce gaps in formal financing for local microenterprises, many of which are managed by women." Patria Credit reports total assets of USD 69 million, a gross loan portfolio of USD 61 million, return on assets of 1.8 percent, return on equity of 5.2 percent and 12,340 borrowers in 29 provinces of the country. October 30, 2012

### Yunus Social Business Fund Funds Firms in Haiti

The Germany-based Yunus Social Business Fund has announced that it has funded two poultry farms, a bakery and a plantation of jatropha plants used for biodiesel fuel, all in Haiti. Each project receives between USD 80,000 to USD 500,000, and those receiving loans are slated to pay interest rates ranging from 6 percent to 10 percent per year. The Yunus Social Business Fund, formerly known as the Grameen Creative Lab, was founded in 1999 by the Bangladeshi Yunus Centre and German consulting company Circ Responsibility. October 27, 2012



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### South Africa Proposes “Twin Peaks” Financial Regulation System

At a recent event hosted by the Thai nonprofit Alliance for Financial Inclusion, South African Finance Minister Pravin Gordhan announced that his country is considering the implementation of a “Twin Peaks” regulation system in an effort to foster financial inclusion, strengthen consumer protection, promote financial education and combat financial crime. The policy would assign prudential regulation and supervision to one agency and segregate market-conduct regulation and supervision under another. October 29, 2012

### China Development Bank Loans \$160m to CFPA

The state-owned China Development Bank recently signed an agreement with the China Foundation for Poverty Alleviation (CFPA) to support the foundation’s microcredit projects with a loan in an amount equivalent to USD 160 million. CFPA offers microcredit loans as well workshops encouraging sustainable development. CFPA reports total assets of USD 126 million and a gross loan portfolio of USD 105 million disbursed to 106,000 borrowers. October 29, 2012

### LendmeMula to Disburse Credit in Zimbabwe via Cards

British payday lender Lendme Limited reportedly has partnered with eTranzact, a Nigeria-based mobile money service provider, to offer clients in Zimbabwe immediate access to funds that they borrow from the LendmeMula service. Customers will carry a “MulaConnect” card that can be used with point-of-sale devices and automated teller machines affiliated with ZimSwitch, a partnership of six financial institutions in Zimbabwe. LendmeMula provides one-month loans of between USD 50 and USD 250 with a flat interest fee of 20 percent. Without the service, clients wait up to 24 hours for the money to be sent to their bank accounts. LendmeMula is only offered to formally employed applicants. Lendme also offers LendmeAirtime, which provides mobile airtime loans valued at USD 1 to USD 20 with no interest charged if repaid within seven days. October 26, 2012

### Government Savings Bank of Thailand Expands in Border Areas

Government Savings Bank (GSB), which is owned by the Thai government, reportedly is expanding services with an eye toward the 2015 launch of the Association of South East Asian Nations Economic Community. GSB has rolled out new products targeted at general customers such as foreign exchange, trade finance and pre-shipment financing for exporters. Newly offered microfinance products include insurance, savings, investment and credit options aimed at low-income people in rural areas. Over the next three to five years, GSB plans to upgrade provincial branches to offer a wider range of services in the border cities of Mae Sai, Udon Thani and Hat Yai. GSB reports assets equivalent to USD 47 million. October 25, 2012

### Bai Tushum of Kyrgyzstan to Transform into Bank

Bai Tushum and Partners, a microfinance institution (MFI) based in the Kyrgyz Republic, reportedly has received permission from the National Bank of the Kyrgyz Republic to become a bank. While it remains unclear what the transformation will allow Bai Tushum to do for the first time, some MFIs transform into banks to increase the types of investments that they may accept. Bai Tushum does plan to offer banking services in multiple currencies while increasing its reach to projects that support “socially vulnerable” groups including supporting female entrepreneurs, financing alternative energy sources and improving living conditions. Bai Tushum reports total assets of USD 86 million, a gross loan portfolio of USD 55 million, USD 109,000 in deposits, return on equity of 16 percent and return on assets of 3.4 percent. October 25, 2012

### Jordan’s DEF Gives \$5m to Ahli, Microfund for Women

The Development and Employment Fund (DEF), a provider of retail and wholesale microfinance services backed by the Jordanian government, reportedly will donate funds to two domestic microlenders to boost lending to small and medium-sized enterprises. Ahli Microfinance Company, which reports total assets of USD 9 million, return on assets of 7.9 percent and return on equity of 9.5 percent, will receive the equivalent of USD 2.9 million. Microfund for Women, which reports USD 26 million in assets, return on assets of 8.1 percent and return on equity of 15 percent, will receive USD 2.1 million. The donated funds are part of USD 30 million that DEF received to support microfinance from the Kuwait-based Arab Fund for Social and Economic Development. October 24, 2012

### WOCCU, Boom to Back Credit Unions in Offering Mobile Banking

The World Council of Credit Unions (WOCCU), a US-based support organization for credit unions, and Boom Financial, a US-based mobile banking, payments and money transfer provider, have partnered in an effort to assist credit unions worldwide in offering mobile banking services to their customers. Established in 2008, Boom Financial serves 15 million immigrants living in the US and their loved ones in the US and Mexico. Boom will expand its geographic presence to new countries via 51,000 WOCCU member credit unions that serve 196 million people in 54 countries. WOCCU will act as broker and technical consultant. October 23, 2012

### USAID, FINCA Jordan Launch Youth Finance Project

The US Agency for International Development has agreed to provide technical assistance and other support to the Jordanian arm of US-based microfinance nonprofit FINCA as it implements its Youth Finance Project. The effort aims to provide 590 people aged 18 to 26 with business training and 900 Shari’ah-compliant loans over 30 months. FINCA Jordan reports total assets of USD 9 million and 15,000 clients served by branches in seven cities. FINCA International has subsidiaries in 21 countries. October 23, 2012

### Reserve Bank of India Convenes Financial Inclusion Committee

The Reserve Bank of India recently announced the inauguration of a financial inclusion advisory committee under the chairmanship of the bank’s Deputy Governor K C Chakrabarty. The 11-person committee is intended to accelerate government efforts to expand the accessibility of financial services and suggest regulatory improvements to ensure financial stability. The committee is also expected to explore how to develop service delivery models, products and processes. The committee intends to engage stakeholders including the Securities and Exchange Board of India, the Insurance Regulatory and Development Authority, the Pension Fund Regulatory and Development Authority, the National Bank for Agriculture and Rural Development and various NGOs. October 23, 2012

### Silatech, Kiva Partner on Arab Youth Lending Website

In March, Kiva, a US-based microlending fundraiser, and Silatech, a Qatar-based social enterprise serving youth in the Middle East, launched Kiva Arab Youth, an online platform allowing individuals to make loans to microfinance institutions (MFIs) in the Arab region that then on-lend the funds to young entrepreneurs. In increments as small as USD 25, 38,000 users of the site have loaned USD 1.7 million to MFIs to support 1,400 businesses in Iraq, Jordan, Lebanon, Palestine and Yemen. Lenders using the website earn no interest and receive their principal back only if the loan is repaid. To encourage participation, Silatech will match USD 250,000 in loans disbursed. Kiva reports 839,000 individual lenders, 167 field partner MFIs and a 98-percent repayment rate. October 23, 2012

### **Cooperative Duterimbere of Rwanda Seeks MFI Status**

The nonprofit Cooperative of Savings and Credit Duterimbere (COOPEDU) is seeking recognition from the Central Bank of Rwanda as a microfinance institution (MFI) as part of a plan to add unspecified financial services to its product lineup. Uwamaria Caritas, COOPEDU's marketing manager, reportedly stated that the move would allow the organization to provide larger loans, specifically to importers and exporters. While the Central Bank of Rwanda requires capital equivalent to at least USD 477,000 to become an MFI, COOPEDU has USD 6.3 million in capital. Formerly known as COOPEDU Kigali for the city in which it is based, COOPEDU reports a gross loan portfolio of USD 7.1 million outstanding to 1,800 active borrowers and USD 5.2 million in deposits collected from 19,000 depositors. October 22, 2012

### **EU, Luxembourg Unveil \$5m MicroMED Tunisia Project**

The Directorate for Development and Cooperation, an agency of the government of Luxembourg known as Lux-Development, and the EU's European Investment Bank (EIB) recently unveiled MicroMED Tunisia, five-year initiative funded with the equivalent of USD 5.2 million that is intended to develop the microfinance sector in Tunisia. Appui au Développement, a Luxembourg-based nonprofit, has been chosen to implement the project, which was requested by the Tunisian government to support its efforts to revive the country's microfinance sector after the revolution there. The goals of the project are to improve the microfinance regulatory environment, build capacity among microfinance institutions, increase transparency and facilitate the emergence of new products, especially those designed for young entrepreneurs. October 22, 2012

### **ADA, BSB, CIF Partner on Microinsurance in West Africa**

Appui au Développement Autonome, a Luxembourg-based nonprofit, recently partnered with Confédération des Institutions Financières (CIF), an association of six West African savings cooperatives, to implement microinsurance projects in five countries. The project will be supported by BSB, a Belgian firm whose insurance software, Solife, will be used by CIF members to develop insurance products targeted at low-income families. Réseau des Caisses Populaires du Burkina Faso, a cooperative based in Ouagadougou, will be the first to implement the scheme, with rollout planned by December. The software will also be introduced to CIF members in Benin, Mali, Senegal and Togo. Eventually, CIF plans to offer insurance products to all 1.6 million people served by its member cooperatives. October 22, 2012

### **Kenya's SMEP Looks to Raise \$18m in Equity**

The Small and Micro Enterprise Programme (SMEP), a deposit-taking microfinance institution (MFI) in Kenya, is looking to raise the equivalent of USD 18.5 million by selling a 68-percent stake in the organization. The only investors eligible for the offer are SMEP customers, SMEP employees and members of the National Council of Churches of Kenya, a network of that now owns all of the shares of SMEP. The funds to be raised are slated to decrease dependency on wholesale borrowing, build a new head office building in Nairobi, upgrade the MFI's branch network and improve its technology infrastructure to support new product development. SMEP reports total assets of USD 23 million, a gross loan portfolio of USD 18 million, USD 9.6 million in deposits, return on assets of 0.8 percent and return on equity of 6.5 percent. October 22, 2012

### **Kenya May Grant Credit Bureau Access to MFIs, SACCOs**

The 43-member Kenya Bankers Association and the Central Bank of Kenya are reportedly working on regulation changes that would allow microfinance institutions to access customer data at the country's Credit Reference Bureau. If successful, the next step would be to grant access to savings and credit cooperatives. October 21, 2012

### **Central Bank of Sri Lanka Hopes Third Time Is Charm for MF Law**

The Central Bank of Sri Lanka (CBSL) reportedly has floated a third draft of legislation to regulate microfinance institutions (MFIs) with the intent of ensuring financial stability in the sector. The draft proposes a three-tier system of regulation whereby the principal responsibility for regulation would fall under the Monetary Board of CBSL. Large MFIs would come under the supervision and examination of CBSL, while small MFIs would come under the supervision of audit firms approved by CBSL. The threshold separating large MFIs from small ones has not been specified. Government-backed MFIs would be supervised by the Commissioners of Cooperative Development, the Commissioner of Agrarian Services or the Samurdhi Authority. While the bill also specifies a range of other details including terms and conditions relating to interest rates, there is no word on whether an interest rate cap would be established. October 21, 2012

### **ResponsAbility Loans \$8m in Cambodia, \$1m in the Philippines**

Funds managed by Switzerland's ResponsAbility Social Investments recently loaned a total of USD 8 million to Prasac, a microfinance institution (MFI) in Cambodia. Prasac reports total assets of USD 156 million, a gross loan portfolio of USD 152 million, deposits of USD 6 million, return on assets (ROA) of 6.3 percent, and return on equity (ROE) of 28 percent. ResponsAbility funds also loaned the local-currency equivalent of USD 995,000 to Alalay Sa Kaunlaran Incorporated (ASKI), a nonprofit organization in the Philippines. ASKI reports total assets of USD 31 million, a gross loan portfolio of USD 25 million, deposits of USD 4.5 million, ROA of 4.1 percent and ROE of 31 percent. October 21, 2012

### **Mexico's Forjadores de Negocios to Convert to Bank Status**

Grupo Accion Comunitaria del Peru (ACP) Inversiones y Desarrollo, a Peruvian nonprofit holding company, recently received approval from Mexican banking regulators to convert Forjadores de Negocios SA, its Mexican microfinance institution (MFI), into Banco Forjadores. Forjadores will shift from lending primarily to female entrepreneurs to marketing its microloans to "all Mexicans." Grupo ACP President Luis Felipe Derteano reportedly stated that the conversion will allow Forjadores to offer unspecified additional products. MFIs often convert to bank status in order to accept deposits. Forjadores reports total assets of USD 34 million, a gross loan portfolio of USD 14 million outstanding to 55,000 active borrowers, return on assets of 0.85 percent and return on equity of 3.7 percent. Grupo ACP has holdings in 10 Latin American countries. October 20, 2012

### **Central Bank of Kenya Licenses Microbank Century**

Century Deposit Taking Microfinance, a new microbank based in Nairobi, was recently licensed by the Central Bank of Kenya to operate nationwide. Century, which plans to serve primarily rural areas, will offer credit and savings products using a value-chain financing approach across the agricultural stages of preparation, pre-harvest, post-harvest and processing. This is to include providing services to micro-, small and medium-sized enterprises that, "serve the farmers, as buyers and suppliers." October 19, 2012

### **AccessBank of Azerbaijan Launches Credit Cards**

AccessBank, a microfinance bank in Azerbaijan, recently began offering payment cards with credit lines up to the equivalent of USD 12,700. AccessBank reports total assets of USD 488 million, a gross loan portfolio of USD 378 million, deposits of USD 178 million, return on assets of 4.4 percent and return on equity of 20 percent. AccessBank is one of six microbanks supported by Germany's for-profit Access Microfinance Holding, whose placements are in Africa and Central Asia. October 17, 2012



### Incofin Funds Technical Assistance in Zambia, Loan in Kenya

Belgium's Incofin Investment Management has announced that it will pay an undisclosed amount for a technical assistance project to support AB Bank Zambia, a commercial bank in Zambia that is a member of Germany's Access Microfinance Holding network. Under the grant LFS Financial Systems GmbH, the German consulting company that founded Access Microfinance Holding, will train staff of AB Bank Zambia to improve the provision of agro-loans. The project is the first implementation of an agreement between Incofin and the African Development Bank that is intended to assist firms partially held by Rural Impulse Fund II, a microfinance investment vehicle managed by Incofin. Separately, Kenya Women Finance Trust - Deposit Taking Microfinance, which reports total assets of USD 201 million, received a euro-denominated loan worth USD 2.6 million from Rural Impulse Fund II. October 17. 2012

### Samsung, KWFT Offer Mobile-phone Banking to Kenyan Women

The Kenya Women Finance Trust - Deposit Taking Microfinance (KWFT) has partnered with South Korea's Samsung Electronics to market mobile banking to the 600,000 customers of KWFT, all of whom are women. Robert Ngeru, Business Leader at Samsung, reportedly stated that, "The partnership with KWFT-DTM is part of Samsung's strategy to provide a platform for more than eight million mobile subscribers to upgrade from basic mobile handsets functionalities to smart phone capabilities." Samsung will offer phones to KWFT customers, and the firm plans to develop unspecified mobile banking applications intended to meet the needs of the population. KWFT's mobile banking services currently include mini statement retrieval, M-Pesa mobile money, automated teller machine services and others. Established in 1982, KWFT reports assets of USD 201 million. October 16. 2012

### ResponsAbility Loans \$2.8m in Tanzania, Bosnia and Herzegovina

ResponsAbility Social Investments of Switzerland recently informed MicroCapital that it has loaned USD 1.5 million through funds it manages to AccessBank Tanzania, a commercial bank established as part of Germany's Access Microfinance Holding in 2007. AccessBank Tanzania reports total assets of USD 32 million, a gross loan portfolio of USD 19 million outstanding to 12,300 active borrowers and USD 23 million in deposits held for 77,000 depositors. ResponsAbility also reports loaning the equivalent of USD 1.3 million to Microcredit Foundation Ekonomsko kreditna institucija (EKI) of Bosnia and Herzegovina. Established in 1996 as part of UK-based NGO World Vision International, EKI reports total assets of USD 66 million, a gross loan portfolio of USD 61 million, return on assets of 5.7 percent, return on equity of 20 percent and 35,000 active borrowers. October 16. 2012

### Capital Gestion Microfinance Fund Recognized by LuxFLAG

Capital Gestion Microfinance Fund, which is managed by Banque de Luxembourg Investments, has obtained a "Microfinance Label" from the Luxembourg Fund Labeling Agency (LuxFLAG), a microfinance investment vehicle (MIV) certification organization, indicating that Capital Gestion actually invests in microfinance. Capital Gestion reports assets equivalent to USD 22 million. The 25 MIVs that hold LuxFLAG's Microfinance Label manage assets worth USD 3.7 billion. LuxFLAG also has accepted three new associate members: BGL-BNP Paribas Luxembourg Bank; Bonn Steichen and Partners, a law firm in Luxembourg; and Public Research Center Henri Tudor of Luxembourg, each of which has agreed to conduct its financial activities within the bounds of social responsibility by investing in sustainable ventures. Lastly, LuxFLAG awarded its "Environment Label" to two funds; please refer to <http://microcapital.org> for details. October 16. 2012



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### Unilever Pakistan, NRSP to Provide Microcredit, Training

Unilever Pakistan, a member of the British-Dutch consumer goods group Unilever Plc, and the National Rural Support Programme, a Pakistani nonprofit providing rural microcredit, recently agreed to provide assistance to 50 microentrepreneurs who will receive microfinance loans to be used as working capital to stock their shops. The borrowers also will receive training in money management, sales techniques and record keeping. Unilever CEO Eshan Malik reportedly remarked, "Making sustainable living commonplace is at the heart of our business model, and the use of microfinance makes this model scalable in the future as well." Unilever Plc reports a market capitalisation equivalent to USD 31 billion. October 16, 2012

### CARIB-CAP Brings \$2.7m to Caribbean MFIs for Capacity Building

Fifteen microfinance institutions in the Caribbean recently were selected to benefit from USD 2.7 million in funding for staff training in marketing, management and product design as part of the second phase of the Caribbean Microfinance Capacity Building Project (CARIB-CAP). The institutions, which have not been identified, operate in the Bahamas, Belize, Guyana, Jamaica, Suriname, St Lucia, and Trinidad and Tobago. The training will be administered by Developpement International Desjardins, an arm of Canadian cooperative financial group Desjardins. CARIB-CAP is an initiative of the Multilateral Investment Fund, a member of the US-based IDB (Inter-American Development Bank) Group; the Barbados-based Caribbean Development Bank; the African, Caribbean and Pacific Microfinance Project of the European Union; and the US-based Citi Foundation. October 16, 2012

### MF Bank of BiH Receives \$5m from EBRD for Small Businesses

The European Bank for Reconstruction and Development (EBRD), a UK-based funder of institutions that support micro- and small businesses, recently disbursed the euro-equivalent of USD 5.2 million to MF Banka, a subsidiary of microfinance institution Mikrofin of Bosnia and Herzegovina. The investment is intended to allow MF Banka to offer additional banking services such as deposits and e-banking. In addition to being of value to clients, the collection of deposits is intended to increase institutional sustainability and allow for longer term retail lending. EBRD will also provide MF Banka with technical assistance valued at USD 490,000. Mikrofin reports total assets of USD 127 million, a gross loan portfolio of USD 103 million, 36,000 active borrowers, return on assets of 1.1 percent and return on equity of 4.2 percent. October 15, 2012

### ResponsAbility Funds Invest \$3.5m in Peru, Ecuador

ResponsAbility Social Investments of Switzerland recently informed MicroCapital that it has loaned the local-currency equivalent of USD 2 million to ProEmpresa, a Peruvian microfinance institution, through microfinance investment vehicles that it manages. ProEmpresa of Peru reports total assets of USD 89 million, a gross loan portfolio of USD 76 million and nearly 41,200 borrowers as of August. Cooperativa de Ahorro y Credito (COAC) Esperanza y Progreso del Valle of Ecuador borrowed USD 1.5 million from ResponsAbility funds. COAC Progreso reports total assets of USD 389,000 as of 2007, the latest year for which data are available. October 15, 2012

### IFC Loans \$45m to BBVA Continental for Housing in Peru

The World Bank Group's International Finance Corporation recently agreed to loan USD 75 million to BBVA Continental, a commercial bank in Lima, to boost renewable energy and mortgage financing in Peru. USD 45 million of the total will be used to grow the mortgage portfolio of BBVA Continental, which reports total assets equivalent to USD 17 billion. October 15, 2012

### EFSE Loans \$19m to Sekerbank of Turkey

The European Fund for Southeast Europe (EFSE), which was established to support microfinance in 2005 by Germany and the European Commission, recently disbursed a euro-denominated, subordinated loan worth approximately USD 19 million to Turkish commercial bank Sekerbank. The 10-year loan is intended to allow Sekerbank to boost its lending to micro- and small enterprises and agricultural producers. Sekerbank provides services to 1.4 million customers through 272 branch offices. EFSE has an outstanding portfolio of USD 885 million. October 14, 2012

### YuMobile, MicroEnsure, Jubilee Partner on Insurance in Kenya

YuMobile, a Kenyan mobile phone service provider; MicroEnsure, a UK-based subsidiary of nonprofit Opportunity International; and Kenya's Jubilee Insurance recently partnered to offer a life and disability insurance product called yuCover. YuMobile customers qualify to purchase the insurance, which is underwritten by Jubilee, when they purchase monthly airtime equivalent to USD 1.17 or more, with higher coverage levels available to those spending more on airtime top-up. Pricing has not been released, but coverage levels range from USD 117 to USD 704. MicroEnsure provided technical support during the product development phase and will manage customer claims. YuMobile serves 2.3 million subscribers. October 13, 2012



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## FIELD NOTES

### Insurance at the Bottom of the Pyramid: Mass Market or Mass Disillusion?

Sitting at the annual Munich Re microinsurance conference in Dar es Salaam, I am perplexed about the future of the microinsurance market. The business is more reliant on scale than even microbanking, with monthly insurance premiums commonly near USD 1. To address this challenge, microinsurance advocates have pushed for formal insurers to scale down into this market. And down they have gone...well, mostly. Local insurers are finding a niche at the bottom of the pyramid, often leveraging local brand identity. Some, such as South Africa's Hollard, are becoming regional players and bringing their microinsurance business with them. This makes sense as transnational insurance companies continue to service larger individual and corporate clients. However, the large transnational insurers have made a go at the bottom of the pyramid as well, often driven by a well-meaning board or long-term hopes of reaching this market as it climbs from the bottom. Some have been more successful than others, and all have linked their microinsurance business to either bank-assurance or mass-market activities to leverage their existing infrastructure and spread out costs over multiple business units.

This brings me to my thoughts on the definition of mass-market insurance versus microinsurance. In Africa, where bundling insurance policies with mobile phone airtime, for example, has become a large and growing opportunity, it is difficult to argue that products delivered widely through mobile phones are not "microinsurance" - especially when few other delivery or payment channels reach the poor. To some extent, microinsurance is a construct invented by a small group of stakeholders interested in improving access to insurance for the poor in a responsible manner. In contrast, "mass market" insurance sounds sort of evil. After all, insurance can be deceptive, confusing and the source of

great disillusion. Take that to the "masses," and you might be setting yourself up for mass disillusion. Perhaps this is why I am not attached to the term "microinsurance," but I do feel that it has value in encouraging insurers to take responsibility for offering quality products to the poor. "Mass market" does not.

Going forward, it will be important to admit that mass market approaches to offering insurance might offer some value to the poor. However - and this is a big *however* - they must be offered responsibly. To avoid mass disillusion, in which consumers are offered products they might not need or understand (sometimes as a mandatory add-on to other services), appropriate products and consumer protection will be key. However, Michael McCord, who heads the US-based for-profit Microinsurance Centre, warns that consumer protection initiatives may add unnecessary steps, paperwork and costs to the process of offering insurance that contradict a main principle of microinsurance: that products be simple to understand, deliver and process. It's a conundrum that people are trying to tackle with things like the SMS (short message service or text message) "education" components being demonstrated here at the conference. Perhaps consumer protection should focus more on broad-based education campaigns that help consumers understand what questions to ask and how to differentiate insurance products rather than regulation that pushes insurers to print pages of documents with tiny print or hassle consumers with frequent SMS quizzes that test their insurance knowledge in an effort to prove to regulators that consumers understand what they are buying.

*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](#).*

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## MICROCAPITAL MARKET INDICATORS

### EASTERN EUROPE AND CENTRAL ASIA

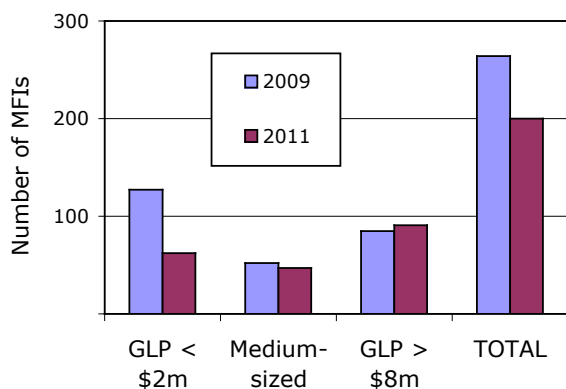
172 MICROFINANCE INSTITUTIONS (MFIs) FROM 20 COUNTRIES REPORTING DATA

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

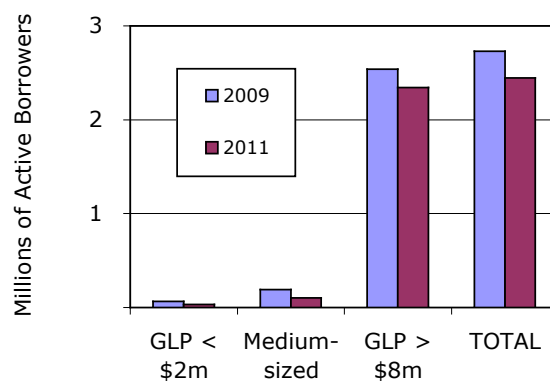
| MFI NAME                  | COUNTRY    | AVERAGE ANNUAL USD INCREASE | AVERAGE ANNUAL % INCREASE | 2009        | 2011          |
|---------------------------|------------|-----------------------------|---------------------------|-------------|---------------|
| Khan Bank                 | Mongolia   | 298,468,556                 | 56%                       | 416,552,376 | 1,013,489,488 |
| XacBank                   | Mongolia   | 128,047,560                 | 69%                       | 137,080,303 | 393,175,423   |
| ACBA Credit Agricole Bank | Armenia    | 69,336,423                  | 27%                       | 223,663,460 | 362,336,306   |
| FM Bank                   | Poland     | 64,425,107                  | NA                        | 0           | 128,850,214   |
| ProCredit Bank - Georgia  | Georgia    | 46,332,013                  | 14%                       | 315,946,154 | 408,610,180   |
| Inecobank                 | Armenia    | 45,124,390                  | 50%                       | 72,462,526  | 162,711,306   |
| ProCredit Bank - Moldova  | Moldova    | 42,755,530                  | 92%                       | 31,827,285  | 117,338,345   |
| DemirBank                 | Azerbaijan | 38,439,874                  | 14%                       | 259,200,000 | 336,079,747   |
| AccessBank                | Azerbaijan | 38,027,492                  | 12%                       | 300,343,750 | 376,398,734   |
| ProCredit Bank - Bulgaria | Bulgaria   | 34,630,654                  | 5%                        | 614,316,176 | 683,577,483   |

Note: The above data includes 172 institutions reporting gross loan portfolio data to MIX Market for both 2009 and 2011.

**PERCENT OF MFIs IN MARKET  
BY SIZE OF GROSS LOAN PORTFOLIO (GLP)**



**MARKET SHARE (MILLIONS OF ACTIVE BORROWERS)  
BY SIZE OF GROSS LOAN PORTFOLIO**



Note: The above data includes institutions reporting borrower numbers to MIX Market for 2009, 2011 or both.

Source: Microfinance Information Exchange (MIX), November 2012.

## UPCOMING EVENTS

### European Microfinance Week

November 14 - November 16, 2012, Luxembourg

Themed “combining strengths - delivering results,” the event will cover how to align social and business objectives while maintaining sustainable growth. MicroCapital has been sponsored to provide online coverage of the event multiples times per day during the proceedings. The 4th European Microfinance Award will also be presented during the event, which is hosted by the European Microfinance Platform, a network of 120 organizations and individuals. The fee to attend is EUR 500, with a student rate of EUR 80. For additional information, you may contact Niamh Watters at +352 26 27 13 55 or [contact\[at\]e-mfp.eu](mailto:contact[at]e-mfp.eu). The event website address is <http://e-mfp.eu/register-emw2012>.

### Mobile Money Global 2012 at the Connected World Forum

November 19 - November 22, Dubai, United Arab Emirates

Mobile Money Global 2012 is dedicated to helping stakeholders in the mobile financial services industry improve and expand their business models. The Connected World Forum features other mobile services including mobile healthcare, education and agriculture. The fees to attend various portions of the proceedings range from GBP 1,699 to GBP 2,949. More details may be requested via +44 (0) 20 7384 7910 or [mmt\[at\]clarionevents.com](mailto:mmt[at]clarionevents.com) or you may visit <http://mobile-money-gateway.com/event/mobile-money-global-2012>.

### Impact Investing Summit

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

This event will cover agriculture, education, energy, clean technology and health through case studies and discussions of how to balance risk, select metrics and avoid swapping return for impact. The standard fee to attend is USD 2,099 with a range of discounts available including **15-percent off for MicroCapital readers indicating the priority code “MicroCapital.”** For more information, you may visit <http://impactinvesting-usa.com/>, email [info\[at\]hansonwade.com](mailto:info[at]hansonwade.com) or phone +44 203 141 8700.

### Microfinance India Summit

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

Themed “Reconstructing the Sector: Brick by Brick,” this event will cover topics such as the role of cooperatives in microfinance, the importance of self-help groups, aligning products and services with the needs of poor people, gold as a saving tool, financial inclusion, human resource practices, governance, microinsurance and financial education. The registration fees are INR 8,800 for Indian nationals and USD 500 for international attendees, with discounts available to representatives of certain types of organizations. For additional information, you may contact Juhi Natu by phone at +91 11 26510915 or by email at [microfinanceindia\[at\]accessassist.org](mailto:microfinanceindia[at]accessassist.org), or you may visit <http://www.microfinanceindia.org/>.



### Clean and Green Energy Forum: Investing for a Renewable Future

December 3 - December 4, 2012, Dana Point, California, USA

This event will cover topics in clean energy such as infrastructure projects, equipment advances, regulation and sustainable investing. The standard registration fee is USD 2,195 with discounts or free admission to various attendees. More details may be had via [info\[at\]opalgroup.net](mailto:info[at]opalgroup.net), <http://www.opalevents.org/trk/cgib1217.html> or +1 212 532 9898.

### Global Islamic Microfinance Forum

December 8, 2012, Dubai, United Arab Emirates

This event, which is followed by a two-day workshop titled “Shari’ah and Marketing Techniques in Microfinance,” will focus on Islamic microfinance models in an effort to encourage their use, including in non-Islamic businesses. To conform with Shari’ah law, Islamic microfinance employs joint ventures and profit sharing in lieu of interest payments. The event on December 8 costs USD 750, and the two-day workshop on costs USD 745. For additional information, you may call +92 042 35913096, email [info\[at\]alhudacibe.com](mailto:info[at]alhudacibe.com) or visit <http://www.alhudacibe.com/IMFC2012/index.php>.

### Third Annual Microinsurance Conference

January 21 - January 24, 2013, Johannesburg, South Africa

This event will cover microinsurance in southern Africa including marketing, pricing, distribution, social complexities, regulation and recruiting shareholders. The fee to attend is ZAR 9,999, with discounts of up to ZAR 2,000 available for those registering by November 29. More details may be sought from Sphelele Vilakazi at +27 11 771 7000 or [svilakazi\[at\]iir.co.za](mailto:svilakazi[at]iir.co.za), or you may visit <http://www.iir.co.za/index.php/3rd-annual-microinsurance-conference-conference>.

### Third Microfinance Summit Nepal

February 14 - February 16, 2013, Kathmandu, Nepal

This event aims to bring together microfinance stakeholders in Nepal to build a socially responsible and sustainable microfinance sector in the country. The cost for Nepalese participants is NPR 10,000 with a discount of up to 50 percent for registrations received by December 15. International participants may register for USD 500 with a discount of 40 percent available for registrations received by December 31. For additional information, you may contact the Centre for Microfinance at +977 1 443 4041 or [mfsummit2013\[at\]cmfnepal.org](mailto:mfsummit2013[at]cmfnepal.org), or you may visit <http://microfinancesummitnepal.org/>.

### HBS-Accion Program on Strategic Leadership For Microfinance

April 1 - April 6, 2013, Boston, Massachusetts, USA

Hosted by US-based nonprofits Accion and the Harvard Business School, this program provides management and leadership training to microfinance industry executives, policymakers, regulators and investors. The fee to attend, which includes housing, is USD 7,700. For more information, you may visit <http://www.accion.org/page.aspx?pid=49>, call +1 617 625 7080 or email [info\[at\]accion.org](mailto:info[at]accion.org).





## PAPER WRAP-UPS

### Global Microscope on the Microfinance Business Environment

*Published by The Economist, October 2012, 72 pages, available at: <http://www5.iadb.org/mif/en-us/home/knowledge.aspx?idPublication=64206>*

This report examines the regulatory and operating conditions of microfinance institutions (MFIs) in 55 countries over 12 months ending in June. Two categories of factors were considered: (1) regulatory framework and practices such as legal recognition for MFIs, supervisory capacity, deposit policies and market distortions; and (2) supporting frameworks including reporting standards, credit bureaux, pricing, dispute resolution and rules for offering microfinance through agents. The authors also took into account MFI performance and general country conditions and political shocks.

The study indicates that the sector improved most in Peru as a result of strengthened regulation, pricing transparency and financial literacy. Bolivia and Pakistan were the second- and third-most improved sectors, with both countries improving regulations and the effectiveness of credit bureaux. Overall, 28 out of the 55 countries in the study experienced improved microfinance sectors, with the most common improvements being in credit bureaux and the use of agents where mobile banking has increased.

### The State of Microfinance Investment 2012

*Published by MicroRate, October 2012, 17 pages, available at: <http://www.microrate.com/downloads/78>*

Based on responses from 86 microfinance investment vehicles (MIVs) managing a total of USD 7 billion in assets, this survey indicates the MIV sector grew 11 percent in 2011, an increase of USD 540 million. Latin America had the largest share of absolute growth, while the pace of growth was faster in Africa and East Asia and the Pacific. In general, there was movement toward equity and away from debt. MIVs have also increased non-microfinance investment including housing and fair trade. The survey also showed a higher rate of competition by local banks and international financial institutions to invest in microbanks.

The top factors identified as increasing MIV performance were improved portfolio quality, growth in Latin America and Africa, and portfolio diversification. Those decreasing performance were the crisis of 2010 in the Indian state of Andhra Pradesh, foreign-exchange volatility and investor unease as a result of the Eurozone crisis. MicroRate identifies the top challenges for the future as market volatility, overindebtedness and lack of investor demand.

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### The Jipange KuSave Experiment in Kenya

*By Sarah Rotman, David Ferrand and Stephen Rasmussen; published by CGAP (Consultative Group to Assist the Poor); October 2012; 4 pages; available at: <http://www.cgap.org/sites/default/files/CGAP-Brief-The-Jipange-KuSave-Experiment-in-Kenya-Oct-2012.pdf>*

The Jipange KuSave (JKS) Experiment, which was initiated by Mobile Venture Kenya Limited, was executed in an effort to promote savings among poor people in Kenya while offering quick access to borrowed funds. JKS is based on ideas from P9, a loan product offered by Bangladeshi microfinance institution SafeSave that is intended to encourage savings, and M-Pesa, a mobile banking service launched by Kenyan mobile phone network Safaricom. A portion of the proceeds of JKS loans were instantly transferred into borrowers' M-Pesa accounts with the remainder put aside as savings. These savings were frozen for each customer until she or he repaid her or his loan in full, at which time the customer could elect to withdraw the savings or take out another loan. Clients were able to make repayments through their mobile accounts, which reduced field staff costs as on-site visits were only needed at the initial recruitment phase rather than throughout the repayment process.

JKS was tested in three phases to evaluate repayment rates and other feasibility factors. In the first phase, an activation fee equivalent to USD 1.70 was charged as was a 2-percent fee on the loan principal. The M-Pesa transaction fee was waived. In this phase, 145 clients were offered an interest-free loan of USD 23, one third of which was put aside as savings. Ten percent of the borrowers repaid their loans within three weeks, 77 percent paid portions of their initial loan within 2 months and defaults ranged between 8 and 16 percent.

The second phase introduced the product to 650 clients with half of the loan put aside for savings; with the activation fee still set at USD 1.70; a disbursement fee ranging from 2 to 5 percent; and the M-Pesa transaction fee set at either zero, USD 0.12 or USD 0.23. An additional feature of the product offered in the second phase was that once a client paid off the first loan, a second loan was automatically

disbursed into her or his M-Pesa account within an hour.

In the final phase, 50 percent of the loan was put in savings, the activation fee was raised to USD 5.20, a 5-percent fee was charged on the principal and the M-Pesa transaction fee was USD 0.12. Unlike in previous phases, the third group was offered monthly savings bonuses to encourage additional savings.

The authors conclude that JKS needs further modifications in order to be sustainable. For one, to earn an acceptable return on investment, the authors estimate that JKS would need to recruit 300,000 clients within 3 years, with most maintaining savings levels between USD 170 and USD 290. Moreover, JKS would need to operate under a banking license, an option that could be made viable only by partnering with commercial banks, which would reduce Mobile Venture Kenya's control of the project.

The authors state that the three pilot stages did provide important insights into how JKS might become a viable business such as knowledge about customer interest in savings features, willingness to pay more for faster services, demand for mobile channels and repayment behaviour being independent of reminder calls. The authors mention that, moving forward, providers need to examine customer retention closely, as it is difficult to determine how customers will act once they have the option of withdrawing their savings. Additionally, it must be determined whether JKS might be more successful if introduced via commercial banks or deposit-taking microfinance institutions.

### The Business Case for Life Microinsurance in the Philippines: Initial Findings

*By Richard Köven et al, published by Microinsurance Learning and Knowledge, September 2012, 9 pages, available at: <http://www.microinsurancecentre.org/milk-project/milk-docs.html>*

Among five microinsurance programs in the Philippines from 2008 to 2011, this study determines a compound annual growth rate of approximately 30 percent. Four out of the five programs were profitable, although four also demonstrated a steady increase in loss ratios. ■