

MICROCAPITAL BRIEFS | TOP STORIES

West African Development Bank Loans \$6m to Niger's Asusu for Refinancing

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

India Boosts Margin Cap to 12% for Large Microlenders

The Reserve Bank of India has raised the interest-rate margin cap from 10 percent to 12 percent for microfinance institutions with loan portfolios over the equivalent of USD 18 million. This cap on amount that lenders charge above their cost of funds now matches that allowable for smaller microlenders. June 6, 2013

\$380m Committed to SMEs in Middle East, North Africa

A group of government-funded organizations has agreed to establish a facility for small and medium-sized enterprises in the Middle East and North Africa that will operate via risk-sharing arrangements with banks in Egypt, Jordan, Lebanon, Morocco and Tunisia. The funding consists of: USD 150 million from the International Finance Corporation, a member of the World Bank Group; USD 150 million from the European Investment Bank, the long-term lending bank of the EU; USD 50 million from Agence Francaise de Developpement, the international development agency of France; and the euro-equivalent of USD 31 million from the Neighborhood Investment Facility of the EU's European Commission. June 6, 2013

EBRD Loaning \$10m to KazMicroFinance for Rural Kazakhstanis

The UK-based European Bank for Reconstruction and Development has agreed to loan the local-currency equivalent of USD 10 million to KazMicroFinance (KMF), a non-bank financial institution in Kazakhstan, in an effort to increase access to credit for micro-, small and medium-sized enterprises in rural areas of the country. KMF reports total assets of USD 104 million, a gross loan portfolio of USD 83 million, return on assets of 5.9 percent, return on equity of 25 percent and 73,700 active borrowers. June 2, 2013

Low Repayment Rates Threaten Ghana's MASLOC

The Microfinance and Small Loans Center, which was established in 2004 by the government of Ghana, reportedly has indicated that low loan repayment rates are threatening the program, which disbursed the equivalent of USD 121 million in microcredit during 2011. May 21, 2013

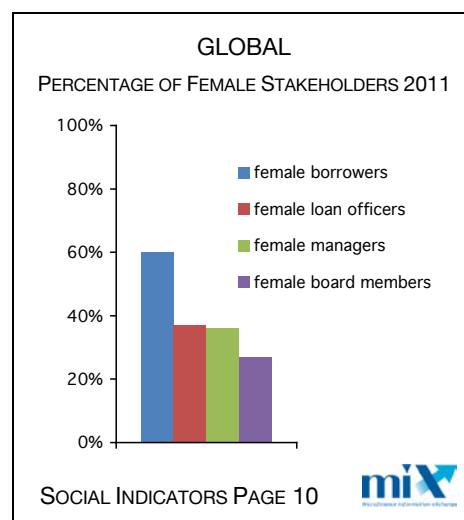
Philippines Offers Electronic Government Payments via BayadLoad

The Land Bank of the Philippines, a government bank specializing in serving farmers and fishermen, and Smart Hub, a subsidiary of Filipino telecom Smart Communications, are seeking regulatory approval to launch an electronic payment channel called BayadLoad, which would allow household workers and their employers to make mandatory government contributions using mobile phones. BayadLoad will rely on the short message service (text messaging) from mobile phone service providers Smart, Talk'N Text and Sun. May 18, 2013

Development Bank of Jamaica Commits \$20m to MSEs

The Jamaican Minister of Finance and Planning, Dr Peter Phillips, reportedly has announced that the government-owned Development Bank of Jamaica will commit the equivalent of USD 20 million to the micro- and small business sector during the fiscal year that ends in March 2014. This is an approximate tripling of the amount loaned during the previous year to 850 entrepreneurs. To expand program outreach, the bank plans to engage credit union members. May 15, 2013

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MICROCAPITAL BRIEFS

FINCA Purchases Controlling Stake in Pakistan's Kashf for \$8m

An arm of US-based Foundation for International Community Assistance (FINCA) International reportedly has paid the equivalent of USD 8.4 million to acquire 83 percent of the shares Kashf Microfinance Bank Limited of Pakistan. The bank, which reports a gross loan portfolio of USD 13 million and USD 19 million in deposits, was established by Pakistan's Kashf Foundation, which reports total assets of USD 41 million. As of 2011, FINCA reports USD 719 million in assets from operations in 21 countries. June 6. 2013

Absolute Loans \$10m in Eurasia, South America

Absolute Portfolio Management, an Austrian firm managing USD 189 million in microfinance assets, recently informed MicroCapital that its Dual Return Vision Microfinance funds disbursed the equivalent of USD 10 million during May to microfinance institutions in Eurasia and South America. Thirty percent of this amount was disbursed in local currency, including the equivalent of USD 1 million to Alalay Sa Kaunlaran Incorporated (ASKI) of the Philippines, which brings financial, educational and infrastructure services to remote areas in the northern part of the country. ASKI reports assets of USD 47 million. June 6. 2013

MasterCard Launches Online Payment Solution for Nigerian SMEs

US-based payments firm MasterCard reportedly has introduced "SME Online," which allows small and medium-sized enterprises in Nigeria to perform services such as paying bills and accepting credit cards via the internet. MasterCard serves 210 countries. June 6. 2013

Women in Ghana Borrow to Become Tigo Mobile Money Agents

The Cherie Blair Foundation for Women, a UK-based charity focused on technology and access to finance, has partnered with the US Agency for International Development to encourage hundreds of women in Ghana to borrow money from EB Accion, a microfinance institution affiliated with Togo-based Ecobank Group and US-based NGO Accion, to pay for the training required to become agents of Tigo Cash, a mobile money system. Operated by the Ghanaian branch of Luxembourg-based Millicom International Cellular, which has operations in 15 African and Latin American countries, Tigo Cash allows users to send and receive funds using mobile phones and to upload and receive cash via agents. A similar effort in Rwanda was announced in the January issue of this newspaper. June 5. 2013

UT Bank Ghana Taps \$20m AfDB Credit Line for SMEs

The African Development Bank, a multilateral institution that provides loans and grants to governments and private companies in Africa, recently approved a 3.5-year line of credit in the amount of USD 20 million to UT Bank Ghana Limited, a commercial bank with affiliates in Nigeria and South Africa. The line of credit is intended to enable UT Bank to support trade finance for small and medium-sized enterprises in Ghana. As of 2011, UT Bank reported total assets equivalent to USD 378 million. June 5. 2013

Equity Bank, Google Offer BebaPay Card to Pay Bus Fare in Kenya

In partnership with Google, a US-based technology provider, Equity Bank, a private bank based in Kenya, has announced that it will launch a cashless payment card system called BebaPay to enable users to pay bus fares by tapping their BebaPay card on a card reader. Bus operators are to be able to monitor BebaPay payments from their smartphones. Commuters will receive receipts via short message service (text messaging). As of 2011, Equity Bank reports USD 2.1 billion in total assets in Kenya, with separate arms operating in South Sudan and Uganda. June 4. 2013

EBRD Loans \$6m to Mobiasbanca of Moldova to Cut Energy Use

The UK-based European Bank for Reconstruction and Development (EBRD) recently loaned the equivalent of USD 2.6 million to Mobiasbanca, a Moldovan banking subsidiary of France-based Groupe Societe Generale, to be on-lent to individual households, management organizations and energy service companies for projects that boost residential energy efficiency. A similar loan of USD 3.9 million will support energy-efficiency projects in businesses. The effort includes technical assistance and homeowner incentives funded by the EU and the government of Sweden. As of 2011, Mobiasbanca reported total assets of USD 234 million, return on equity of 10 percent and 87,000 retail and corporate clients. Groupe Societe Generale operates in 85 countries. June 4. 2013

EBRD May Invest \$20m in Foundations Fund for Romanian SMEs

The UK-based European Bank for Reconstruction and Development is in the final stages of approving an equity investment equivalent to USD 19.5 million in The Foundations Fund 1.0, a Luxembourg-based facility intended to foster equity investments in Romanian small and medium-sized enterprises. The fund is seeking to raise USD 65 million. June 4. 2013

IFC, Advans Expand Business Edge Training Program to Ghana

The World Bank Group's International Finance Corporation and Advans Ghana Savings and Loans, a member of Luxembourg's Advans Group, are partnering to provide 240 small and medium-sized enterprises in Ghana with access to Business Edge training, which covers marketing, human resources, finance, operations, personal productivity and hospitality management. Since its inception in 2002, 170,000 entrepreneurs in 30 countries have enrolled in the program. June 3. 2013

IRDA of India: Maturity Benefit Policies May Boost Microinsurance

In an effort to boost microinsurance sales in India, the country's Insurance Regulatory and Development Authority reportedly has proposed that microinsurance firms offer policies with maturity benefits. A maturity benefit is the minimum sum guaranteed to be paid to the insured by the end of the policy term. June 3. 2013

EU Launches SME Financing Website

The European Commission, the legislative body of the EU, recently introduced an online "Access to Finance" portal featuring the stock prices of small and medium-sized enterprises (SME) and information on a range programs supporting SMEs and microfinance. June 3. 2013

Australia Donates \$6m to UN Financial Access Program for Laos

The government of Australia has committed a donation of USD 6.15 million to support the UN Development Cooperation Forum and the UN Development Programme in "Making Access to Finance More Inclusive for Poor People," a program implemented by the Bank of Lao People's Democratic Republic, the central bank of Laos. The funding will support four years of efforts to improve access to financial services for poor, rural households through regulatory improvements, increased transparency and partnerships with financial institutions. May 30. 2013

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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!

Gulf African Bank, AGF Partner to Lend \$1.2m to Kenyan SMEs

The African Guarantee Fund (AGF), which underwrites commercial lending to small and medium-sized enterprises with backing from the African Development Bank, reportedly has agreed to guarantee an unspecified portion of the local-currency equivalent of USD 1.2 million to be loaned by Gulf African Bank, a Kenyan bank offering Shariah-compliant products and services. Such products are designed in accordance with Islamic law, which limits the types of investments in which Muslims may participate. AGF, which has branches in nine African countries, was established in Kenya in 2012 with initial capital sufficient to issue partial guarantees of loans totaling USD 50 million. Gulf African Bank reports total assets of USD 112 million. May 29, 2013

Azerbaijan Microfinance Association to Establish Credit Bureau

Through approximately August, the First Credit Bureau Executive Committee, which was established by the 30-member Azerbaijan Microfinance Association, is accepting proposals from organizations interested in operating a credit bureau for the organization. The following Azerbaijani banks have agreed to participate in the bureau: AccessBank, Azerigas Bank, DemirBank, Pasha Bank, Azerbaijan Industry Bank, Mugan Bank, Turan Bank, Bank Respublika, YapiKredi Bank Azerbaijan and Unibank. May 28, 2013

Grameen Credit Agricole Loans \$800k in Mali, Azerbaijan

The Luxembourg-based Grameen Credit Agricole Microfinance Foundation recently notified MicroCapital that it has disbursed a one-year loan of USD 396,000 to Soro Yiriwaso, a microfinance institution in Mali that mainly serves women. An affiliate of the NGO Save the Children USA, Soro Yiriwaso reports a gross loan portfolio of USD 8.7 million, 73,000 active borrowers and deposits of USD 1.7 million collected from 79,000 depositors. Grameen Credit Agricole also disbursed a three-year loan of USD 396,000 to Azerbaijan's Viator Microcredit, which reports a gross loan portfolio of USD 12 million and 18,000 active borrowers. May 28, 2013

Fire Victims in Ghana Benefit from Star Microinsurance Policies

Ghana-based Star Microinsurance Company Limited reportedly has paid an unspecified number of the 250 victims of a fire at Accra's Kantamanto and Agboghloshie markets total insurance claims equivalent to USD 58,000 through its partners MicroEnsure Ghana, an insurance intermediary and subsidiary of US-based nonprofit Opportunity International, and Advans Ghana Savings and Loans, a non-bank financial institution and arm of the Luxembourg-based Advans Group. The victims' microloans were repaid, and each received a cash benefit of USD 100. Star has 550,000 policyholders. May 28, 2013

Kenya's Bangladesh Adopts Bangla-Pesa Currency

Koru Kenya, a Mombasa-based NGO, has introduced a complementary currency called Bangla-Pesa that 200 businesses in the Kenyan settlement of Bangladesh have agreed to accept. The currency cannot be traded for Kenyan shillings, but can be used to purchase a range of services, such as tailoring and house repair, and goods, such as water and medicine. The Bangla-Pesa is scheduled to be tradable via mobile phone by December. While the intent of the effort has not been made explicit, complementary currencies can be used for various purposes such as growing local economies or meeting environmental goals. May 28, 2013

MFW4A Launches Stakeholder Web Portal

Making Finance Work for Africa, a partnership housed at the African Development Bank, has launched a Stakeholder Engagement Web Portal, offering information on events, transactions and the organization's working groups on agricultural finance, banking regulation, and small and medium-size enterprise finance. May 26, 2013

MicroCapital Deal of the Month

West African Development Bank Loans \$6m to Asusu of Niger to Refinance Agro-loans

Asusu SA, a microfinance institution in Niger, reportedly has agreed to borrow XOF 1 billion (USD 6.3 million) from the West African Development Bank. The agreement will enable Asusu to refinance loans it previously granted to customers in the agro-industry field who have historically had little access to credit. The financing is intended support crop and equipment loans targeted toward microentrepreneurs in locations deemed to have high agricultural potential. The West African Development Bank reported total assets in 2003 of USD 1.3 billion; more recent financial information has not been made publicly available. According to the US-based nonprofit Microfinance Information Exchange (MIX), Asusu had assets of USD 17.4 million, a gross loan portfolio of USD 9.4 million, 54,000 borrowers and deposits of USD 4.7 million collected from 221,000 depositors as of 2011. As of the same year, Asusu earned return on assets of 0.8 percent and return on equity of 2.6 percent.

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Ahon sa Hirap of the Philippines to Facilitate Social Security

The Social Security System (SSS) of the Philippines reportedly has agreed to work with Ahon Sa Hirap Incorporated (ASHI) to bring SSS coverage to an anticipated 90 percent of the 27,300 members of the Filipino microfinance institution, nearly all of whom are women. SSS CEO Emilio de Quiros, Jr reportedly noted that, "under the agreement with ASHI, SSS will make it easier for self-employed women from poor families to apply for SSS membership, loans and benefits" including accessing "benefits during times of sickness, maternity, disability, old age and death." May 26, 2013

Indian Impact Investors Form "Investor Council"

Nine companies that operate in India reportedly will establish the "Indian Impact Investor Council" (IIIC) to establish guidelines to help companies in the country self-regulate their efforts to meet social goals via their investments. IIIC will seek to promote the effectiveness of impact investing by addressing holding periods, standardizing the calculation of returns on impact investments and delineating the sectors that qualify to receive impact investments. The founding members that have been publicly named are Aavishkaar of India; Elevar Equity, which was founded by US-based Unitus; the US-based Omidyar Network; and Unilazer Ventures of India. May 25, 2013

Pakistani Credit Guarantee Scheme Extends Loan Term to 5 Years

The State Bank of Pakistan's Credit Guarantee Scheme for Small and Rural Businesses, which aims to support retail banks in reaching underserved enterprises, reportedly will extend the maximum client loan term from three years to five years in an effort to facilitate the purchase of relatively expensive agricultural equipment such as tractors. Since August 2011, the scheme has facilitated end-borrower access to the equivalent of USD 29 million via nine banks. May 24, 2013

Central Bank of Kenya Grants Deposit License to U&I Microfinance

The Central Bank of Kenya reportedly has granted a deposit-taking license to U&I Deposit Taking Microfinance Limited. Financial information on U&I is not available beyond a statement that it is domestically owned. U&I is the ninth microbank in Kenya to receive a deposit-taking license. May 24, 2013

Mobile Applications Bring Market Information to Kenyan Farmers

Mobile agriculture applications, such as M-Farm, iCow, Kilimo Salama, M-Pesa and M-Shwari are making it easier for Kenyan farmers to access market information. M-Farm enables its 6,400 users to view the current market price of 42 crops and connects them with other farmers to buy inputs and sell crops collectively. iCow provides farmers with information on cow breeding and nutrition as well as the locations of veterinarians and artificial insemination specialists. Kilimo Salama, which means "safe farming" in Swahili, allows 70,000 farmers to insure their crops against drought or heavy rain and sends short message service (text messaging) alerts to farmers if extreme weather conditions are forecast. May 24, 2013

PKF Advises Royal Bank Zimbabwe to Downscale to Microfinance

PKF Chartered Accountants, the Zimbabwean member of UK-based PKF International, reportedly has advised Royal Bank Zimbabwe Limited, a defunct bank, to trade its commercial banking license for a microfinance institution license, which would carry a minimum capital requirement of USD 5 million, an amount that may be manageable for Royal Bank to maintain while it undergoes restructuring and recapitalization. In 2012, Royal Bank surrendered its operating license because it was not able to meet the minimum bank capital requirement of USD 12.5 million. May 24, 2013

Grameen Credit Agricole Loans \$800k in Burkina Faso, Senegal

The Luxembourg-based Grameen Credit Agricole Microfinance Foundation recently notified MicroCapital that it disbursed the second of three tranches of a local-currency loan totaling the equivalent of USD 492,000 to Groupe d'Accompagnement à l'Investissement et à l'Épargne (GRAINE), a microfinance institution serving 40,000 women in Burkina Faso, primarily in remote areas. As of 2011, GRAINE reports total assets of USD 5.2 million, a gross loan portfolio (GLP) of USD 3.6 million, deposits of USD 840,000, return on assets (ROA) of -1.1 percent and return on equity (ROE) of -1.4 percent. Grameen Credit Agricole also disbursed the second half of a local-currency loan totaling the equivalent of USD 1.3 million to Senegalese Cooperative Autonome pour le Renforcement des Initiatives Économiques par la Micro Finance (CAURIE). As of 2011, CAURIE reports total assets of USD 10 million, GLP of USD 8.1 million, deposits of USD 4.1 million, ROA of -5.7 percent and ROE of -26 percent. May 24, 2013



EBRD to Loan \$77m to UniCredit Bank Serbia for SMEs

The UK-based European Bank for Reconstruction and Development (EBRD) recently announced it will lend the euro-equivalent of USD 77 million to UniCredit Bank Serbia, a subsidiary of Italy's UniCredit Group, for on-lending to small and medium-sized enterprises in Serbia. The money is being provided under a joint action plan of EBRD, the US-based World Bank Group and the European Investment Bank to commit a total of USD 38 billion to such efforts during fiscal year 2013-2014. UniCredit Bank Serbia reports total assets of USD 2.8 billion. UniCredit Group serves European 22 countries. May 23, 2013

Centre for Impact Investing to Launch in Ghana

By June, two arms of the government of Ghana, the Venture Capital Trust Fund and the Institute for Management and Public Administration, expect to establish the Centre for Impact Investing, which will seek to bring together professionals with expertise in investments, infrastructure, policy, advocacy, and social and economic development. Organizers expect the effort to be funded by a donation of unspecified size from the US-based Rockefeller Foundation. May 22, 2013

Branchless Banking Modernizing in Indonesia

Bank Indonesia, the country's central bank, recently issued "guiding principles" for planned tests of a branchless banking system that will allow users to fund mobile wallets at bank branches and automated teller machines. The following banks have announced that they will participate: Bank Mandiri, Bank Rakyat Indonesia, Bank Sinar Harapan, Bank Tabungan Pensiunan Nasional and Commerce International Merchant Bank Naiga. Separately, three of Indonesia's mobile network operators, Indosat's Dompotku, Telkomsel's T-Cash and PT XL Axiata's LX Tunai, announced that users of their mobile money services can now send and receive money transfers to and from users of any of the services for a fee equivalent to USD 0.21. May 21, 2013

EBRD Loans \$80m to Turkey's Vakifbank for SME Energy Projects

The UK-based European Bank for Reconstruction and Development (EBRD) has directed the local-currency equivalent of USD 80 million to Vakıflar Bankası (Vakifbank), a state-controlled Turkish bank, to be on-lent to small and medium-sized enterprises to pursue renewable energy projects and other investments that reduce their carbon emissions. The funding is part of EBRD's Turkish Sustainable Energy Finance Facility (TurSEFF), which has been funded with USD 484 million since 2010 and reportedly has saved the equivalent of USD 147 million in oil imports and 686,000 tons of carbon dioxide emissions. Established in 1954, Vakifbank offers commercial, retail and private banking. Vakifbank reports total assets of USD 57 billion, return on assets of 1.6 percent and return on equity of 15 percent. May 21, 2013



MFTransparency Reveals TILT Data Platform, Pricing Index

MicroFinance Transparency (MFTransparency), a US-based NGO that provides information on microcredit products and their prices, recently revealed its Truth in Lending Tables Data Platform, which displays the interest rates and fees charged to 40 million microfinance clients served by 429 institutions in 20 countries. The platform also employs MFTransparency's new Pricing Transparency Index, which is based on the percentage of the loan price that is communicated by the nominal microloan interest rate. May 21. 2013

Trinidad & Tobago Focuses on Financial Inclusion

As part of plans to develop a financial inclusion policy intended to improve financial access for poor people, the Central Bank of Trinidad & Tobago reportedly will adopt the Maya Declaration, a statement of principles for the development of financial inclusion policies promoted by the Thailand-based NGO Alliance for Financial Inclusion. In support of this, according to a statement attributed to Central Bank Governor Jwala Rambarran, "the bank is currently in the process of conducting a follow up national survey to determine whether there have been improvements in the level of financial literacy and inclusion...and to assess the impact of the National Financial Literacy Programme interventions over the past five years." May 21. 2013

IFC to Loan \$50m to BanBif of Peru to Support SMEs

The International Finance Corporation, a member of the World Bank Group, recently announced that it will loan USD 50 million to Peru's Banco Interamericano de Finanzas (BanBif) in an effort to double the number of small and medium-sized enterprises (SMEs) served by the bank by 2017. BanBif serves 32,000 SMEs with a loan portfolio of USD 560 million. As of 2011, the bank reported total assets equivalent to USD 2.1 billion, a gross loan portfolio of USD 1.3 billion, deposits of USD 1.5 billion, return on assets of 1.3 percent and return on equity of 19 percent. May 21. 2013

Grameen Credit Agricole Loans \$370k to Chamroeun of Cambodia

The Luxembourg-based Grameen Credit Agricole Microfinance Foundation recently notified MicroCapital that it approved a three-year, local-currency loan equivalent to USD 370,000 to Chamroeun, a Cambodian microfinance institution. As of 2011, Chamroeun reports total assets of USD 4.4 million, a gross loan portfolio of USD 3.2 million, 28,000 active borrowers, deposits of USD 876,500 from 43,000 depositors, return on assets of 2.4 percent and return on equity of 8.9 percent. May 20. 2013

Antigua and Barbuda Development Bank Offers Credit Guarantees

Entrepreneurs in the country of Antigua and Barbuda recently completed a 20-week entrepreneurship course and presented their business plans to a panel of bankers from the Antigua Commercial Bank, the Eastern Amalgamated Bank and the Caribbean Union Bank, all of which participate in Antigua and Barbuda's Small Business Credit Guarantee Scheme. Through this scheme, the government-owned Antigua and Barbuda Development Bank provides guarantees of up to 80 percent of loans as large as the equivalent of USD 18,000 disbursed by retail lenders to small businesses that have insufficient collateral to borrow under standard underwriting guidelines. May 19. 2013

Ghana Licenses 171 Institutions, 116 Fraud Cases Are Pending

Dr Yaw Gyima-Larbi, the head of microfinance and banking supervision at the central Bank of Ghana, reportedly has announced the granting of final operating licenses to 171 financial institutions: 143 microfinance companies, which make small loans to entrepreneurs; 25 moneylenders, which issue short-term, general-purpose loans; and three financial NGOs. Dr Gyima-Larbi cautioned Ghanaians regarding unlicensed institutions in order to avoid fraud and manipulation. He noted that 116 cases of alleged financial malpractice by such institutions are currently pending. May 17. 2013

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Oxygen of India Unveils OxiCash Money Transfer Service

Oxygen, a payment processor in India, recently announced its mobile money transfer service called OxiCash, which is intended to provide poor people with a “mobile wallet” for sending and receiving funds and transferring money between bank accounts. The service can be used online and through mobile phones via short message service (text messaging). Funds can be uploaded and withdrawn at 100,000 Oxygen retail sites. May 17. 2013

Pakistan's Habib Bank Establishes “HBL Express” Agent Banking

Habib Bank Limited, a Pakistani commercial bank with operations in 24 countries, has implemented a new branchless banking service, HBL Express, allowing customers to send and receive money within Pakistan and pay utility bills via “ExpressAgents” in 183 cities in the country. Habib reports the equivalent of USD 16 billion in assets. May 15. 2013

Accion Venture Lab to Invest \$10m in 5 Startups in Mexico, Asia

Accion, a US-based provider of microenterprise loans and training in 31 countries, recently announced that its Accion Venture Lab has invested a total of USD 10 million in five startup companies that deliver financial services to poor people. The companies are Mexico-based Salud Facil, which aims to help people pay for health care; India-based Varthana, which helps finance private education; an unnamed Hong Kong-based credit scoring company; and two unnamed payment companies - one each in Asia and Mexico. The breakdown of the total amount among the investees has not been released. Accion reports total assets of USD 325 million and an active loan portfolio of USD 5.5 billion serving 5.1 million borrowers. May 15. 2013

IDB Promotes Psychometric Testing to Screen Loan Applicants

The Inter-American Development Bank, a US-based multilateral institution, recently estimated that the psychometric testing of microborrowers can reduce defaults by 20 to 40 percent, increase profits 15 to 30 percent, and reduce credit evaluation and due diligence costs by 60 percent. The testing regimen was developed by the Entrepreneurial Finance Lab Research Initiative that was founded by US-based Harvard University and is dedicated to evaluating “the impact of psychometric screening tools and alternative financial contracts on access to finance and entrepreneurial growth” in developing countries. The test consists of 150 questions measuring potential borrowers’ “intelligence, business skills, personality, ethics, character, and beliefs.” The testing has been implemented in 13 African and Latin American countries. May 14. 2013

EFSE Loans \$6m in Bosnia and Herzegovina, Armenia

The European Fund for Southeast Europe, a Luxembourg-based microfinance investment vehicle, recently loaned the euro-equivalent of USD 5.2 million to Mikrofin Banja Luka of Bosnia and Herzegovina and the local-currency equivalent of USD 912,000 to Inecobank of Armenia. Inecobank, which provides financial services to micro-, small and medium-sized enterprises, especially in rural areas, reports total assets of USD 220 million, a gross loan portfolio of USD 167 million, deposits of USD 64 million, return on assets (ROA) of 4.2 percent and return on equity (ROE) of 23 percent. Mikrofin Banja Luka, which lends to low-income entrepreneurs, reports total assets of USD 127 million, a gross loan portfolio of USD 103 million, ROA of 1.1 percent and ROE of 4.2 percent. May 14. 2013



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MIX to Validate Social Data from Microfinance Institutions

The Microfinance Information Exchange (MIX), a US-based nonprofit, recently announced plans to publish “validated social data” from microfinance institutions on its MIX Market website. For the data to be deemed validated, MIX social performance analysts must be able to review social performance documents from the microfinance institutions that corroborate the summary data submitted. May 14, 2013

CIDA, IFC, Atlantic Bank of Belize Seek to Boost SME Lending

The World Bank Group’s International Finance Corporation (IFC) and Atlantic Bank, a bank in Belize that is majority-held by Sociedad Nacional de Inversiones of Honduras, recently launched the second phase of a project intended to improve financial access for small and medium-sized enterprises (SMEs) in Belize. With an unspecified level of support from the Canadian International Development Agency, IFC intends to advise Atlantic Bank on developing a more client-focused approach to accelerate the growth of its SME portfolio to reach USD 35 million by April 2014. Phase one of the project focused on improving products and services, diversifying the bank’s portfolio and increasing its SME portfolio to USD 15 million. Atlantic Bank reports total assets of USD 563 million. May 14, 2013

Kiva Reports Late Payments from Alide of Benin, FECECAV of Togo

Kiva, a US-based online microlending fundraiser, recently reported on delinquent payments it is owed by NGOs L’Association de Lutte pour la promotion des Initiatives de Developpement (Alide) of Benin and Fatiere des Caisses d’Epargne et de Credit des Associations Villageoises (FECECAV) of Togo. Benin’s Ministry of Finance has restricted Alide’s repayments to Kiva to USD 13,000 per month, which is short of the monthly amount due by an undisclosed amount. Kiva reports that Alide has a delinquency rate of 35 percent and default rate of 0.3 percent; as of 2011, Alide reported total assets of USD 4.3 million. FECECAV is one payment behind schedule in its debt to Kiva, although the cooperative made a repayment of USD 19,700 in May. Kiva lists FECECAV’s delinquency rate at 100 percent with zero defaults. FECECAV reported total assets of USD 4.9 million as of 2011. May 14, 2013

EBRD, EU Commit \$25m for Energy Improvements in Kyrgyzstan

The UK-based European Bank for Reconstruction and Development (EBRD) recently launched the Kyrgyz Sustainable Energy Financing Facility (KyrSEFF), a USD 20 million credit line supporting energy efficiency projects for households and private enterprises in Kyrgyzstan. KyrSEFF loans will be provided to end-borrowers in amounts ranging from a few hundred US dollars to USD 1 million by commercial banks DemirBank, which is based in Turkey, and Kyrgyz Investment and Credit Bank, which is minority-held by the national government. As of 2011, the Kyrgyz arm of DemirBank reported total assets equivalent to USD 131 million, and Kyrgyz Investment and Credit reported total assets of USD 169 million. EBRD holds a 70-percent stake in the Kyrgyz arm of DemirBank. The EU Investment Facility for Central Asia will support KyrSEFF loans with borrower incentives and technical assistance equivalent to USD 5 million. May 13, 2013

G20’s Financial Inclusion Partnership Offers Data on 192 Nations

The Global Partnership for Financial Inclusion, which seeks to carry out the financial inclusion action plan endorsed at the 2010 summit of the Group of 20 (G20) large economies, has released a set of “basic” financial inclusion data from 192 countries that can be accessed at <http://datatopics.worldbank.org/g20fidata/>. The data include the numbers or percentages of: (1) formally banked adults; (2) adults with credit from regulated institutions; (3) formally banked enterprises; (4) enterprises with outstanding credit from regulated institutions; and (5) financial institution branches and other points of service. May 13, 2013

South Africa to Disburse \$81m to 15,000 Small Businesses

CEO Thankani Makhuvha of the Small Enterprise Development Agency (SEDA), an office of the South African government, reportedly has stated that the organization intends to loan the equivalent of USD 81 million to 15,000 small businesses during the year ending in March 2014, an increase of 47 percent over the previous year. SEDA supports small businesses through direct loans to businesses as well as through retail finance institutions via guarantees. The newly announced funding is intended to help create 18,000 jobs. May 12, 2013



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FIELD NOTES

Brazil: Hyped Up on Mobile

This month, I have asked Elyse Klein, a recent graduate of the School of International and Public Affairs at Columbia University and collaborator at EA Consultants, to contribute some thoughts on mobile money. Why Elyse? Her experience in Brazil is worth sharing, particularly in light of recent changes in mobile money legislation there. Also, I believe that her youth promises a less jaded assessment than my own of the “hype” in the industry. Interestingly, her first thoughts were that “mobile banking has not lived up to its hype.” The words that follow are hers.

Despite M-Pesa's rapid success in East Africa and ample funding available to support the expansion of mobile solutions, penetration remains low worldwide. According to the Financial Services Assessment project of the US-based NGO Microfinance Opportunities and the University of Maryland, even when mobile money is used, it is quickly converted back into cash, suggesting that the use of e-money simply mimics cash behaviors. Needless to say, mobile money is not delivering the banking revolution that many expected.

With inconclusive evidence of impact, what's behind the hype? If it's the potential for scale, can we obtain the same results in other ways?

I spent the past seven months grappling with these questions while working with a group of students for Instituto Palmas, a nonprofit network of 103 community development banks in Brazil. Drawing on the excitement surrounding mobile money, Instituto Palmas wanted to create a lab to advance financial inclusion through information and communication technology with an emphasis on mobile banking. Yet we learned early on that the Brazilian regulatory system essentially prohibited small microfinance institutions or technology companies from developing their own mobile payment systems. Meanwhile, larger banks

and mobile network operators (MNOs) were hesitant to invest in developing a platform because of unclear regulatory direction.

Ultimately, I believe that the lab benefited from not being able to utilize mobile payment systems, as it forced us to examine *other* technology solutions. After all, MNOs aim to reach scale profitably, but not necessarily with social impact. Also, while mobile payments might reduce the costs of outreach to rural areas, they are not the only tech solution that can help.

Innovations abound. Handheld devices help service clients in isolated areas, and newer technologies offer added bonuses such as photography and fingerprinting that can give clients an identity card on the spot. Simple text message (short message service) reminders nudge clients to make loan payments or save. One organization, Adel, provides internet access to very rural areas and then uses an online training platform to allow entrepreneurs to exchange ideas to create more structured production chains. Other organizations use crowdsourcing to map hard-to-find local businesses.

The lab at Instituto Palmas has begun pilot projects with text message reminders and handheld mapping devices and hopes to add more services in the future. Although mobile payments are possible in Brazil - thanks to legislation was passed on May 20 - I hope that the lab and other industry players continue to consider a wide range of technology solutions, rather than get hyped up with mobile.

About the Author: Ms Barbara Magnoni is President of EA Consultants, a development-consulting firm based in New York. She has 18 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](https://twitter.com/BarbaraatEA).

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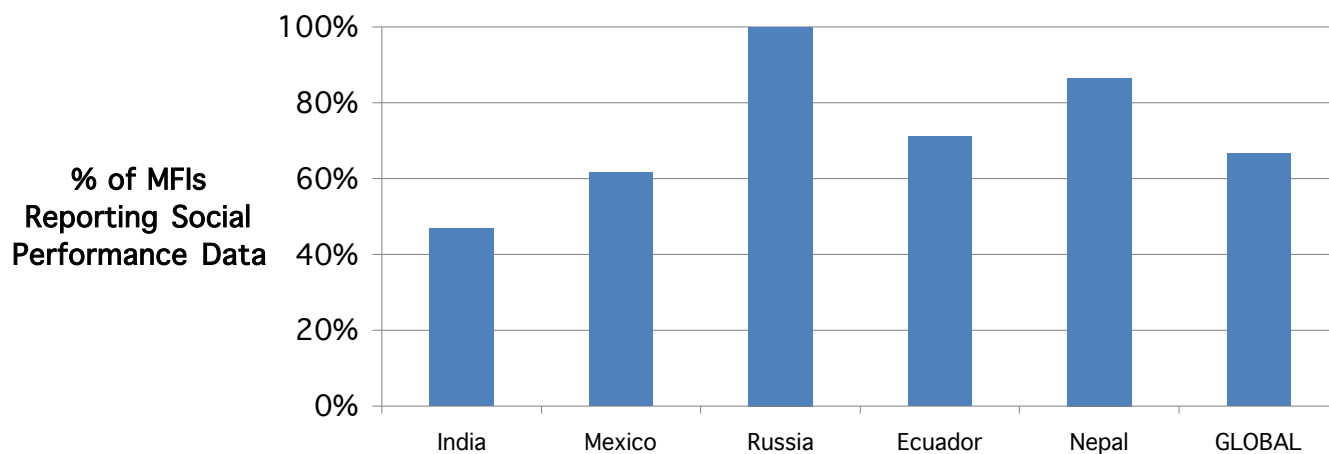


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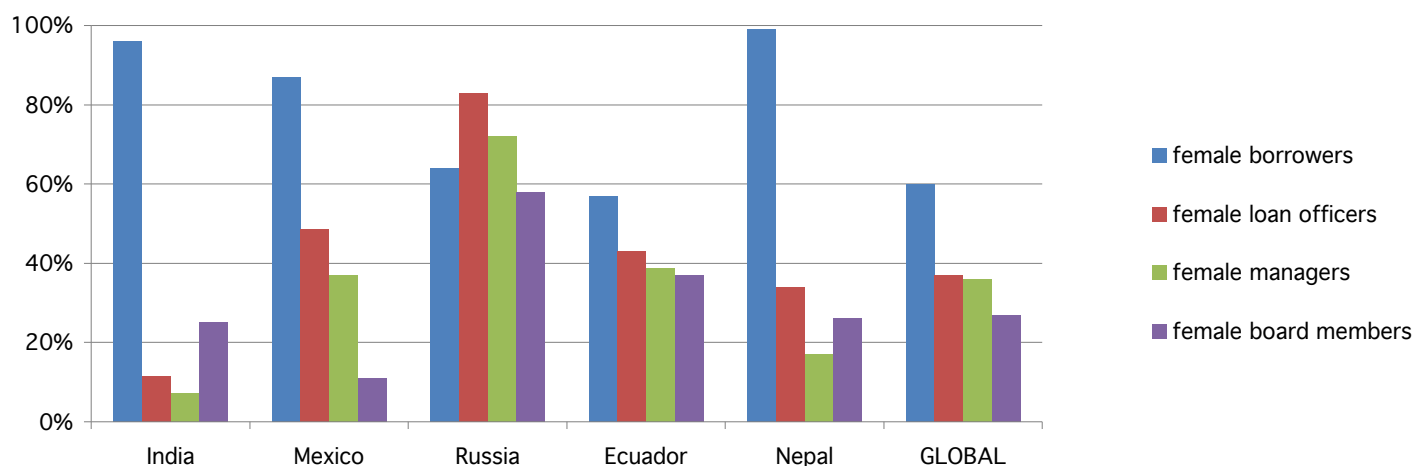
745 MICROFINANCE INSTITUTIONS (MFIs) FROM 86 COUNTRIES REPORTING SOCIAL PERFORMANCE DATA

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 in each country 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 32 to 52 MFIs per country.

Source: Microfinance Information Exchange, June 2013

UPCOMING EVENTS

Third European Research Conference on Microfinance

June 10 - June 12, 2013, Kristiansand, Norway

This event will consider microfinance as part of the banking sector, as a development tool and in terms of governance and management challenges. The participation fee is NOK 2500 with a rate of NOK 1500 available for students. For more information, you may contact Roy Mersland at roy.mersland@uia.no or +47 38 14 10 00, or you may visit: http://www.uia.no/en/div/conferences/microfinance_conference.

Triple Bottom Line Investments Conference USA

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

Focusing on investing in ways that respect environmental, social and governance factors, this conference is themed "Rethink the Past and Move On." On-site registration costs USD 2,000 for both days or USD 1,200 for one day. Significant discounts are available for advance registration and for representatives from universities and NGOs. For additional information, you may telephone +31 (0)20 428 6752, email info@tblgroup.com or visit <http://www.tblconference.com/>.

Evidence on Innovations in Savings and Payments

June 20 - June 24, 2013, Kampala, Uganda

This event begins with a three-day workshop for sub-Saharan Africans with doctoral-level experience on research methods for evaluating savings and payment innovations. The conference on June 23 and 24 will feature evaluations of youth savings, behavioral barriers to savings, the adoption of mobile money and reducing costs while increasing access to savings. The total cost to register is USD 100. For more information, you may contact the organizers at microsavings@poverty-action.org, <http://www.poverty-action.org/microsavings/kampala2013> or +1 202 386 6200.

Cracking the Nut: Sourcing for Agricultural Supply Chains

June 25 - June 26, 2013, Dresden, Germany

This annual conference will cover the following themes: food safety and sustainability, traceability and certification, and financing supply chains. The fee to attend the event is USD 795, with a package price of USD 1,490 available to participants who also register for the Agricultural Value Chain Finance Training on June 27 and June 28. For additional information, you may call Anita Campion at +1 703 914 5533, visit <http://www.crackingthenutconference.com/> or email info@azmj.org.

10th Annual European Microfinance Network Conference

June 25 - June 26, 2013, Stockholm, Sweden

This conference will cover topics such as business model improvement, technology services and "green" microfinance, and it will include a "48-Hour Innovation Race," modeling how to carry out activities in more cost-effective, time-efficient and accurate ways. Event registration costs EUR 400 with additional fees for field visits and various discounts available. For additional information, you may contact Roxane Lienart at r.lienart@european-microfinance.org or +32 222 727 07, or you may visit <http://www.emnconference.org/>.

Global Sustainable Finance Conference 2013

July 4 - July 5, 2013, Karlsruhe, Germany

Presentations will focus on small and medium-sized enterprise investing, financing projects, low-carbon economies, the state of the world after the 2008 financial crisis, environmental change as it relates to development and sustainable technologies. Additionally, the city of Karlsruhe will be presenting three awards relating to sustainability. The fee to attend, including hotel, meals and logistics, is EUR 1,160, with discounts available for certain attendees. For more information, you may contact Heidrun Brueck at sustainability@etechgermany.net or +49 721 476 89 16, or you may visit <http://www.etechgermany.com/gsf2013.pdf>.

AITEC Banking and Mobile Money West Africa

July 10 - July 11, 2013, Accra, Ghana

This event will consider how NGOs, telecommunication companies, financial services providers and regulators can utilize mobile banking to increase financial inclusion in West Africa. The cost to register is USD 590, with group discounts available. For more information, you may visit <http://aitecafrica.com/event/view/91>, call +254 0 20 815 5638 or +44 0 1480 880774, or email kenyainfo@aitecafrica.com or info@aitecafrica.com.

World Credit Union Conference

July 14 - July 17, 2013, Ottawa, Ontario, Canada

This event will cover technology, international development, governance, regulation, branding and combating fraud. The fee to attend ranges from CAD 1,195 to CAD 1,795, with various discounts available. More details may be requested from Allison McCarty via amccarty@woccu.org or +1-608-395-2095 or by visiting <http://www.ottawa2013.org/>.

6th African Microfinance Conference

August 13 - August 15, 2013, Durban, South Africa

This conference will address agricultural finance, housing finance and financial regulation. The cost to register is ZAR 5,500 for those who register prior to June 28 and ZAR 7,750 thereafter. You may seek more information via + 27 11 462 4014, amc6@corecompetency.co.za or <http://corecompetency.co.za/amc2013/index.html>.

Global Youth Economic Opportunities Conference

September 10 - September 12, 2013, Washington, DC, USA

The themes of technology and rural youth will be discussed in terms of five topics: workforce development; youth-inclusive financial services and financial capabilities; adolescent girls and young women; monitoring, evaluation and impact assessment; and youth enterprise development. The cost per person is USD 695, with modest discounts for speakers and all who register before June 28. For additional details, you may visit <http://www.youtheconomicopportunities.org/conference/>, call +1 202 783 4090 or email conference@makingcents.com.

MORE DETAILS COMING SOON...

6th World Forum Convergences 2015

September 17 - September 19, 2013, Paris, France

Social Enterprise World Forum

October 2 - October 4, 2013, Calgary, Alberta, Canada

Third Global Islamic Microfinance Forum

October 6 - October 8, 2013, Dubai, United Arab Emirates

Partnerships Against Poverty Summit

October 9 - October 11, 2013, Manila, the Philippines

Financial Inclusion 2020 Global Forum

October 28 - October 30, 2013, London, UK

Conference on Sustainable, Responsible, Impact Investing

October 28 - October 30, 2013, Colorado Springs, Colorado, USA

European Microfinance Week

November 12 - November 14, 2013, Luxembourg

9th International Microinsurance Conference

November 12 - November 14, 2013, Jakarta, Indonesia

First African Microfinance Week

December 2 - December 6, 2013, Arusha, Tanzania 🇹🇿

PAPER WRAP-UPS

Microfinance at the Margin: Evidence from Bosnia and Herzegovina

By Ralph De Haas, Heike Harmgart, Britta Augsburg and Costas Meghir; published by the European Bank for Reconstruction and Development; November 2012; 8 pages; available at: http://www.ebrd.com/downloads/research/economics/publications/specials/bosnia_microfinance.pdf

This report describes a randomized field experiment conducted in Bosnia and Herzegovina to analyze the effects that lack of credit may have on entrepreneurship and poverty.

The authors pose the following interlinked questions: (1) Could microcredit be more inclusive without unduly compromising loan quality?; and (2) What measurable impact does access to credit have on small-scale entrepreneurship and poverty alleviation for those who would normally fail to qualify for microcredit? Microcredit Foundation Ekonomsko kreditna institucija (EKI) provided loans and staff support to the participants in the study.

Loan officers across the country interviewed 1,198 potential “marginal” clients - those whose loan applications would normally be rejected due to reasons such as lack of education or insufficient collateral. The clients, however, were not burdened with poor credit histories, over-indebtedness or suspected fraud. Applicants were randomly assigned to groups deemed the treatment (loan) group and the control (no loan) group. All participants were re-interviewed 14 months after the initial survey.

The findings of the field experiment were mixed. While access to credit increased business activity and self-employment compared with the control group, this did not translate into increases in profits or household income. Clients in the study with low education levels were more likely than average EKI clients to reduce the school attendance of their children to work in household businesses. Late payments and non-repayment were also more common among the treatment group than among first-time EKI borrowers outside of the study. To invest in projects made possible by the loan, less-educated households reduced consumption expenditures, and clients in the treatment group with preexisting businesses or higher education levels used their savings.

With regard to gender, the authors found that female clients in the treatment group were 8 percent more likely to become self-employed compared with the control group. In male

client households, children were less likely to attend school. The authors propose the following explanation for these phenomena: access to credit allowed women to create new businesses, which were smaller and thus did not require steps such as having their children work in the business, investing their savings in the business or reducing consumption to fund it. Male borrowers, in contrast, were more likely to expand preexisting businesses, and thus may have required larger investments that were partially funded through these means.

The authors suggest that one potential explanation for the limited positive impact on profits, household income and consumption is that the observation period of 14 months was too short for borrowers to fully implement investments and realize gains from them. The authors concede, though, that most businesses were in the services and agricultural sectors, which should allow borrowers to reap returns quickly. Another possible explanation is that additional constraints to entrepreneurship exist other than limited credit availability, such as lack of business training. Lastly, the authors argue that their study justifies microlender procedures intended to distinguish relatively reliable clients from riskier borrowers, as broadening the client base can lead to an increase in repayment difficulties.

Remittances to Latin America and the Caribbean in 2012

By Maria Luisa Hayem, published by the Multilateral Investment Fund (MIF), 2013, 27 pages, available at <http://www5.iadb.org/mif/HOME/Knowledge/tabid/426/idPublication/78709/language/en-US/Default.aspx>

After remittances to the region fell from USD 65 billion in 2008 to USD 57 billion in 2009, remittances to Central America grew 7 percent, and those to South America grew 4 percent from 2010 to 2011. Although total remittances rose to USD 61 billion in 2012, the purchasing power of those funds fell as local currencies on average lost 3 percent of their value against the US dollar.

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Microinsurance in Ghana: Microinsurance as a Means of Insurance Sector Development

By Jan Meissner; published by the National Insurance Commission, Deutsche Gesellschaft für Internationale Zusammenarbeit; 2013; 243 pages; available at: http://www.microfinancegateway.org/gn/document-1.9.61118/Promoting%20Microinsurance%20in%20Ghana_Full%20Book.pdf

This book analyzes potential ways to enhance the development of the microinsurance sector in Ghana, providing an overview of inclusive financial market development in the country as well as a series of recommended best practices for microinsurance development. Mr Meissner cites a market survey conducted in April 2012 that indicates microinsurance is a key priority for insurance providers in Ghana. Respondents indicated that they were planning to introduce new microinsurance products and services under the legal framework proposed by the National Insurance Commission (NIC). Additionally, survey respondents believed that innovation in product distribution has led to an increase in microinsurance outreach and market penetration.

The book covers “the implementation of a new insurance and microinsurance legal framework” in Ghana and providing “insight into some of the key issues the NIC pondered with regards to microinsurance structuring and sequencing.” Other topics include modeling and performance indicators, appropriate product pricing, research and development, distribution, and innovations and technology.

The author suggests that improvements in financial reporting, better use of market data and measurement of key performance indicators will strengthen the insurance sector, while alternative distribution models will continue to help increase outreach and profitability. Mr Meissner further suggests that technology can be used to reduce transaction costs, increasing both product value for consumers and profitability for providers. 📖