

## MICROCAPITAL BRIEFS | TOP STORIES

### Suryoday of India Raises \$3.8m from Lok, Aavishkaar, HDFC

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

### Vision Microfinance Loans \$5m in Columbia, Mexico, Paraguay

Austria's Absolute Portfolio Management recently informed MicroCapital that it has disbursed the equivalent of USD 5 million to microfinance institutions (MFIs) in Colombia, Mexico and Paraguay through its Dual Return-Vision Microfinance funds. The sizes of each loan were not disclosed. The only MFI named is Solucion Asea of Chiapas, Mexico, that borrowed local currency to support programs such as its work with low-income women in rural areas. Solucion Asea reports total assets of USD 16 million, a loan portfolio of USD 13 million, 39,000 active borrowers, deposits of USD 3.3 million and 67,000 depositors. February 9, 2013

### CFI, Citigroup, Visa Launch Financial Inclusion 2020 Initiative

The Center for Financial Inclusion, a program of US-based nonprofit Accion, together with US-based financial service providers Citigroup and Visa, has launched Financial Inclusion 2020, an initiative designed to widen "responsible" access to credit, payment tools, savings and insurance by the year 2020. The organizers seek input from governments, NGOs and the private sector on a "Roadmap to Financial Inclusion" to be presented at the Financial Inclusion 2020 Global Forum to take place in the UK in October. January 29, 2013

### IFC, Omidyar Buy Stakes in MicroEnsure from Opportunity; Telenor Partners in Asia

US-based NGO Opportunity International recently sold stakes of undisclosed size and price in MicroEnsure, a microinsurance intermediary it founded, to the International Finance Corporation, a member of the World Bank Group, and Omidyar Network, a US-based investment firm. The move is part of an effort to boost outreach by transitioning MicroEnsure from a nonprofit into a commercially funded venture. MicroEnsure also recently partnered with Telenor Group, a Norwegian mobile communications provider, to launch MicroEnsure Asia, which seeks to provide insurance products via mobile network operators in Asia and Eastern Europe beginning with Telenor's business units in five Asian countries. MicroEnsure provides health, life, property and weather-index insurance to 4 million poor clients in the Caribbean, Africa and Asia. January 23, 2013

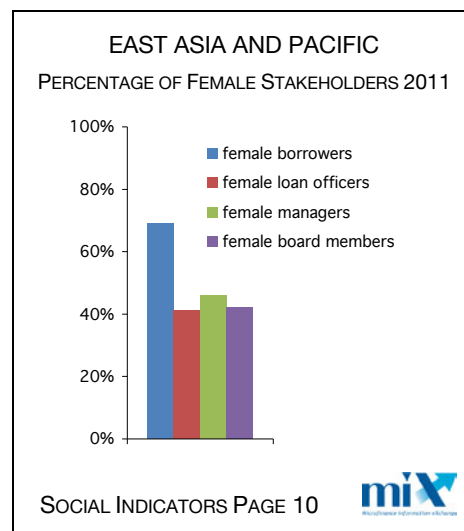
### India's IFMR Capital Lists Pool of Loan Assets from 8 MFIs

IFMR Capital, an affiliate of the Institute for Financial Management and Research (IFMR), an Indian NGO that aims to provide local enterprises with access to financial services, recently listed a securitized debt instrument on the Bombay Stock Exchange pooling loan assets from eight unidentified microfinance institutions (MFIs). According to IFMR Capital CEO Kshama Fernandes, "By pooling loans from multiple MFIs, it is possible to reach a critical portfolio size that can then be of interest to a mainstream investor." The value of the pool has not been disclosed. January 22, 2013

### Bank of Zambia Caps Microfinance Interest Rates at 42%

The Bank of Zambia, the country's central bank, reportedly has mandated a 42-percent cap on the effective annual interest rates charged by non-bank lending institutions designated as microfinance service providers. The cap is designed to protect microborrowers from rates that have climbed as high as 200 percent. Non-bank financial institutions that are not designated as microfinance service providers must conform to a maximum rate of 30 percent. January 18, 2013

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## MICROCAPITAL BRIEFS

### MFIs in Uzbekistan, Azerbaijan Ponder Islamic Microfinance

The Pakistan-based nonprofit AlHuda Center for Islamic Banking and Economics has signed agreements with Hamkor Bank of Uzbekistan and VisionFund AzerCredit, an Azerbaijani subsidiary of US-based NGO VisionFund International, to support their efforts to begin offering Islamic microfinance, which employs concepts such as joint venture and profit sharing rather than charging interest. VisionFund AzerCredit reports total assets of USD 46 million. Hamkor reports total assets of USD 290 million and classifies roughly half of its operations as microfinance. February 13 and January 31. 2013

### Indonesia's Excelcomindo Axiata Launches Remittance Service

Excelcomindo (XL) Axiata, an Indonesian telecommunications subsidiary of Malaysia-based Axiata Group, reportedly has launched its "XL Tunai International Remittance" service, allowing customers to receive money transfers from 110 countries via text message, an avenue also known as short message service (SMS). People living abroad are able to upload money at outlets of Western Union, a US-based financial services provider with outlets on six continents. Recipients in Indonesia receive a code redeemable at convenience stores and XL outlets for a fee equivalent to USD 0.52 to USD 1.04 per transaction. XL serves 44 million subscribers, and Axiata Group reports assets of USD 13 billion. February 12. 2013

### Kenya's Safaricom Boosts Some Transfer Fees to Match 10% Tax

Kenya-based mobile operator Safaricom recently increased the cost of transferring funds via M-Pesa, a Kenyan mobile money service, in response to a new 10-percent government tax on money transfer fees. Safaricom customers transferring the equivalent of USD 1.20 or more will incur 10-percent higher fees than before, but the fees for smaller transactions remain unchanged. Safaricom CEO Robert Collymore was quoted as saying, "...a tax on mobile money is at this time premature and is likely to have a negative impact on the country's financial deepening agenda by creating an unnecessary barrier for wananchi [citizens] who are most in need of basic financial services." M-Pesa handles an estimated 2 million transactions per day. February 12. 2013

### IFC to Donate \$2m to MiCRO, Insurer to Haiti's Fonkoze

The International Finance Corporation, a member of the US-based World Bank Group, recently announced plans to donate USD 1.96 million to the Microinsurance Catastrophe Risk Organization (MiCRO), a company in Barbados that was established in 2011 by Fonkoze, a Haitian microfinance institution, and Mercy Corps, a US-based NGO. MiCRO provides "hybrid" products that pay out a set amount when a weather event or natural disaster exceeds a predetermined level of severity plus an additional amount if the extent of actual losses is greater than the base coverage. Fonkoze's 66,000 borrowers are required to buy insurance from MiCRO. February 11. 2013

### Ghana Revises Insurance Regs, Book Promotes Microinsurance

The National Insurance Commission of Ghana reportedly has announced a new set of regulations that aims to formalize and facilitate the sale of microinsurance products, although details remain scarce. At the time of the announcement, a book was released that is titled "Promoting Microinsurance in Ghana – Microinsurance as a Means for Insurance Sector Development." The book is not available online. February 11. 2013

### Women Advancing Microfinance Offers Practitioner Scholarships

The New York chapter of Women Advancing Microfinance International, a US-based NGO with 13 chapters worldwide, is accepting applications through March for its training scholarship program for women with at least three years of experience as microfinance practitioners. More details may be found at <http://www.wamny.org/scholarships.html>. February 11. 2013

### EBRD, Raiffeisen, Deere to Offer Equipment Loans in the Ukraine

The European Bank for Reconstruction and Development (EBRD), a multilateral institution headquartered in the UK, and Raiffeisen Bank Aval, a subsidiary of Austria's Raiffeisen Bank International, have partnered with US-based machinery manufacturer John Deere to issue loans to Ukrainian farmers for the purchase of John Deere farming equipment. Small and medium-sized Ukrainian farms can apply to receive local-currency loans with terms up to five years from Raiffeisen Bank Aval and its subsidiary Raiffeisen Leasing Aval Ukraine. EBRD, Raiffeisen Bank Aval and John Deere will share the risk on the loans disbursed, which are expected to total the equivalent of USD 50 million. Raiffeisen Bank Aval reports total assets equivalent to USD 6.7 billion, and Raiffeisen Bank International reports total assets of USD 197 billion. February 11. 2013

### Nigeria Implements 3-Tiered Know-Your-Customer Requirements

The Central Bank of Nigeria has introduced a three-tiered set of "Know Your Customer" requirements that is intended to improve financial inclusion. The program introduces unspecified flexibility into the requirements for opening accounts with balances below certain thresholds. The bank has placed caps equivalent to USD 127 and USD 317 for single deposits to accounts designated as low- and medium-value, respectively. These accounts are delineated with balance limits of USD 1,270 and USD 2,540, respectively. February 11. 2013

### Pakistan Issues Nationwide License for U Microfinance Bank

The State Bank of Pakistan, the nation's central banking authority, reportedly has issued a national-level microfinance banking license to U Microfinance Bank Limited, a Pakistani microfinance institution that was formerly known as Rozgar Microfinance Bank. In 2012, Rozgar was acquired by Ufone Global System for Mobile Communications, a subsidiary of the Pakistan Telecommunication Company that serves 20 million mobile subscribers. U Microfinance operates one branch and six service centers in the district of Karachi. February 9. 2013

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MicroCapital recognizes the individuals at CGAP, the Microfinance Gateway and the Microfinance Information Exchange for their outstanding work disseminating information on microfinance. Thank you!

### Thailand's Srisawad Cuts Lending to Fresh-market Vendors

Srisawad Money on Wheels, a subsidiary of Thailand's Bank of Ayudhya, reportedly is cutting its lending to fresh-market vendors and plans to shift its focus to financing tractors and trucks. In explanation, a representative of Srisawad reportedly cited unsustainable growth and the firm's unfamiliarity with the fresh-market business. Before beginning to serve market vendors in 2012, Srisawad had focused on motorcycle, car and commercial-vehicle loans. Since that time, the company has disbursed the equivalent of USD 1.7 million in loans ranging in size from USD 336 to USD 3,360 with annual interest rates of 28 percent. Srisawad, also known as Consumer Finance Group Services, was acquired by Ayudhya in 2009 from US-based insurer American International Group (AIG). Srisawad operates 200 branches, and Ayudhya reports total assets of USD 32 million. February 9. 2013

### IFC, Yes Bank to Fund Small Businesses in Northeast India

The International Finance Corporation, the private-investment arm of the World Bank Group, has partnered with Yes Bank, an Indian commercial bank, to establish a fund to support small businesses in northeast India, especially those involved in food and agribusiness, infrastructure, healthcare, education and housing. Details such as the fund size have not been released. Yes Bank reports the equivalent of USD 14 billion in total assets. February 8. 2013

### Pakistan Fund Launches Weather-index Microinsurance

The Pakistan Poverty Alleviation Fund (PPAF), a public-private partnership, reportedly has launched a weather-index microinsurance pilot project covering crops and livestock in the districts of Khushab and Chakwal. The scheme is designed to assist farmers challenged by low-quality agricultural inputs and the effects of climate change. Details such as pricing and coverage have not yet been released. PPAF plans to expand the effort nationwide, though no timeframe has been released. PPAF reports assets equivalent to USD 285 million. February 7. 2013

### Philippines Expands Pool of Potential Investors in Rural Banks

The Filipino Senate recently approved an amendment to its Rural Banks Act to expand the range of foreign entities that can own stakes of up to 60 percent in institutions licensed as rural banks. Previously, only foreign banks could acquire equity in rural banks; now any foreign individual or entity may do so. Senator Sergio Osmena III was quoted as saying, "The opportunity to forge international equity partnerships would put rural banks on a level playing field with [their] thrift and commercial banking counterparts that are able to take in foreign partners." Rural banks in the country reportedly hold cumulative assets equivalent to USD 3.9 billion. February 6. 2013

### Sri Lanka's Commercial Credit and Finance Issues \$2m in Debt

Commercial Credit and Finance Public Limited Company, a provider of microfinance and other services in Sri Lanka, reportedly has issued five-year debentures worth the local-currency equivalent of USD 2 million. The collateral-free debt securities are listed with an interest rate of 20 percent. Commercial Credit and Finance reports total assets of USD 83 million and loans of USD 36 million, of which USD 22 million are microfinance loans. February 6. 2013

### Indian Microlender SKS Reports First Profit in 8 Quarters

SKS Microfinance, an Indian microlender listed on the country's National and Bombay Stock Exchanges, recently reported a net profit equivalent to USD 209,000 for the quarter ending December 2012, the first quarterly profits it has earned in two years. The company reported a loss of USD 78 million for the same period last year. Loans disbursed during the most recent quarter rose 14 percent to USD 142 million. Shares in the company traded at USD 3.19 as of February 5, down from USD 21 in August 2010. February 5. 2013

## MicroCapital Deal of the Month

### Suryoday of India Raises \$3.8m from Lok, Aavishkaar, HDFC

As part of an effort to increase its customer base by 1 million by 2014, India's Suryoday Micro Finance Private Limited reportedly has raised the rupee-equivalent of USD 3.8 million in capital from three of its previous investors: Aavishkaar Goodwill, a for-profit, Indian-Dutch joint venture; Lok Capital, a Mauritius-based microfinance investment vehicle; and India's Housing Development Finance Corporation. Specifics on the amounts invested by each party or the sizes of the stakes they hold have not been disclosed. Vineet Rai, Aavishkaar Goodwill's managing director, was quoted as saying, "Suryoday's business model is strong, as it does not look at financial inclusion as a single dimensional platform for credit, but helps move the under-served population towards formal banking habits." Suryoday, which does not accept deposits, reports a gross loan portfolio of USD 18 million, 120,000 active borrowers, return on assets of 2.1 percent and return on equity of 5.5 percent.

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### Citigroup Loans \$2m to Tamweelcom of Jordan

US-based financial service provider Citigroup recently informed MicroCapital that it has issued a local-currency loan equivalent to USD 2 million to Tamweelcom, a Jordanian nonprofit microlender, to support the growth of its loan portfolio. The loan is part of a USD 350 million partnership between Citigroup and the US government-backed Overseas Private Investment Corporation aimed at promoting microfinance in emerging markets. "We are pleased to support Tamweelcom in its social mission to provide client-focused financial and non-financial services, mainly to women..." said Bob Annibale, Citigroup's global director of microfinance. Tamweelcom reports total assets of USD 27 million, a gross loan portfolio of USD 25 million, 46,500 active borrowers, return on assets of 6 percent and return on equity of 16 percent. February 5. 2013

### NMB of Tanzania Opening 20 New Rural Branches

The National Microfinance Bank (NMB), which is 30-percent owned by the government of Tanzania, reportedly is planning to open 20 new branches in rural areas of the country. The 142 branches the bank currently operates are located disproportionately in Tanzania's urban centers. NMB reports total assets of USD 1.5 billion, return on assets of 4.7 percent and return on equity of 36 percent. February 5. 2013

### Arab Network Sanabel Appoints Sahar Tieby as Director

Sanabel, an Egypt-based nonprofit network of 89 microfinance institutions in 13 Arab countries, has announced that Sahar Tieby is to be its new executive director, succeeding Ranya Abdel-Baki, who has held the position since 2009. Ms Tieby has 20 years of microfinance experience with organizations such as the World Bank, CGAP (Consultative Group to Assist the Poor), Chemonics Incorporated and multiple UN agencies. February 5. 2013



### Sanad Fund for MSME to Loan \$20m to Bank Audi for MENA

The Sanad Fund for MSME (micro-, small and medium-sized enterprise), an initiative of German development bank Kreditanstalt für Wiederaufbau Entwicklungsbank that provides debt and equity to financial institutions in the Middle East and North Africa, has agreed to loan USD 20 million to Lebanon-based Bank Audi to support small and medium-sized enterprises (SMEs). In addition to Lebanon and Europe, Bank Audi is active in Abu Dhabi, Egypt, Jordan, Qatar, Saudi Arabia and Turkey. Bank Audi reports total assets of USD 31 billion with 19 percent of its lending activity directed to SMEs. February 5. 2013

### Smaller Nigerian MFIs Want 2 More Years to Keep Branches Open

The National Association of Microfinance Banks, a trade group of 820 microfinance banks (MFBs) in Nigeria, reportedly has called for a two-year extension of the deadline to implement the revised Microfinance Policy Framework, which requires MFBs with paid-up capital equivalent to USD 130,000 to USD 650,000 to operate only a single office. Larger MFBs with capital up to USD 13 million may operate branches and cash centers in only one state. MFBs with branches exceeding these limits were to close such offices and transfer client accounts to sanctioned branches by the end of 2012. February 5. 2013

### IBRD to Loan \$20m for Russia's Microfinance Program

The World Bank Group's International Bank for Reconstruction and Development reportedly has approved an 18-year loan of USD 20 million to help establish a Microfinance Development Program in Russia, for which the Russian government will budget USD 40 million. The goal of the program is to promote the development of a regulatory and supervisory framework for microfinance institutions and credit cooperatives as well as to assist these organizations in developing the capacity to comply with the new framework. February 5. 2013

### 360buy, Suning Appliance to Offer Consumption Loans in China

Chinese electronic commerce firms 360buy and Suning Appliance reportedly are preparing to offer consumer loans to compete with Alibaba, a Chinese e-commerce player that operates a financing company to facilitate its customers' purchases. Suning recently obtained a license to offer business financing and reportedly will launch its services with registered capital equivalent to USD 48 million. 360buy and Bank of China, a state-owned financial institution, jointly launched Chinabank Payment, an e-payment service provider, in October 2012 to provide consumption loans to individuals as well as supply-chain financial services to businesses. Alibaba reportedly disbursed 1.7 million loans in the first half of 2012, with an average value of USD 1,110 per loan. The company has a credit pool of USD 4.1 billion and a non-performing loan ratio of 0.72 percent, compared with a 0.95-percent average reported in the country's banking industry. February 4. 2013

### JASMINE Offers Technical Assistance to European Microlenders

Through February, the Joint Action to Support Microfinance Institutions (JASMINE) program, an initiative of the European Investment Fund, the European Parliament and the European Commission, is accepting expressions of interest from European microfinance institutions wishing to receive funding for institutional assessments and customized staff training. JASMINE was formed in 2008 with funding from the European Commission, the executive body of the EU. The European Investment Fund, a public-private partnership that invests in lenders to small and medium-sized enterprises in Europe, and the European Parliament also have participated in the initiative since its founding. From 2010 to 2012, JASMINE's technical assistance program supported 49 microfinance providers in 15 countries. February 4. 2013



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### EBRD Loans \$5m to Converse Bank of Armenia for MSMEs

The UK-based European Bank for Reconstruction and Development (EBRD) is providing a local-currency loan equivalent to USD 5 million to Converse Bank Closed Joint Stock Company of Armenia. According to Valeriu Razlog, head of EBRD's resident office in Yerevan, "The local business will greatly benefit from this facility in the current economic environment where there is a limited source of local currency long-term financing." The term of the loan has not been disclosed. Converse Bank reports total assets of USD 289 million and 56,000 customers. February 4. 2013

### Centum, Cassia Acquire 45% of Parent of East Africa's Platinum

Centum Investment Company of Kenya and US-based Cassia Capital Partners recently acquired a 45-percent stake in Platcorp Holdings Limited, the parent company of Platinum Credit Limited, which serves 80,000 clients in Kenya, Uganda and Tanzania with "emergency" loans that are disbursed within 24 hours. The acquisition was made at an undisclosed price via Kilele Holdings Limited, a vehicle in which Centum holds a 79-percent stake and Cassia holds the remainder. Although financial data on Cassia and Platcorp are unavailable, Centum reports total assets equivalent to USD 131 million. February 2. 2013

### Microfinance Investor BlueOrchard Appoints Peter Fanconi as CEO

BlueOrchard, a Swiss microfinance intermediary, recently appointed Peter Fanconi to succeed Wolfgang Landl as the firm's CEO. Mr Landl, who took the position in 2012, will remain available to BlueOrchard as an advisor. Mr Fanconi comes to BlueOrchard after serving as the head of private banking for Vontobel Group, a financial services provider in Switzerland. February 1. 2013

### Belarus Regulating Microfinance Industry

The government of Belarus reportedly has drafted a decree that would set the minimum capital requirement for microlenders at USD 136,000 and the maximum size of microloans at USD 18,000. The decree also provides for the National Bank of the Republic of Belarus (NBRB), the central banking authority of the country, to maintain a register of legal microfinance lenders. These institutions would be required to submit financials to NBRB periodically and to provide borrowers with annual - as opposed to daily - interest rates. February 1. 2013

### Mobile Money Subscriber Numbers Down a Bit in Kenya

The Communications Commission of Kenya has released a report indicating that the number of mobile money subscribers dropped by 200,000 to 19.3 million between July and September 2012. The report attributes the drop to a loss of customers by Airtel Networks Kenya, the local branch of Indian telecommunications firm Airtel. Despite the decline in mobile money subscribers, the value of mobile-money transactions increased by 6.7 percent to the equivalent of USD 2.33 billion. January 31. 2013



### IFC Placing \$2m in Equity in ACLEDA Expansion to Myanmar

The World Bank Group's International Finance Corporation (IFC) has agreed to disburse USD 2 million to ACLEDA Bank, a microfinance-focused commercial bank in Cambodia, to set up a microfinance institution in Myanmar. Although IFC characterizes the investment as a loan, IFC will receive in return a stake of unspecified size in ACLEDA MFI Myanmar. Between 2013 and 2020, ACLEDA MFI Myanmar is expected to disburse 200,000 loans mostly to micro- and small businesses owned by women. ACLEDA Bank reports total assets of USD 1.5 billion, a gross loan portfolio USD 1 billion, 272,000 active borrowers, deposits of USD 1.1 billion, 820,000 depositors, return on assets of 3.7 percent and return on equity of 32 percent. January 31. 2013

### Smart Campaign Launches MFI Client Protection Certifications

The Smart Campaign, a consumer-protection initiative of US-based nonprofit Accion, recently rolled out its Client Protection Certification Program, which aims to verify that financial institutions serving poor people are focused on the fair treatment of clients. To qualify, institutions must pass each of 30 standards derived from the Client Protection Principles, a set of recommended practices touching on areas such as transparency and complaint resolution. Compliance with the standards is certified through an on-site evaluation by one of the following microfinance rating agencies: Planet Rating, M-Cril, MicroFinanza Rating or MicroRate. January 31. 2013

### Kazakhstan Caps Microloan Interest Rates at 56%

A new law in Kazakhstan reportedly will cap annual interest rates charged by microfinance institutions (MFIs) at 56 percent and requires MFIs to submit data to the National Bank of Kazakhstan, the country's central bank. The minimum charter capital for each MFI has been set at the equivalent of USD 198,000. For the first time, MFIs will be able to accept grants, borrow funds, offer leasing services and close insurance contracts on behalf of insurance companies. Anatoliy Glukhow, the director of the 70-member Kazakh Microfinance Organizations Association, reportedly stated that, "regulation has a favourable effect on foreign investors, and due to this we expect an increase in foreign investments in the lending sector." January 31. 2013

### Mobile Money Agents in Uganda Call for Infrastructure Boost

The Uganda Mobile Money Agents Association (UMMAA), which represents 12,000 businesses that allow mobile money users to upload and withdraw cash, reportedly is calling for improvements to network infrastructure to minimize interruptions in network communications. UMMAA agents are also seeking permission to sign on to the "pool joint accounts" used by telecom companies to hold cash uploaded by mobile money users. The Bank of Uganda, meanwhile, is working with telecoms and the Uganda Communications Commission to develop a regulatory framework for mobile money. As of December 2012, 2.8 million Ugandans held mobile money accounts, an increase of 1 million in the last year. January 29. 2013





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### **EBRD Loans \$1.4m to LandesLease of Albania for SMEs**

The UK-based European Bank for Reconstruction and Development has provided a five-year, euro-denominated loan equivalent to USD 1.35 million to Albanian leasing company LandesLease to expand its services to small and medium-sized enterprises. Financial data on LandesLease are limited, but the firm reportedly has financed a total of USD 40 million in lease contracts for vehicles, equipment and machinery since 2008. January 29. 2013

### **Microborrowers in Jamaica Gain to Access to Loans via ATMs**

Two banks owned by the government of Jamaica, the National Commercial Bank and the Development Bank of Jamaica, reportedly have launched a pilot operation to allow for the disbursal of microloans through automated teller machines. When a loan is approved by a microfinance institution, the borrower will receive a text message, a channel also known as short message service (SMS), indicating she or he may access the funds. January 29. 2013

### **Microfinance to Counter Urbanization in Fiji?**

During a recent forum in Fiji, economist Baljeet Singh reportedly argued that technical assistance and “low-interest credit” from the public sector coupled with microfinance institutions offering their clients product development and marketing assistance could help develop small and medium-sized enterprises, boost economic development and “reduce the strain on resources being brought about by rapid urban growth.” January 29. 2013

### **Grameen Credit Agricole Loans \$1m in Azerbaijan, Tajikistan**

Grameen Credit Agricole Microfinance Foundation, an organization in Luxembourg that offers financial services to microfinance institutions and social business projects in Africa and Eurasia, recently approved a three-year loan to Azerbaijani microlender FinDev in local currency equivalent to USD 666,000. FinDev reports total assets of USD 17 million, a gross loan portfolio of USD 16 million and 10,300 active borrowers. Grameen Credit Agricole supplied a similar loan equivalent to USD 320,000 to Phoenix+, a microlender in Tajikistan that focuses on rural finance. Phoenix+ reports total assets of USD 1.1 million, a gross loan portfolio of USD 1 million and 1,640 active borrowers. January 25. 2013

### **Nigeria Allows States to Set Up Microfinance Banks...For a While**

The Central Bank of Nigeria (CBN) reportedly has amended its microfinance guidelines to permit state governments to establish microfinance banks. Any state that does so, however, must have a timeline for exiting the business to allow the bank to become independent. CBN has also signed agreements with the state governments of Benue, Borno and Cross River to establish entrepreneurship development centres (EDCs) in an effort to alleviate poverty and support job creation. As of September 2012, EDCs in Kano, Lagos and Onitsha reportedly had trained 39,000 people and created 7,500 jobs. January 25. 2013

### **Government to Fund Accidental Death Insurance for all Pakistanis**

The National Database and Registration Authority (NADRA), the issuer of government identity cards in Pakistan, reportedly has designated the government-owned State Life Insurance Corporation of Pakistan as the low bidder in a procurement process through which NADRA will fund accidental death insurance for all Pakistani citizens. A new national identification card to be distributed by NADRA will give people access to insurance coverage equivalent to USD 1,000 with an optional buy-in to boost the coverage to as much as USD 10,000. January 25. 2013

### **Nigeria: No Mobile Money Licenses for Telecoms**

In explaining the decision of the Central Bank of Nigeria (CBN) not to allow telecommunications companies to become licensed mobile money operators, CBN Deputy Governor Tunde Lemo reportedly cited the example of M-Pesa, a mobile money service of Kenyan telecommunications company Safaricom: “I am sure if the Kenyan central bank had to do it again, they would do it differently because what [M-Pesa] has done is to create one big monopoly for the country. A single operator controls 90 percent of that country’s mobile money payment [system, which] is not really good....” January 25. 2013

### **Bangladesh Plans to Lower 27% Microcredit Rate Cap**

The Microcredit Regulatory Authority (MRA) of Bangladesh, which oversees NGO microfinance institutions, reportedly has announced plans to lower the maximum allowable microloan interest rate to an unspecified level. In 2011, MRA established a microcredit interest rate cap of 27 percent per year. Khandakar Muzharul Haque, executive vice chairman of MRA, reportedly said that, “...the sector is not properly regulated. So, the MRA is working with the government, especially with the Bangladesh Bank [the central bank of the country], to bring in sound rules and regulations.” MRA recently revoked the licenses of 20 institutions for regulatory noncompliance. January 25. 2013

### **IFC Loans \$7m to Georgia's Kor Standard Bank for SMEs**

The World Bank Group’s International Finance Corporation has agreed to loan USD 7 million to Kor Standard Bank of the republic of Georgia in an effort to triple the number of loans Kor provides to small and medium-sized enterprises by 2016. Kor reports assets equivalent to USD 186 million and a loan portfolio of USD 119 million. January 25. 2013

### **Banks Finance Fewer SMEs in Pakistan**

According to a report from the State Bank of Pakistan (SBP), the central bank of the country, bank financing of small and medium-sized enterprises (SMEs) declined from the equivalent of USD 3 million in June 2011 to USD 2.5 billion in June 2012. The number of borrowing SMEs decreased by 24 percent from 194,000 to 147,000 during the same period. The report identified adverse macroeconomic conditions, energy shortages and a rise in non-performing loans as causes of the decline. The report also noted that many small businesses had yet to recover from flooding that occurred in the provinces of Sindh and Punjab in 2010 and 2011. January 25. 2013





### **Grameen Credit Agricole Loans \$1.2m in Indonesia, Benin**

Grameen Credit Agricole Microfinance Foundation (GCAMF), a Luxembourg-based organization that operates in Sub-Saharan Africa and Eurasia, recently informed MicroCapital that it loaned Koperasi Mitra Dhuafa (KOMIDA), an Indonesian microfinance institution (MFI), the local-currency equivalent of USD 751,000 with a three-year term. KOMIDA, which exclusively serves women, reports total assets of USD 7.7 million, a gross loan portfolio of USD 5.6 million, deposits of USD 530,000, return on assets (ROA) of 2 percent and return on equity (ROE) of 3.8 percent. GCAMF also distributed the second half of a loan to Association de Lutte pour la Promotion des Initiatives de Développement (ALIDE), an MFI in Benin. Each of the tranches is worth the local-currency equivalent of USD 406,000. ALIDE reports total assets of USD 4.3 million, a gross loan portfolio of USD 3.5 million, deposits of USD 1.9 million, ROA of 2 percent and ROE of 8.9 percent. January 25, 2013

### **Pakistan's Tameer Microfinance Lists \$10m in Certificates**

Tameer Microfinance Bank Limited, a commercial bank in Pakistan that is majority-held by Norwegian mobile firm Telenor, recently issued two term finance certificates (TFCs) each worth the local-currency equivalent of USD 5 million on the Karachi Stock Exchange. The first TFC will reportedly have a term of 13 months with an annual return of 12 percent. The second will have a term of 24 months with an annual return of 12.5 percent. In case of foreclosure, the TFCs are partially secured by the State Bank of Pakistan's Microfinance Credit Guarantee Facility. Tameer reports total assets of USD 92 million, return on assets of 1.8 percent and return on equity of 8.6 percent. January 24, 2013

### **Peru Closer to Launching Mobile Payments**

The government of Peru reportedly has passed a law governing a new electronic payment system that allows residents to make payments and money transfers via mobile phones. The system, which is expected to be of particular use to people in rural areas, will also allow the government to disburse public benefits directly to individuals. January 24, 2013

### **IFC, GAFSP Invest \$10m in Root Capital to Serve Farmers**

The World Bank Group's International Finance Corporation (IFC) and the private-sector office of the Global Agriculture and Food Security Program, a mechanism established by the G20 group of 20 large economies, have announced that each of the organizations will invest USD 5 million in Root Capital, a US-based nonprofit investment fund. The aim is to increase market and capital access for 300,000 small-scale farmers in Africa and Latin America over four years. Root Capital reports total assets of USD 86 million, an outstanding portfolio of USD 54 million and 200,000 enterprises served. January 22, 2013

### **FINCA International Opens Data Processing Center in US**

The Foundation for International Community Assistance (FINCA) International, a US-based nonprofit microfinance network, reportedly has opened a data center to serve the organization's headquarters and its Latin American subsidiaries. FINCA has one existing data center each in Africa and Europe. The new facility will incorporate Flexcube banking software from the US-based Oracle Corporation. FINCA serves 900,000 clients through subsidiaries in 21 countries and holds total assets of USD 719 million. January 22, 2013

### **MFTransparency, Pakistan Network to Publish Pricing Data**

MicroFinance Transparency, a US-based NGO that provides information on microcredit products and their prices, is partnering with the 29-member Pakistan Microfinance Network (PMN) to publish pricing data on microloans offered in Pakistan. PMN CEO Syed Mohsin Ahmed said, "A pricing initiative for Pakistan's microfinance industry is one of the foundations for the PMN's work in responsible finance in Pakistan, more specifically, within client protection." January 22, 2013

### **M-Birr, Ethiopian MFIs to Launch Mobile Money Service**

M-Birr ICT (Information and Communication Technology), the Ethiopian subsidiary of Ireland's M-Birr Limited, reportedly is beginning a pilot mobile money service in Ethiopia. M-Birr has negotiated exclusive agreements with five microfinance institutions in Ethiopia, which reportedly comprise 95 percent of the microfinance market in the country: Dedit Credit and Savings Institution, Amhara Credit and Savings Institution, Oromia Credit and Savings, Addis Credit and Savings Institution and Omo Microfinance. The primary investor in M-Birr is Finnfund, which is 95-percent owned by the Finnish government. The Swedish International Development Cooperation Agency also holds a stake in the firm. January 22, 2013

### **MicroEnsure, Meteo Rwanda Partner on Weather-index Insurance**

MicroEnsure, a microinsurance intermediary founded by US-based nonprofit Opportunity International, recently announced that it will partner with Meteo Rwanda, the country's meteorological agency, to provide weather-index insurance to small-scale Rwandan farmers. The coverage will provide automatic payouts when weather conditions such as rainfall are outside of a predetermined range. MicroEnsure offers weather-index insurance for maize, potatoes and rice and is exploring the possibility of expanding into flashflood products. MicroEnsure provides health, life, property and weather-index insurance to 4 million poor clients in nine countries in Africa and Asia. January 22, 2013

### **YouthStart Grants \$640k to Help Togo's FUCEC Reach 56k Youth**

YouthStart, a program that aims to increase access to financial services for low-income youth in Sub-Saharan Africa, recently reported that 40,000 young people in Burkina Faso, Ethiopia, Malawi, Rwanda, Senegal and Uganda have opened savings accounts with YouthStart's partner institutions and deposited USD 550,000 into those accounts since September 2012. Approximately 30,000 of those who opened savings accounts also participated in a financial literacy training class. YouthStart also granted USD 641,000 to Fatiere des Unites Cooperatives d'Epargne et de Credit du Togo, a network of financial cooperatives in Togo, in an effort to help the cooperative reach 56,000 youth aged 12 to 24 with door-to-door savings services and business loans by 2015. YouthStart is a funded by Canada's MasterCard Foundation and the UN Capital Development Fund, which works in the world's 48 least developed countries. January 22, 2013

### **Thailand to Add \$2.6b to Village and Urban Revolving Fund**

The Thai government reportedly plans to inject USD 2.6 billion of capital into the country's Village and Urban Revolving Fund, which serves 17 million accountholders. Funded by government grants, the fund is overseen by intermediaries such as state-run banks with loan amounts and interest rates determined at the village level by elected committees. January 20, 2013

### **EBRD Loans \$6m to Imon of Tajikistan**

The UK-based European Bank for Reconstruction and Development recently disbursed a four-year, local-currency loan equivalent to USD 6.1 million to microlender Imon International, which is located in Tajikistan and reports assets of USD 51 million, a gross loan portfolio of USD 45 million, 42,500 borrowers, return on assets of 5.1 percent and return on equity of 19 percent. January 18, 2013

### **Advans SA Launches Microfinance Institution in Pakistan**

Advans SA, a microfinance investment vehicle managed by Horus Development Finance of France, recently announced the opening of Advans Pakistan Microfinance Bank, which provides loans to micro-, small and medium-sized enterprises in amounts ranging from the local-currency equivalent of USD 100 to USD 1,500. Advans Pakistan also offers savings accounts to individuals and enterprises. Advans SA holds stakes in microbanks in seven countries in Africa and Asia. January 17, 2013



## FIELD NOTES

### The New “Downscaling” Dilemma: Financial Inclusion for the Masses

As the discourse about financial access has moved beyond microcredit, a new set of institutions promises to break new ground where financial institutions have struggled in the past. Just last week, for example, during the Financial Inclusion 2020 Launch Webinar, an impressive group of speakers gave their time to talk about the potential for mobile payment systems. It's still a lot more talk than action, but the involvement of players like Visa and Citigroup in the discussion suggests there is commercial interest in these new business models.

Following a visit to Colombia last month, I am left with some thoughts about how “downscaling” in the insurance market may translate to other downscaling business models that might be used by phone, mobile payment and card companies. In Colombia, what is especially interesting about “microinsurance,” which specifically targets the poor, is that there is not much of it. However, mass-market insurance is a significant and growing segment within the business lines of many traditional insurance companies. The “math” behind this business is curious, since it relies on delivering pretty small, low-cost services to primarily low-income customers. Insurance policies with premiums of USD 1 to USD 8 per month must cover operations that mimic those backing larger, traditional insurance policies. They are developed, marketed, paid, serviced and supported by large companies. Why would a large company take on this challenge when so few traditional banks, for example, are willing to do the same for loan products that have much larger margins?

In part, the business case for downscaling traditional insurance in Colombia exists precisely because few of these products are targeted specifically to the poor. Instead, they are targeted to the masses rather indiscriminately. Last month in Colombia many stakeholders pressed me to define “microinsurance.” Honestly, I could find only two distinctions

between microinsurance and mass market that apply in Colombia. The first is that if I can access it easily, it's a mass-market product. The fact that I managed to buy personal accident insurance at the supermarket in Bogota is a testament! I am unlikely to be in contact with micro-insurance products that are targeting the poor. But I can access mass-market insurance as easily as I can access many other mass-market products including 99-cent hamburgers, Barbie dolls and credit cards. The second distinction is that microinsurance generally is delivered with more of a concern for consumer protection (beyond what the regulator requires and actually supervises) because we are offering products specifically for the poor. Mass market products often skip over important consumer protection principles such as making sure explanations of a product match consumer needs for information.

As companies unfamiliar with working with low-income segments begin to figure out business models that allow them to reach the masses sustainably, they will comprise a force to be reckoned with. If policymakers can't agree on basic standards for disclosure, transparency and ethical practice, microfinance institutions should get ready to face some tough competition from entities that are not thinking much about what information consumers need or what services might be best for them. I am apprehensive about this scenario. Models that target the masses may offer the scale we've been looking for in efforts for broader financial inclusion. But financial inclusion should be a means to an end and not an end in itself. If inclusion can't improve livelihoods, then new efforts will not amount to more than 99-cent hamburgers and Barbie dolls.

*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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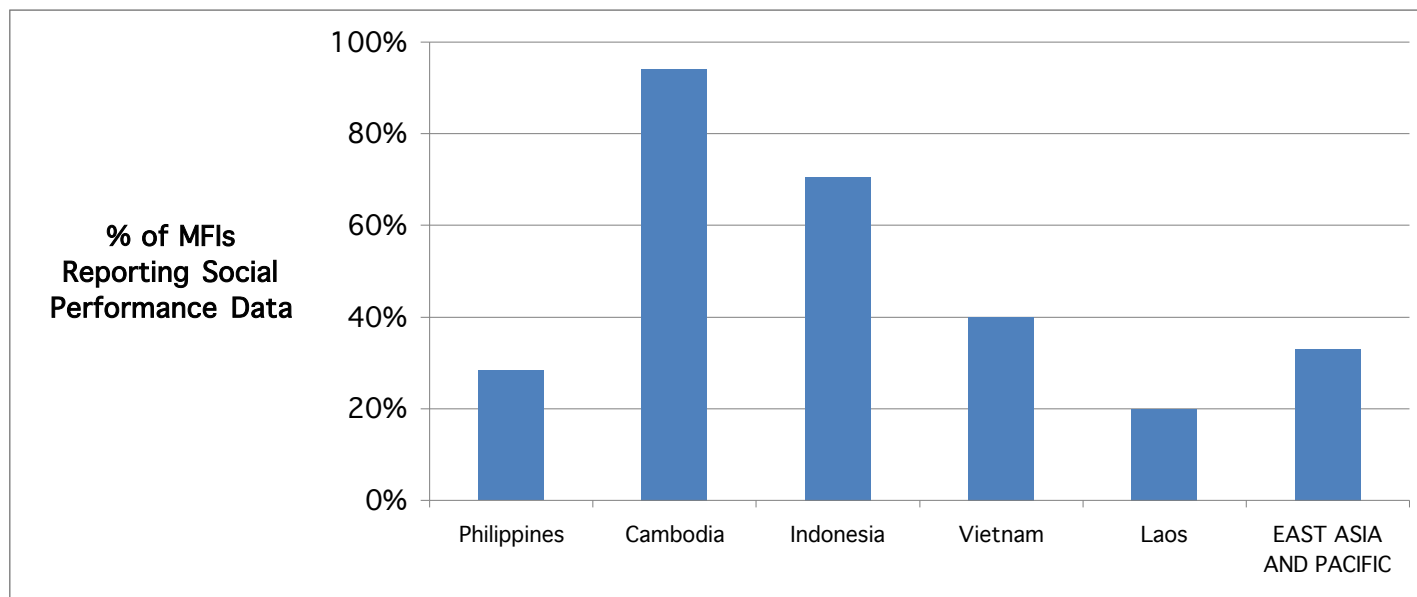


## MICROCAPITAL SOCIAL PERFORMANCE INDICATORS

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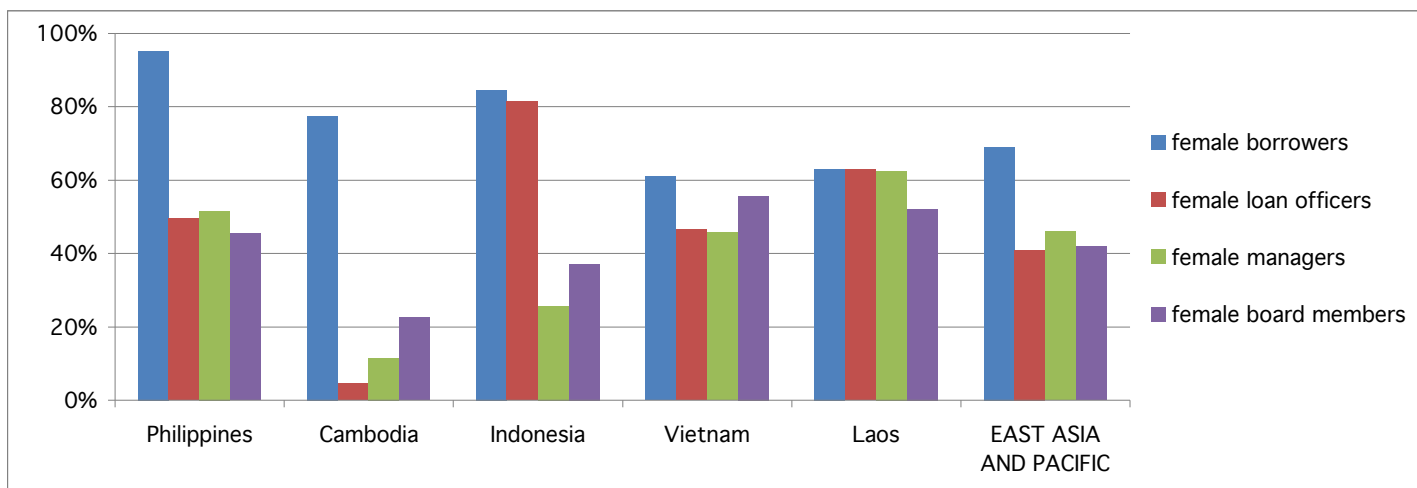
73 MICROFINANCE INSTITUTIONS (MFIs) FROM 12 COUNTRIES REPORTING SOCIAL PERFORMANCE DATA

#### TOP FIVE COUNTRIES BY MFI REPORTING OF SOCIAL PERFORMANCE DATA



The countries named in the above chart are those from the region from which the greatest number of MFIs reported 2011 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



Percentages for the countries named above include data from 4 to 19 MFIs per country.

Source: Microfinance Information Exchange, February 2013

## UPCOMING EVENTS

### Advancing Women Entrepreneurs

February 18 - February 19, 2013, Dar es Salaam, Tanzania

This session aims to bring together bankers to identify challenges and outline opportunities to reach women entrepreneurs in Africa. The conference will explore concepts relating to business operations, management style, growth capacity and the risk behavior of women-run enterprises. The fee to attend the event is USD 2,500 with a rate of USD 1,500 available to members of the Small Business Banking Network. For additional information, you may contact Elizabeth Vivirito via +1 312 540 1580 extension 4 or [evivirito\[at\]capplusexchange.org](mailto:evivirito[at]capplusexchange.org), or you may visit <http://www.sbbnetwork.org/aweworkshop-feb2013>.

### Pacific Forum 2013: Building Microfinance

February 28 - March 1, 2013, Auckland, New Zealand

This event is intended to gather representatives of banks, microfinance institutions, regulatory bodies, support organizations and funders to focus on building sustainable microfinance in the region. Although there is no fee to attend and limited travel scholarships are available, registration officially closed on February 8. Details may be sought via Allegra Palmer at [apalmer\[at\]swwb.org](mailto:apalmer[at]swwb.org) or +1 212 768 8513 or by visiting <http://www.swwb.org/Pacific-Forum>.

### Savings Groups Conference 2013

March 4 - March 5, 2013, Arlington, Virginia, USA

Participants in this conference will network and discuss the role of savings groups, linking savings groups to the formal financial sector, reaching remote areas, scaling up and mobile technology. The fee to attend is USD 625. For more information, you may contact Belicca Ferrer at +1 617 517 9477 or [savingsconference\[at\]oxfamamerica.org](mailto:savingsconference[at]oxfamamerica.org), or you may visit <http://www.oxfamamerica.org/issues/community-finance/savings-conference-2013>.

### Impact Investing Summit

March 14 - March 15, 2013, Huntington Beach, California, USA

This event will cover topics such as social-impact bonds, protecting portfolios against inflation and methods of screening investments based on potential impact. The fee to attend is USD 2,595 with discounts available for advance registrations and certain categories of attendees. More details are available via [mail@imn.org](mailto:mail@imn.org), +1 212 768 2800 or [http://www.imn.org/main/index\\_group.cfm?g=IM](http://www.imn.org/main/index_group.cfm?g=IM).

### Fourth Latin America Microinsurance Summit

March 18 - March 21, 2013, Mexico City, Mexico

Discussion topics at this event will include overcoming barriers to microinsurance, leveraging technology to drive market penetration and optimizing rural distribution. The cost to attend the main, two-day conference is USD 4,887 with a range of add-on workshops and discounts available. For additional information, you may contact Miles Harley at [mharley\[at\]hansonwade.com](mailto:mharley[at]hansonwade.com) or +44 (0) 20 3141 8797, or you may visit <http://microinsurance-latin.com/>.

### Africa Microinsurance Microfinance Conference 2013

March 26 - March 28, 2013, Accra, Ghana

This event is intended for stakeholders interested in health, life, agriculture and disaster microinsurance as a tool for poverty alleviation. The cost to attend is USD 850 with discounts available to those registering with a colleague and to all who register before February 28. For more details, you may contact Obasi Ngwuta at +234 8027922649 or [info\[at\]westafricabusinessschool.com](mailto:info[at]westafricabusinessschool.com), or you may visit <http://www.microfinancegateway.org/p/site/m/template.rc/1.11.187419/>.

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

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

Hosted by US-based nonprofits Accion and 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. The registration period officially closed on January 31, but you may seek more information via <http://www.accion.org/hbs>, +1 617 625 7080 or [info\[at\]accion.org](mailto:info[at]accion.org).

### The Institutional and Technological Environment for Microfinance

April 11 - April 12, 2013, Paris, France

The fourth iteration of this event, dubbed ITEM4, is aimed at academics and practitioners with discussions focusing on the lessons that can be learned with regards to financial inclusion measures from both developed and developing countries. ITEM4 is a bilingual event with parallel sessions taking place in English and French. Organized by Banque Populaire's Chair in Microfinance at the Burgundy School of Business, this event will be held in both French and English. The fee to attend the event is EUR 300 with a rate of EUR 250 available to those registering by the end of February. A student rate is also available, as is free admission for members of French microfinance associations. More details are available via <http://item4.weebly.com/>, +33 380 725 900 or [microfinancechair\[at\]escdijon.eu](mailto:microfinancechair[at]escdijon.eu).

### Mobile Payments and NFC World Summit 2013

April 18 - April 19, 2013, Hong Kong, China

This event aims to engage mobile network operators, money transfer providers, banks and providers of near-field communication and other technologies to network and discuss trends and challenges in mobile payment systems. The fee to attend is USD 3,250. For additional information, you may email [enquires\[at\]symphonyglobal.org](mailto:enquires[at]symphonyglobal.org), call +65 6221 8119 or visit [http://www.symphonyglobal.com/index.php/event/page/mobile\\_payments\\_nfc\\_world\\_summit\\_2013](http://www.symphonyglobal.com/index.php/event/page/mobile_payments_nfc_world_summit_2013).

## MORE DETAILS COMING SOON ON...

### Association of the Luxembourg Fund Industry Responsible Investing Conference

May 15, 2013, Luxembourg

### Global Forum on Remittances

May 20 - May 23, 2013, Bangkok, Thailand

### Third European Research Conference on Microfinance

June 10 - June 12, 2013, Kristiansand, Norway

### Triple Bottom Line Investments Conference USA

June 17 - June 18, 2013, New York, New York, USA

### Cracking the Nut: Sourcing for Agricultural Supply Chains

June 25 - June 26, 2013, Dresden, Germany

### Tenth Annual European Microfinance Network Conference

June 25 - June 26, 2013, Stockholm, Sweden

### AITEC Banking and Mobile Money West Africa

July 10 - July 11, 2013, Accra, Ghana

### 6th World Forum Convergences 2015

September 17 - September 19, 2013, Paris, France 🇫🇷



## PAPER WRAP-UPS

### The Landscape of Microinsurance in Africa 2012

*By Michael J. McCord, Roland Steinmann and Molly Ingram; published by Deutsche Gesellschaft für Internationale Zusammenarbeit and Munich Re Foundation; 2012; 11 pages; available at: [http://www.microinsurancecentre.org/resources/documents/doc\\_download/918-briefing-note-the-landscape-of-microinsurance-in-africa-2012.html](http://www.microinsurancecentre.org/resources/documents/doc_download/918-briefing-note-the-landscape-of-microinsurance-in-africa-2012.html)*

This report presents an analysis of the microinsurance industry in Africa, updating and expanding the 2010 “Landscape of Microinsurance in Africa” released by the UN’s International Labor Organization. For the 2012 study, the researchers collected data on 511 African microinsurance providers in 39 countries including company structure, performance results, descriptions of microinsurance products and perceptions of the current state and future trends of the African microinsurance industry. This includes eight countries that were not identified as having had access to microinsurance in the 2010 study. The report identified 598 microinsurance products serving approximately 44 million people and properties as of the end of 2011.

Nine countries have at least one million lives and properties covered by microinsurance. The study indicates that the southern region of Africa has 30 million lives and properties covered, more than twice the number served by microinsurance providers in all other regions of the continent combined. The authors conclude that the greater degree of microinsurance penetration in the southern region is due to “strong cultural promotion of funeral insurance.”

According to the report, microinsurance coverage in Africa has “grown tremendously over the past few years,” with the number of lives and properties covered by microinsurance more than tripling between 2008 and 2011. Life and accident microinsurance products are the “main driver” of the growth of the microinsurance industry, with the number of lives and properties covered by life microinsurance products increasing by roughly 10 times between 2005 and 2011.

The research team identified 12 types of microinsurance providers within the body of the organizations studied. These include commercial lenders, hospitals, NGOs, microfinance institutions and mutuals. Of these organizations, 77 percent are community-based and therefore have “few covered lives and properties per group.” The

second most common type of microinsurance provider was found to be regulated commercial insurers, which accounted for 13 percent of the organizations studied.

The report notes that although the majority of microinsurance providers are community-based organizations, they account for only 12 percent of the total number of lives and properties covered. Regulated commercial insurers, despite accounting for only 13 percent of the organizations studied, provided cover for over 77 percent of all lives and properties covered by microinsurance in Africa.

When the authors asked respondents to report “on their perception of the microinsurance market as well as their view of the regulatory environment in their country,” they found that the survey responses “very much fit the perception of excitement mixed with apprehension.” According to the survey, 71 percent of respondents believed that the microinsurance market would “grow at least 10 percent in the coming year.” However, 67 percent believed that microinsurance providers demonstrate a “lack of knowledge about insurance needs of the low-income population.” Additionally, the report notes that “a majority of organizations indicated a lack of affordability and a lack of distribution channels for microinsurance.”



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## Map of Microfinance Distribution in India

*By Amulya Krishna Champatiray, Parul Agarwal and Santadarshan Sadhu; published by the Centre for Micro Finance of the Institute for Financial Management and Research; 2012; 41 pages; available at: [http://www.centre-for-microfinance.com/wp-content/uploads/2012/02/Updated\\_Final\\_Report\\_Map\\_of\\_Microfinance\\_Report\\_CMF\\_June27.pdf](http://www.centre-for-microfinance.com/wp-content/uploads/2012/02/Updated_Final_Report_Map_of_Microfinance_Report_CMF_June27.pdf)*

This report summarizes information gathered on the portfolios, products and business correspondents of 103 microfinance institutions (MFIs) in India. In addition, the project gathered state-level data on savings and loan balances through sources such as the Micro Credit Innovation Department at the National Bank for Agriculture and Rural Development. These data were used to create a map of the levels of microfinance penetration and the changes in those levels over four years.

The study indicated that as of March 2010 Indian MFIs served 24 million clients, who collectively had the equivalent of USD 3.6 billion in loans outstanding. For-profit MFIs accounted for roughly 90 percent of these outstanding loans. An additional 81 million people were served by NABARD's Self Help Group (SHG) Linkage Program, an initiative launched in 1992 that is intended to increase

the penetration of microfinance services in India through SHGs, groups often made up of a few dozen women that work together to save, borrow or both.

The authors found that the penetration levels of Indian MFIs differ greatly throughout the country. The majority of microfinance services are concentrated in the southern region of India, which is home to 52 percent of microfinance client outreach and 54 percent of microfinance loan portfolio holdings documented in the study. People in the central, northeastern and northern regions of India have less access to microfinance services; these regions are home to 2 percent, 2 percent and 8 percent of microfinance clients respectively.

SHGs exhibit a similar degree of regional imbalance, with the southern region of India accounting for 52 percent of SHG outreach and 68 percent of the total value of SHG loans. Disproportionately fewer SHGs are found in the central, northeastern and northern regions, which account for between 3 and 9 percent of client outreach and 2 to 8 percent of loan portfolios. The penetration of SHGs is also disproportional, with 61 percent of households in the southern region being served. The other regions have penetration rates of 10 to 22 percent.

The authors note that the number of districts served by Indian MFIs has "increased dramatically" each year since 2008. The number of clients served by Indian MFIs has also increased each year, especially in the southern and eastern regions.

The report finds that the products most commonly offered by Indian MFIs are productive loans, which are intended for purposes such as starting a business. Other common types of loans include consumption and emergency loans, which 30 percent of Indian MFIs offer, and housing loans, which 15 percent of Indian MFIs offer. Nearly 60 percent of Indian MFIs offer life insurance products, although the authors do not indicate how many offer voluntary insurance.

The report concludes that the southern region of India is home to the majority of microfinance services, exhibiting the greatest degree of penetration and service offerings of any of the regions of the country. People in regions with lower socioeconomic status have less access to microfinance services. Despite this imbalance, the authors argue that the microfinance sector shows evidence of "extraordinary achievement in terms of growth in the penetration of the sector."



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## Global Microfinance Ratings Comparability

By Julie Abrams, published by Multilateral Investment Fund, September 2012, 36 pages, available at: <http://www.microfinancegateway.org/gm/document-1.9.60063/Final%20Report%20Global%20Microfinance%20Ratings%20Comparability.pdf>

This publication discusses financial performance ratings developed by four ratings agencies that specialize in microfinance: Micro-Credit Ratings International of India, Italy's MicroFinanza Rating, US-based MicroRate and Planet Rating of France. The publication reviews the four different systems, noting their similarities and differences as well as the way they were developed.

The author proposes replacing the four different names the organizations use for their ratings with the standardized name "Microfinance Institutional Rating." The systems would retain their rating grades, lettering systems and proprietary methodologies; and these would be presented in a table intended to facilitate comparison among the systems.

The author concludes that a common product name and the "rating grade comparability table" will increase the utility of ratings for microfinance institutions, investors and others who use the ratings.

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## Doing the Math with Property Microinsurance in Coastal Colombia

By Barbara Magnoni and Derek Poulton, published by the Microinsurance Centre, October 2012, 2 pages, available at: [http://www.microinsurancecentre.org/milk-project/milk-docs/doc\\_details/914-condensed-milk-18-doing-the-math-with-property-microinsurance-in-coastal-colombia.html](http://www.microinsurancecentre.org/milk-project/milk-docs/doc_details/914-condensed-milk-18-doing-the-math-with-property-microinsurance-in-coastal-colombia.html)

This brief examines the performance of a microinsurance offering from Mapfre Colombia following a weather-related disaster. The study finds that the product did not help clients recover from flood costs but did assist them in repaying their microloans. The study also finds that, compared with other studies, family and friends played less of a role in assisting flood victims in recovering financially.

## Portfolio Reviews: Resource Guide for Funders

By Barbara Gahwiler and Alice Negre, published by CGAP (Consultative Group to Assist the Poor), December 2012, 43 pages, available at: <http://www.cgap.org/publications/portfolio-reviews-resource-guide-funders>

After describing the objectives and characteristics of a portfolio review of a microfinance funder, the authors give a step-by-step explanation of the typical process of creating such a review and advice on how to best implement it. This includes a method of using financial and social performance indicators to rate microfinance institutions on: (1) sustainability; (2) relevance of project design; and (3) quality of product delivery. 📄

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