

## MICROCAPITAL BRIEFS | TOP STORIES

### Grameen Koota of India Raises \$10m in Equity, \$4m in Debt

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

### ADB, Standard Chartered Commit \$150m to Microfinance in Asia

The Asian Development Bank (ADB), a multilateral finance institution based in the Philippines, reportedly has partnered with Standard Chartered Bank, a UK-based financial services company, to lend USD 150 million via 30 microfinance institutions in Asia by 2018. ADB has 48 member countries in Asia and 19 in other parts of the world. Standard Chartered reports total assets of USD 637 billion. March 13, 2013

### Nigeria Gives MFIs Another Year to Meet New Capital Levels

The Central Bank of Nigeria has agreed to extend until December 2013 the deadline for smaller microbanks to recapitalize to avoid having to close branches to comply with revised regulations that limit the number and locations of branches allowed based on each microbank's level of capital. It was reported that many had failed to meet the original December 2012 deadline. March 12, 2013

### Itau Unibanco of Brazil to Lend \$167m to Urban Microentrepreneurs, Monitor Impact

Brazilian bank Itau Unibanco reportedly plans to release USD 167 million in loans for microentrepreneurs in urban Brazil. Itau recently joined the Business Call to Action (BCtA), an initiative that seeks to engage the private sector in meeting the UN Millennium Development Goals. Sahba Sobhani, BCtA Acting Programme Manager at Itau, was quoted as having said, "As part of its commitment to the BCtA, Itau Unibanco will develop a new evaluation tool to measure the impact of microcredit loans on clients' lives, including changes in income, increased financial literacy, and enrollment in additional banking products such as insurance and debit and savings accounts." With operations in 20 countries, Itau reports total assets equivalent to USD 514 billion. March 11, 2013

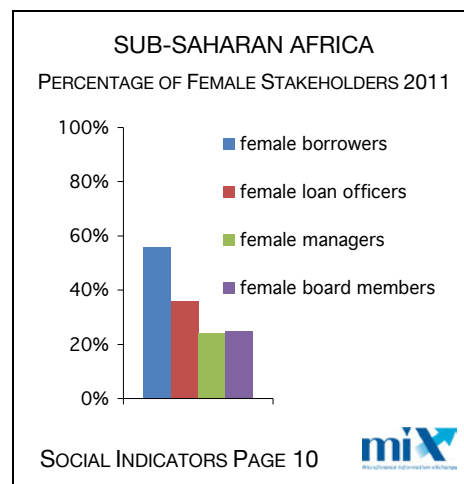
### Warning Signs in Nepal?

Governor Yuba Raj Khatiwada of the Nepal Rastra Bank, the central banking authority of the country, reportedly has argued that microfinance institutions (MFIs) are overcharging clients and should be penalized for multiple lending, which "has hurt beneficiaries." Governor Khatiwada was also quoted as saying that while "statistics show poor families have been covered by MFIs...this is not happening in practice." Harihar Dev Pant, vice chairperson of the nonprofit Center for Microfinance Nepal, reportedly argued that the cap equivalent to USD 680 on collateral-free loans hinders entrepreneurship. Governor Khatiwada added that, "Some institutions need to focus on lending to innovative sectors such as renewable energy, bio-gas and organic farming." February 20 and February 28, 2013

### Kaah Express, ARC, Silatech to Offer Microfinance in Somalia

Qatar-based Silatech, a social enterprise that seeks to promote youth entrepreneurship and employment in Arab countries, and the American Refugee Committee, a US-based nonprofit that provides humanitarian assistance in Haiti, Asia and Africa, are partnering with Kaah Express, a US-based money transfer company, to introduce microloans, voluntary savings accounts and business development services via Kaah's network of service agents in Somalia. Details on the services to be offered have not been disclosed. To support its work, Kaah has secured an undisclosed amount of grant funding from the African Enterprise Challenge Fund, a Kenya-based promoter of for-profit enterprises in Africa. Kaah also has operations in Djibouti, Ethiopia and Kenya. February 26, 2013

INSIDE	Page
<b>MicroCapital Briefs</b>	<b>2</b>
Microfinance news	
<b>Field Notes</b>	<b>9</b>
Paving Paths for Girls' Achievement	
<b>Market Indicators</b>	<b>10</b>
Courtesy of MIX	
<b>Upcoming Events</b>	<b>11</b>
Industry conferences	
<b>Paper Wrap-ups</b>	<b>12</b>
Latest research and reports	
<b>Subscribe to the Monitor</b>	<b>15</b>



## MICROCAPITAL BRIEFS

### ResponsAbility Loans \$5m to Bai Tushum of Kyrgyzstan

Switzerland's ResponsAbility Social Investments has informed MicroCapital that in February it loaned USD 5 million to Bai Tushum and Partners, a commercial microbank in Kyrgyzstan, bringing its exposure to Bai Tushum to USD 11 million. ResponsAbility is also a shareholder in the microbank and is represented on its board of directors. Bai Tushum reports 26,000 clients, a loan portfolio of USD 60 million and deposits of USD 109,000. March 15. 2013

### AFD to Back 50% of \$18m in Loans from Grameen Credit Agricole

Grameen Credit Agricole Microfinance Foundation (GCAMF), a Luxembourg-based provider of financial services to microfinance institutions, recently secured an agreement from Agence Francaise de Developpement (AFD) of the French government whereby AFD will take 50 percent of the credit risk on a set of loans GCAMF will disburse to microfinance institutions. Of the total, which is equivalent to USD 18 million, 43% is earmarked for the "Facility for Microfinance in Africa," which will operate in West and East Africa. This facility includes a technical assistance fund of USD 1.7 million from AFD plus USD 390,000 from GCAMF. March 14. 2013

### EBRD Finalizing \$39m Loan to UniCredit Bank Serbia for SMEs

The UK-based European Bank for Reconstruction and Development is in the final stages of approving lending the euro-equivalent of USD 39 million to the Serbian arm of UniCredit Bank, an Italy-based financial group with operations in 22 countries. UniCredit Serbia, which would use the funds for on-lending to small and medium-sized enterprises, reports total assets equivalent to USD 2.3 billion and return on equity before tax of 14 percent. March 12. 2013

### Bridge Launched with \$24m for Rural Banks in the Philippines

Bridge, a firm aiming to support rural and thrift banks in the Philippines that serve people with low incomes as well as micro- and small businesses, recently announced its launch with equity investments totaling USD 24 million from Accion, a US-based NGO; Bamboo Finance, a Luxembourg-based commercial investor; Deutsche Investitions-und Entwicklungsgesellschaft, a German development finance institution; the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden, a Dutch public-private development bank; and Paul Kocourek, Bridge's co-founder and chairman. The sizes of each investment and the stakes to be taken by each investor have not been disclosed. Bridge, which has offices in Singapore and Manila, plans to invest the capital during a two-year period starting in June. The firm also will offer support in product design, risk management and growth planning. March 12. 2013

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



### MasterCard Donates \$4.3m for Client Protection Certifications

The MasterCard Foundation, a Canadian institution founded by US-based financial services firm MasterCard Worldwide, has announced that it will donate USD 4.3 million to the Smart Campaign, a US-based consumer protection initiative targeting microfinance clients worldwide. The money mainly will support the Smart Campaign's Client Protection Certification program, which offers a third-party evaluation of whether a financial institution meets what the Smart Campaign deems "adequate standards of care" of clients. The effort is housed at the Center for Financial Inclusion of US-based nonprofit Accion. March 12. 2013

### Uganda Consults with International Groups on Microinsurance

Uganda's Insurance Regulatory Authority reportedly is partnering with Making Finance Work for Africa, a multilateral platform that aims to coordinate financial sector activities among African governments, and the Access to Insurance Initiative, a program hosted by Deutsche Gesellschaft für Internationale Zusammenarbeit, Germany's international cooperation agency, to create regulations that facilitate client access to microinsurance. The chairman of Uganda's Insurance Brokers Association, Latimer Mukasa, reportedly noted that enabling mobile money transfers would be beneficial because the cost of collecting premiums is the main challenge facing the industry. An outline of the new regulation is expected in September. March 12. 2013

### Ugandan Banks, Uptime Roll Out Banking Vans to Rural Areas

Several financial institutions in Uganda including Centenary Bank, a commercial bank specializing in rural finance; Opportunity Uganda, a subsidiary of US-based nonprofit Opportunity International; and PostBank Uganda, a government-owned lender, reportedly have partnered with Uptime Solutions Limited, a Ugandan for-profit technology provider, to deploy mobile banking vans, mainly in rural trading centers. March 11. 2013

### Incofin, NMI Invest \$4.5m in Equity in India's Fusion Microfinance

Incofin Investment Management, a Belgian manager of microfinance investment funds, and the Norwegian Microfinance Initiative (NMI), a public-private partnership that supports microfinance intuitions (MFIs), recently invested the equivalent of USD 4.5 million in India's Fusion Microfinance Private Limited. The funds were disbursed through Incofin's Rural Impulse Fund II, which invests in rural MFIs, and NMI's Frontier Fund, which supports emerging MFIs in Sub-Saharan Africa and South Asia. The breakdown of the amounts invested by each fund and the sizes of the stakes to be taken have not been specified. Through 22 branches, Fusion offers life insurance as well as loans with terms of 1.5 to 2 years in sizes ranging from USD 220 to USD 550. Fusion reports total assets of USD 9.9 million, a gross loan portfolio of USD 9.6 million and 61,100 active borrowers. March 11. 2013

### Ethiopia Plans Regulations Specific to Microinsurance

The National Bank of Ethiopia, the country's central bank, is reportedly planning to draft a policy framework to regulate the microinsurance industry. Further details are not yet available. March 10. 2013

**MicroCapital Monitor** - © 2013 MicroCapital - ISSN 1935-505X  
The MicroCapital Monitor is published monthly by MicroCapital  
Editor Bob Summers, Editorial Assistant Charlotte Newman  
Writers Nicole Boyd, Brian LeBlanc, Makai McClintock,  
Brendan Millan, Lena Phillips  
For questions, comments or suggestions, please contact us via  
info@microcapital.org or +1 617 648 0043, Boston, USA

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

### New Banks in India Must Serve Small, Unbanked Towns

The Reserve Bank of India recently revised regulations for the licensing of new banks that allow private firms, public sector entities and non-banking financial companies to establish banks through holding companies. Eligibility requirements include minimum equity capital equivalent to USD 91 million and a minimum capital adequacy ratio of 13 percent, which must be maintained for three years. Foreign shareholding is capped at 49 percent for the first five years, and the bank must become listed on stock exchanges within three years. A minimum of 25 percent of the bank's branches must be established in "unbanked rural centres" with populations of less than 10,000. March 10. 2013

### EBRD Plans \$200m for Sustainable Energy Finance in Turkey

The UK-based European Bank for Reconstruction and Development is planning to add the local-currency equivalent of USD 200 million to its Turkish Sustainable Energy Finance Facility (TurSEFF), which offers credit lines for banks to fund investments in energy efficiency and renewable energy projects. TurSEFF, which was launched in 2010 with the equivalent of USD 284 million, allows commercial Turkish banks to loan up to USD 5 million per project to enterprises and individuals. The wholesale loans from TurSEFF will be disbursed as either secured or unsecured credit. The equivalent of USD 4.3 million from the EU will fund technical assistance for sub-borrowers on planning sustainable energy investments. March 8. 2013

### EFSE Loans \$1m to Araratbank of Armenia

The advisor to the European Fund for Southeast Europe, a microfinance investment vehicle launched by German development bank Kreditanstalt für Wiederaufbau Entwicklungsbank, has informed MicroCapital that the fund recently loaned the local-currency equivalent of USD 974,000 to Open Joint Stock Corporation Araratbank of Armenia, which primarily serves micro-, small and medium-sized enterprises. Araratbank reports total assets equivalent to USD 260 million. March 8. 2013

### OPIC, USAID Commit \$23m to DIG for Housing Finance in Haiti

The Overseas Private Investment Corporation, a development finance institution of the US government, reportedly has agreed to loan USD 17 million to the US-based for-profit Development Innovations Group (DIG) to establish a housing finance facility in Haiti. The US Agency for International Development will also donate USD 6 million to the effort. The effort involves partnering with unspecified local financial institutions to offer low-income borrowers housing microloans starting at USD 1,000, micromortgages starting at USD 5,000, and business repair and construction loans starting at USD 3,000. DIG has experience in 40 countries. March 7. 2013

### Development Bank of Jamaica to Launch Mobile Money Pilot

The state-owned Development Bank of Jamaica is launching a one-year mobile money pilot project in partnership with unspecified microfinance institutions in April. The service, titled Mobile Money for Microfinance, will offer remote access to account information, fund transfers and retail payments. Partners in the effort include Transcel Limited, a Jamaican software firm, and the state-owned National Commercial Bank, which will act as a deposit-holding facility. Transcel will assist with the necessary mobile financial services technology in partnership with Alaric, a UK-based fraud prevention firm. March 7. 2013

### IFAD Grants \$925k to Ag Bank of Sudan Initiative for Women

The UN's International Fund for Agricultural Development recently donated USD 925,000 to the government of Sudan to be invested in the Agricultural Bank of Sudan's microfinance initiative, which provides Shariah-compliant credit, savings, microinsurance and banking services mainly to women working in agriculture, livestock and microenterprise. With the new funds, the program seeks to establish six new offices to expand its reach from 60,000 to 210,000 people. March 5. 2013

## MicroCapital Deal of the Month

### Grameen Koota of India Raises \$14m in Equity, Debt

Indian non-banking financial company Grameen Financial Services Private Limited, which is also known as Grameen Koota, recently raised the equivalent of USD 9.8 million in third-round equity from Belgium's Incofin Investment Management, Italian private equity firm MicroVentures, Indian-Dutch joint venture Aavishkaar Goodwell and US-based for-profit company Creation Investments. While Creation committed USD 6.9 million of the sum, the breakdown of the other investments and the sizes of the stakes to be taken by each investor have not been released. Previous rounds of equity funding raised by Grameen Koota totaled USD 5.9 million in December 2009 and USD 3.6 million in April 2008. The institution also recently received USD 4 million in debt funding in the form of unsecured, redeemable, nonconvertible debentures from Global Commercial Microfinance Consortium II, a fund managed by Germany's Deutsche Bank. Grameen Koota reports total assets of USD 66 million, return on assets of -1 percent and return on equity of -6 percent.

Imagine your branding here

### FUNDESER of Nicaragua Plans \$3m Public Bond Issue

Fundacion para el Desarrollo Socioeconomico Rural (FUNDESER), a nonprofit Nicaraguan microlender, plans to launch a public bond issue in April. Rene Romero Arrechavala, general manager of FUNDESER, tells MicroCapital that the organization will be the first NGO in Central America to issue bonds to the public. It is expected that the size of the issue will be the local-currency equivalent of USD 3 million and that the bonds will carry an interest rate between 7 and 9 percent. Nicaraguan brokerage firm Invercasa is serving as advisor on the issue. FUNDESER reports total assets of USD 17 million, 25,000 active borrowers, return on assets of 0.39 percent and return on equity of 6 percent. March 5. 2013

### Grameen Credit Agricole Loans \$2m in Indonesia, Tajikistan

The Grameen Credit Agricole Microfinance Foundation, a Luxembourg-based provider of financial services to social businesses, recently reported to MicroCapital that it has disbursed a local-currency loan equivalent to USD 1.3 million to Mitra Bisnis Keluarga (MBK) Ventura, an Indonesian microlender that provides capital to low-income women on the island of Java. MBK Ventura reports total assets of USD 41 million, a gross loan portfolio of USD 34 million, return on assets of 1.8 percent and return on equity of 13 percent. Grameen Credit Agricole also has approved a three-year, local-currency loan to microlender Oxus Tajikistan in an amount equivalent to USD 599,000. Oxus Tajikistan, which disburses 90 percent of its loans for trade, services, livestock and horticulture, reports 10,000 clients, total assets of USD 11 million, a gross loan portfolio of USD 10.5 million, return on assets of 3.4 percent and return on equity of 15 percent. Oxus is part of French NGO Agence d'Aide a la Cooperation Technique et au Developpement, which works in 30 developing countries. March 5. 2013

**Absolute Loans \$8.5m in Eurasia, Latin America**

Absolute Portfolio Management, an Austrian microfinance investment company, has told MicroCapital that it issued loans totaling the equivalent of USD 8.5 million through funds it manages to microfinance institutions in Cambodia, Colombia, the Dominican Republic, Georgia, Indonesia and Russia during February. While the other investees were not named, local currency equivalent to USD 1.3 million was disbursed via a fully hedged loan contract from the Dual Return Fund - Vision Microfinance to FINCA Russia, a microlending subsidiary of the US-based nonprofit microfinance network FINCA International. FINCA Russia reports assets of USD 41 million, a loan portfolio of USD 34 million, 11,000 active borrowers, return on assets of 0.84 percent and return on equity of 5.2 percent. March 4. 2013

**SKS Microfinance Completes \$12m Securitization**

SKS Microfinance, a for-profit Indian microlender, reportedly has securitized receivables worth the rupee-equivalent of USD 11.6 million to an undisclosed bank. As of September 2012, SKS reported a gross loan portfolio of USD 249 million disbursed to 3.9 million borrowers. As of year-end 2011, SKS reported return on assets of -50 percent and return on equity of -126 percent. March 3. 2013

**Mongolia's Khan Bank Launches ATMs, Adds Correspondents**

Khan Bank of Mongolia recently installed three drive-through automated teller machines in the city of Ulaanbaatar. Khan also recently grew its partner network to 60 banks in 16 countries by establishing correspondent relationships, in which financial institutions serve clients on behalf of one another, with Bao Shang Bank of China, Deutsche Bank of Germany, Mizuho Corporate Bank of Japan and National Bank of Canada. Khan, which reports total assets of USD 1.6 billion, classifies 51 to 60 percent of its operations as microfinance. March 2. 2013

**SKS Fined \$92k for Improper Insurance Fee Collection**


India's Insurance Regulatory and Development Authority recently levied a fine equivalent to USD 92,000 against India's SKS Microfinance for collecting insurance agent fees beyond the premium cost while acting on behalf of Bajaj Allianz Life Insurance Company, which is owned by Bajaj FinServ of India and Allianz of Germany. The policies, which pay off the loan principal in the case of the death of the borrower, were sold at a price of 1 percent of the loan amount, although the cost to SKS was 0.55 percent. SKS reports serving 3.9 million borrowers. March 1. 2013

**MTX Releases French Version of CALM Asset Management Tool**

MTX Solutions, a US-based provider of currency-hedging products for the microfinance industry, has released a French-language version of its Comprehensive Asset/Liability Management (CALM) Tool. CALM is a "long-range financial statement model" meant to help microbanks improve their handling of risk management, portfolio quality, foreign exchange and changes in market interest rates. CALM is available at <http://mtxsolutions.com>. March 1. 2013

**Kazakhstan to Require MFIs to Hold \$200k, Boost Disclosure**

The Kazakh Ministry of Justice is reportedly in the process of registering a new law on microfinance that will require "microcredit organizations" to convert to "microfinance organizations" within three years. This will involve the institutions holding minimum charter capital equivalent to USD 197,000 and becoming registered with and supervised by the National Bank of Kazakhstan, the country's central bank. The law will also require that borrowers be notified of the total cost of microloans, including the total amount to be repaid. Lastly, it will prohibit non-bank financial institutions from advertising credit services without status as a loan cooperative or microfinance organization. February 26. 2013



**LUMINIS**  
 The Power of Clarity

## Microfinance investment intelligence


**Search** – 100+ fund profiles

**Compare** – side-by-side fund data

**Evaluate** – analytical fund reports



**Go to [luminismicrofinance.com](http://luminismicrofinance.com)**

A service of  **MicroRate**



**CAF, Codespa Mull Trust Fund for Rural Producers in Ecuador**

CAF Development Bank of Latin America, a multilateral institution based in Venezuela that was formerly known as Corporacion Andino de Fomento, is partnering with Spain's Codespa Foundation on a feasibility study for the creation of a fund that would provide microfinance aiming to strengthen production chains benefiting small-scale producers in rural Ecuador. CAF reports total assets of USD 24 billion, and Codespa reports total assets equivalent to USD 30 million. February 26. 2013

**Indian MFIs Frustrated by Ruling in Favor of State Regulation**

The High Court of the Indian state of Andhra Pradesh recently upheld the Andhra Pradesh Microfinance Institution (MFI) Act of 2010, which imposed restrictions on microloan collections practices and a requirement that state officials approve the disbursal of each loan. Before the ruling had gone against him, CEO Kishore Kumar Puli of Trident Microfin was quoted as having said, "The survival of MFIs depends on this judgment." Meanwhile the Microfinance Institutions (Development and Regulation) Bill of 2012, which is pending at the national level, would end state-level regulation of microlending. If the federal bill fails to moot the Andhra Pradesh law, SKS Microfinance and other unspecified microfinance institutions reportedly may challenge the recent court decision to India's Supreme Court. February 12, February 20 and February 26. 2013

**Nigeria's Borno to Pilot Inclusion Scheme Using Post Offices**

The Central Bank of Nigeria, the federal government of Nigeria and the government of the state of Borno reportedly have launched a pilot of a financial inclusion initiative that will provide services via post offices. Details on the services to be provided have not been released. Other project partners include the following domestic organizations: the State Level Bankers' Committee, the Nigeria Deposit Insurance Corporation, the Nigeria Communications Commission, the Securities and Exchange Commission and the Consumer Protection Council. February 26. 2013

**Philippines' Social Security System Partners with CARD Bank**


The Social Security System (SSS) of the government of the Philippines has tapped the Center for Agricultural and Rural Development (CARD) Bank, a nonprofit microbank, in an effort to expand the outreach of SSS. CARD Bank members will be able to work through the bank to register for SSS entitlements and apply for SSS services such as salary loans, natural disaster loans and funeral benefits. SSS CEO Emilio De Quiros Jr was quoted as saying, "Servicing partner agents such as [CARD Bank] enable us to bring SSS services closer to informal sector workers, particularly those in rural areas with limited access to SSS offices." SSS serves 38 million people through 162 offices. With total assets of USD 97 million, CARD Bank reports 600,000 depositors and 310,000 borrowers. February 24. 2013

**EBRD Offers \$50m for SME Energy Efficiency in Belarus**

The London-based European Bank for Reconstruction and Development recently launched the Belarus Sustainable Energy Finance Facility, which offers a loan pool of USD 50 million for Belarusian banks to on-lend to small and medium-sized enterprises for energy efficiency and renewable energy projects. As of February, Belgazprombank had borrowed USD 13 million, and Minsk Transit Bank had accessed a credit line of USD 4 million. Belgazprombank reports total assets equivalent to USD 932 million, and Minsk Transit reports total assets of USD 212 million. February 24. 2013

**Aspekt to Provide Software to Serbia's MicroFinS-DBS**

Aspekt, a Macedonian technology company, has signed a deal to furnish its microfinance software to MicroFinS-DBS, a Serbian for-profit provider of microloans for small businesses and housing. Aspekt's "Microfinance Software Solution" supports individual and group loans, savings, deposits, social performance, purchases, payments, sales, collections, human resources, payroll and credit scoring. Information on the scale of the firms is unavailable. February 24. 2013



**SHARING OUR GLOBAL RESOURCES**

**M MAXIMPACT**

- Improving efficiencies and transparency to create better deal flow and liquidity.
- Collaborate and benefit from a world of broad impact opportunities.
- Join in the growing number of entrepreneurs, intermediaries and funds that are participating.

**Introducing Maximpact.**

Assisting venture philanthropy, impact, microfinance and SVN industry sectors, **Maximpact** creates transparency, improves efficiency, improves liquidity, reduces costs and fosters collaboration by highlighting intermediaries, funds and the deals they choose to list.

Since our recent debut over 155 intermediaries and funds have registered online and contributed hundreds of deals. Many of these are microfinance funds seeking investment opportunities and many more are due to join soon.

**Maximpact's mission is to accelerate the rate at which we do good for the planet and life for its inhabitants.**

**In the spirit of collaboration and advancing our common goal we invite new intermediaries and funds to join Maximpact. Use of the site and listing your deals is FREE.**

Visit [www.Maximpact.com](http://www.Maximpact.com) and register, or contact [admin@Maximpact.com](mailto:admin@Maximpact.com) for more information.

### RBI Might Raise Margin Cap if MFIs Cede Priority-sector Status

Despite opposition from microlenders, the Reserve Bank of India (RBI) reportedly has refused to remove the 26-percent interest rate cap on loans disbursed by microfinance institutions (MFIs) or to alter margin caps for loans to individuals. In 2012, RBI lowered the margin cap from 12 percent to 10 percent for MFIs with loan portfolios larger than the equivalent of USD 18 million. K C Chakrabarty, the deputy governor of RBI, reportedly responded, "If I remove this [margin] cap it will not be treated as priority-sector lending.... If [MFIs] are happy with it, we may examine that." Priority-sector lending refers to the RBI mandate that traditional banks allocate 40 percent of net credit to predetermined "priority" sectors, which include the microfinance industry, agriculture and small-scale industry. Regarding the interest rate cap that has been in place since 2011, Mr Chakrabarty reportedly said, "Charging more than 26 percent is exploitation." February 24, 2013

### MNepal Launches Mobile Money Platform in Nepal

MNepal, a Nepalese mobile payment facilitator, reportedly has launched an iteration of the Fundamo platform from US-based payments firm Visa that offers mobile banking, mobile wallet functionality, remittances and bill payment services. As part of the rollout, MNepal is offering technical assistance to banks seeking to launch their products on the platform. MNepal was incorporated in 2011 by Nepal Investment Bank Limited, Mercantil, CAS Trading House, FocusOne Mobile Solution, the Himalayan Infrastructure Fund and SmartChoice Technologies. February 24, 2013

### Kenyan MFI Musoni Goes Completely Cashless

Musoni Kenya Limited, a Nairobi-based provider of microloans for enterprise and education, reportedly will now offer only cashless services in an effort to increase efficiency and address security issues related to in-person transactions. Musoni staff will be outfitted with computer tablets to collect data from potential and existing clients in the field. Loan disbursements and repayments are to be made only via M-Pesa, a Kenyan mobile money service. Musoni has total assets of USD 2.5 million, a gross loan portfolio of USD 1.6 million and 7,000 active borrowers. February 23, 2013

### MIF to Invest \$2.5m in Equity in Dominican Republic's FONDESA

The Multilateral Investment Fund (MIF), a member of the US-based IDB (Inter-American Development Bank) Group, has approved an equity investment of USD 2.5 million to take a stake of undisclosed size in el Fondo para el Desarrollo (FONDESA), a nonprofit microlender in the Dominican Republic. Juan Lantigua, the director of institutional development at FONDESA, tells MicroCapital that the investment is intended to help the institution achieve regulated status so it can issue bonds and offer savings, insurance and remittance services. MIF will also provide USD 630,000 for technical assistance to help with the process. FONDESA reports assets of USD 37 million, a loan portfolio of USD 35 million, 39,900 active borrowers, return on assets of 6.6 percent and return on equity of 19 percent. February 22, 2013



### Student Movement Designates April as "Month of Microfinance"

The Student Microfinance Movement, an unincorporated network of student organizations, has announced that its annual Month of Microfinance will be held during April with the aim fostering discussions of "client-centered" microfinance. The events include online contests, conferences at schools around the US and an open blog of "autobiographies of microfinance." According to Dr Shawn Humphrey, the founder of the event, the initiative is "geared towards helping students develop a more nuanced understanding of microfinance as we grope through this post-panacea phase...." For more details you may visit <http://monthofmicrofinance.org>. February 22, 2013

### 7-Eleven to Sell Microinsurance in Thailand

7-Eleven, a multinational chain of 48,000 convenience stores owned by Seven and I Holdings of Japan, reportedly has acquired a license to sell microinsurance policies in Thailand. The firm will offer products underwritten by Allianz Charoen Pokphand General Insurance, Bangkok Insurance, Muang Thai Insurance, Muang Thai Life Assurance and Thaivivat Insurance. While annual premiums will range from the equivalent of USD 16 to USD 33, coverage levels have not been disclosed. During 2013, 7-Eleven expects to sell 300,000 policies at its 6,700 stores in Thailand. February 22, 2013

### Runa, Point Nine, Kizoo Place \$2m in Equity in Mambu Software

Mambu, a provider of web-based microfinance institution (MFI) management software, reportedly has received equity investments totaling USD 2 million from Russia's Runa Capital; Germany's Point Nine Capital; and its initial investor, Germany's Kizoo Technology. The breakdown of funds by investor and sizes of the stakes to be taken by each have not been disclosed. Mambu intends to use the funds to expand its staffing, product development and geographic reach. Mambu's current product, Mambu 3.1, encompasses portfolio management, client tracking and transaction auditing. Mambu, which is located in Germany, serves 70 MFIs in 20 countries. February 22, 2013

### MIF Backs FUNDESER of Nicaragua in Seeking Regulated Status

The Multilateral Investment Fund (MIF), a member of the US-based IDB (Inter-American Development Bank) Group, recently disbursed a grant of USD 362,000 to Nicaraguan nonprofit microlender Fundacion para el Desarrollo Socioeconomico Rural (FUNDESER) to support its effort to become regulated by the country's Superintendency of Banks and Other Financial Institutions. Rene Romero Arrechavala, the director of FUNDESER, tells MicroCapital that the move will allow FUNDESER to offer insurance services and apply to offer deposit services. The process entails establishing a for-profit entity that will take over FUNDESER's operations with investments of USD 4 million from FUNDESER, which will continue to exist as an NGO; Belgium's Rural Impulse Fund II; ASN-Novib Microcredit Fund of the Netherlands; and KCD Mikrofinanzfonds, which is promoted by Germany's Bank im Bistum Essen. FUNDESER reports total assets of USD 17 million. February 21, 2013





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



**We invest in the solution.**



**Developing World Markets** is a leading investment management firm linking inclusive finance institutions in the developing world to the international capital markets. As of June 30, 2012, DWM manages \$720 million in assets for institutional investors and has:

- 10+ years experience structuring and advising creative microfinance transactions
- Financed 140+ financial institutions in 40+ countries
- 38 professionals speaking over 20 languages

Developing World Markets offers tailor-made financial solutions to its clients to meet their capital needs, including:

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

*Investing for Impact*

**DWM Asset Management LLC**

750 Washington Boulevard | Stamford, CT, 06901, USA | Tel: +1.203.655.5453 | info@dwmarkets.com | www.dwmarkets.com



**EA Consultants** is a consulting firm dedicated to supporting initiatives that facilitate access to finance, markets and social protection for low income segments of the world's population.

We combine research and practice to ensure that our work is informed by an analysis and understanding of markets and client needs. Our goal is to drive new ways of thinking and new practice that can be transformative to benefit all segments of society.

**EA Consultants** es una firma de consultores dedicada a brindar apoyo a entidades que facilitan el acceso a las finanzas, mercados y protección social para los segmentos de menores ingresos en el mundo.

Combinamos la investigación y la práctica para que nuestro trabajo sea informado por un entendimiento tanto de las fuerzas de mercado como de las necesidades de los clientes. Nuestro objetivo es de liderar nuevas ideas y prácticas que pueden ser transformativas para beneficiar a todos los segmentos de la sociedad.



**Microfinance**



**Microinsurance**



**SME finance**



**Health & other  
non-financial  
services**

*Strategic planning*

*Increasing operational efficiencies*

*Identifying market gaps & opportunities*

*Credit and Financial risk*

*Data mining, segmentation & analysis*

*Client-centered research*

*Product development*

*Donor strategies*

*Gender inclusion*

*Program monitoring & evaluation*

Visit us on the web at [www.eac-global.com](http://www.eac-global.com)  
Phone: +1-212-734-6461 email: [contactus@eac-global.com](mailto:contactus@eac-global.com)



**EA Consultants**  
Access to Finance, Markets and Social Protection

### **\$10m Syndication Goes to Colombia's Fundacion de la Mujer**

Symbiotics Investment Group, a Swiss for-profit microfinance investment intermediary, recently disbursed a USD 10 million syndicated loan to Fundacion de la Mujer Bucaramanga, a microlender in Colombia that is affiliated with the US-based nonprofit Women's World Banking. The loan was funded by four unspecified microfinance funds advised and managed by Symbiotics. Fundacion de la Mujer reports total assets of USD 212 million, return on assets of USD 7.7 percent and return on equity of 21 percent. February 21. 2013

### **EBRD Loans \$3m to Arnur to Support Rural MSEs in Kazakhstan**

The UK-based European Bank for Reconstruction and Development (EBRD) has agreed to loan the local-currency equivalent of USD 3 million to Arnur Credit, a microlender in Kazakhstan, for on-lending to micro- and small enterprises in rural areas. EBRD will also provide Arnur with technical and capacity building support. Arnur reports total assets of USD 14 million, a gross loan portfolio of USD 12 million, 6,600 active borrowers, return on assets of 5.5 percent and return on equity of 19 percent. February 21. 2013

### **IFC Loans \$29m to Center-Invest for SMEs in Southern Russia**

The International Finance Corporation (IFC), the private-investment arm of the World Bank Group, has agreed to loan the local-currency equivalent of USD 29 million to Center-Invest Bank, a private Russian bank, to increase its lending to small and medium-sized enterprises (SMEs) in southern Russia. Since 2002, IFC has provided USD 40 million in debt and advisory services to Center-Invest to support its "sustainable banking business model," which focuses on SMEs, women in business, start-ups, young entrepreneurs, education and energy efficiency. Center-Invest Bank reports total assets of USD 1.8 billion. February 20. 2013

### **Westpac Offers Financial Literacy, Business Workshops in Fiji**

Westpac Banking Corporation of Australia is reportedly offering Financial First Steps and Business Basics workshops in Fiji at no charge. The classes, which cover money management, budgeting, financial reports and balance sheets, were attended by 11,300 people during 2012. Westpac, which provides retail and institutional banking services in 14 countries, reports total assets equivalent to USD 694 billion. February 20. 2013

### **New Urban Invests \$100m in Housing in Africa, West Bank**

The New Urban Finance Facility for Africa (NUF), an impact investing facility that supports housing microfinance, reportedly is investing USD 100 million to fund microfinance housing schemes in Africa and the Middle East, with initial investments going to Ghana, Kenya, Tanzania, Uganda and the West Bank. Eighty-five percent of the fund is budgeted to provide direct investment via local commercial banks and micro-finance institutions while the rest will be invested into a credit enhancement program for housing microfinance that is affiliated with the World Bank Group's International Finance Corporation. NUF is being developed by NewLine Capital Partners. Further details on NUF and NewLine are unavailable. February 19. 2013

### **Citi Mobile Collect Launched in Dominican Republic**

US-based financial service provider Citigroup reportedly has made its Citi Mobile Collect payment program available in the Dominican Republic, allowing small businesses to replace cash payments to merchandise suppliers with mobile transactions. It is estimated that 64 percent of the country's 80,000 small businesses pay their providers in cash. The system works with multiple mobile phone service providers, but requires the suppliers to be Citigroup clients. The program will be administered in partnership with two organizations, both of which are based in the Dominican Republic: Asociacion Dominicana para el Desarrollo de la Mujer, a microfinance institution, and GCS Systems, a mobile payment administrator. February 19. 2013

### **One Woman Initiative, Opportunity International Merge**

The One Woman Initiative, a US-based organization that aims to empower women, has been acquired by Opportunity International, a US-based NGO that focuses on microfinance. Carly Fiorina, the former CEO of One Woman, will serve as a "global ambassador" to Opportunity International in an effort to build a network of "women investing in women." According to Opportunity International CEO Vicki Escarra, "we hope to engage women in the United States to serve as passionate advocates to address the needs and expand the choices of women in developing countries." As part of the program, Opportunity International plans to raise USD 50 million by 2015 to fund loans to 2 million women. One Woman was launched in 2008 by Ms Fiorina, former US Secretary of State Condoleezza Rice and the US Agency for International Development. Opportunity International reports total assets of USD 207 million and operations in 24 countries. February 18. 2013

### **Airtel Mobile Money Expands to Post Offices in Madagascar**

Airtel, an Indian telecommunications company, reportedly has extended its mobile banking service, Airtel Money, by making the service available at 170 post offices in Madagascar. Since Airtel Money was launched in Madagascar in 2011, deposits and withdrawals have been accepted only at Bank of Africa Madagascar branches and Airtel retail locations. Airtel has 234 million customers worldwide. February 18. 2013

### **Sanad Fund for MSME Loans \$2m to Faten of Palestine**

The Sanad Fund for MSME, which invests in financial institutions supporting micro-, small and medium-sized enterprises (MSMEs) in the Middle East and North Africa, recently agreed to disburse a senior loan of USD 2 million to Palestine for Credit and Development, a microlender also known as Faten. Faten, which serves Palestine's West Bank, reports total assets of USD 29 million, return on assets of 8.1 percent and return on equity of 13 percent. Sanad, an initiative of German development bank Kreditanstalt fur Wiederaufbau Entwicklungsbank, has raised investor commitments of USD 61 million. February 16. 2013

### **Andhra Pradesh Grameena Vikas Opens 125 Ultra-small Branches**

Andhra Pradesh Grameena Vikas Bank, a government-owned financial institution in India, reportedly has opened 125 "ultra-small branches" in the state of Andhra Pradesh. The bank plans to convert the branches to full-service branches after they reach an unspecified volume of business. Grameena Vikas plans to open an additional 170 ultra-small branches in the region by the end of March. Grameena Vikas has 574 branches and reports total assets equivalent to USD 18 billion. February 15. 2013

### **EFSE Places \$640k in Equity in Kosovo's Kreditimi Rural I Kosoves**

The European Fund for Southeast Europe, a facility that seeks to foster economic development in southeastern Europe and Central Asia through microfinance, has invested the euro-equivalent of USD 643,000 as equity in Kreditimi Rural I Kosoves LLC, a microlender in Kosovo. The percentage of shares acquired was not made public. Kreditimi Rural reports total assets of USD 14 million, a gross loan portfolio of USD 12 million, return on assets of 0.8 percent and return on equity of 2.6 percent. February 14. 2013

### **31,000 Malaysians Apply for Interest-free Government Loans**

Malaysia's Domestic Trade, Cooperatives and Consumerism Ministry reportedly has announced that, during January, 31,000 vendors and small-scale traders applied to borrow the local-currency equivalent of USD 3.1 million through a new government microcredit scheme. The program offers registered small business owners interest-free loans ranging in size from USD 1,600 to USD 16,000. February 14. 2013



## FIELD NOTES

### Paving Paths for Girls' Achievement: Financial Services for Young Women

For International Women's Day last week, I sat down with my two daughters at the kitchen table to test two hypotheses on them. First, was their princess obsession when they were three and four years old driven by a dream to attain political and economic power in a male-centered world where such power is difficult for women to achieve through traditional work? According to my 10- and 13-year-old daughters, *No!* Instead, they explained that at around three or four years of age, boys are not much different than girls. Boys' dreams of being astronauts are not about studying science but about flying in space: about *magic*. A girl who wants to be a princess is also in it for the *magic*. According to my older daughter, *marketers* just set up different paths for boys and girls to attain this same magical power.

My next hypothesis was that in developed countries, like the US, the dreams of boys and girls become much more similar as they approach their teenage years. I was less wrong, but still wrong. My girls' sense of possibility was remarkably linked to their ability to identify other women who had paved a path before them. *Role models* took the place of Disney marketers. I asked whether today they believe they can become astronauts. *Yes, they recall the legend of Sally Ride*. Can they dream of being a teacher? *Yes, most of their teachers are women*. Bankers? *Sure, Mom once worked on Wall Street*. Technology? We hit a wall. *It is "so cool,"* but they couldn't think of women who have "succeeded" in technology. No woman has paved the path for my girls to aspire to be the next Bill Gates or Mark Zuckerberg. Dreams are a first step toward achievement, but that step may not be taken if a girl lacks a sense of possibility.

This is where I believe that financial access can play a role. There is some evidence that *saving* for a dream might help with achieving that dream. This is powerful, as it suggests that savings could help spur education, entrepreneurship and skill building to fill the gaps in

income and assets between men and women worldwide. One of my favorite studies of late comes from William Elliott of the University of Kansas; it shows that a child with school savings of up to USD 0.99 is approximately three times more likely to enroll in college than a child with no savings. Surely a dollar won't get a child far, but the implication is that the *expectation* alone can have a large impact. Other US studies show that people who own assets - often savings - are more likely to have a positive outlook and higher expectations for their futures and the futures of their children. Another study finds that children with mothers who had high expectations of them were more likely to have higher grades and graduate from high school.

Unfortunately, formal savings mechanisms are not always available, especially low-balance accounts that would be appropriate for many girls and young women. In Colombia, Nicaragua and Tanzania, only 30 percent, 14 percent and 17 percent of the populations over the age of 15, respectively, have bank accounts.

My daughters' comments offer important insight about another barrier. Despite the fact that they live in the US, where there is relative gender equality, they still look to other women to pave their paths. Establishing precedents and models for women's success in all industries is critical here and may be more so in developing countries, where fewer models may exist. Savings are a tool for fueling dreams, but they cannot define these dreams. Marketers learned to turn toddlers into princesses; now it's time for us to commit to paving the path for them to live out their own dreams.

*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).*



**MicroCapital Monitor**  
SINCE 2006

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

The global information exchange  
for the microfinance industry



Microfinance Information eXchange

[www.themix.org](http://www.themix.org)



**Mobile Payments & NFC World Summit 2013**  
*Encompassing:*

- Mobile Payments & Mobile Wallets
- NFC Technologies
- Mobile Money Transfer & Mobile Remittance
- Banking the Unbanked & Microfinance Services
- Mobile Banking

**Profiting from Mobile Payments Services through  
Strategic Partnership & Alliances**  
18-19 April 2013, Eaton Smart Hong Kong



association of the  
luxembourg fund industry



**responsible investing  
conference**



**From niche to mainstream:  
mission structure  
distribution transparency**

**luxembourg chamber of commerce**  
may 15th, 2013

in association with  **LUXFLAG**  
Supporting Sustainable Finance

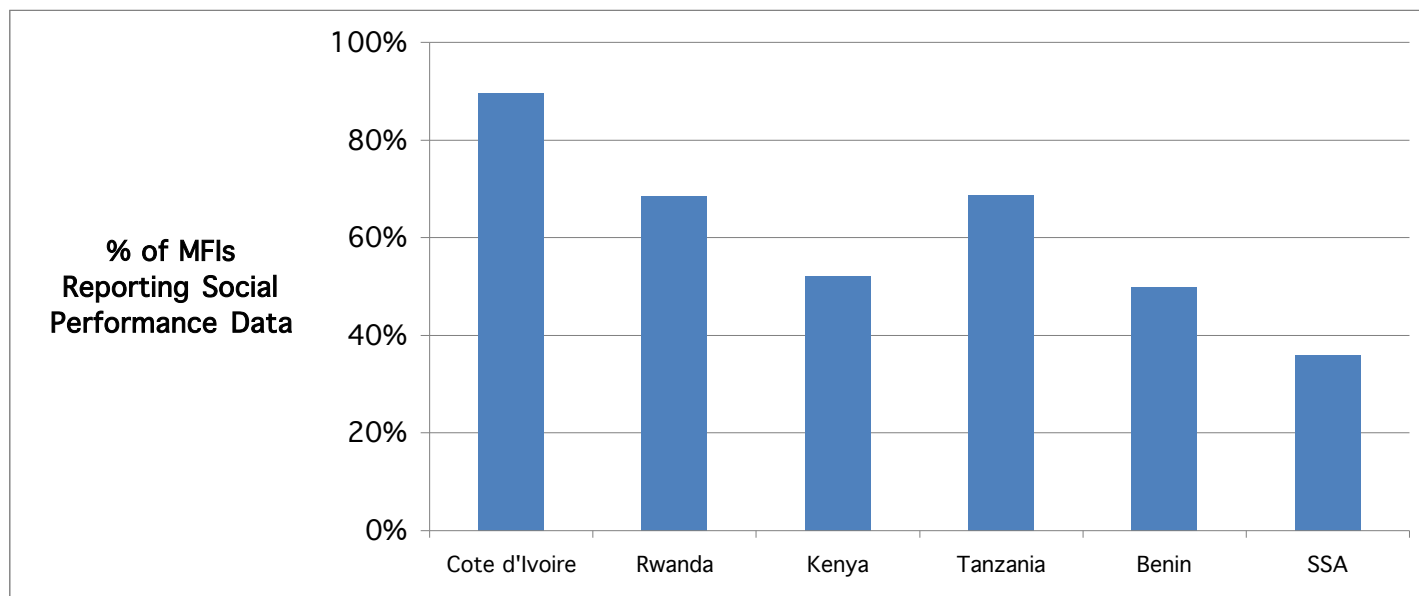


## MICROCAPITAL SOCIAL PERFORMANCE INDICATORS

### SUB-SAHARAN AFRICA (SSA)

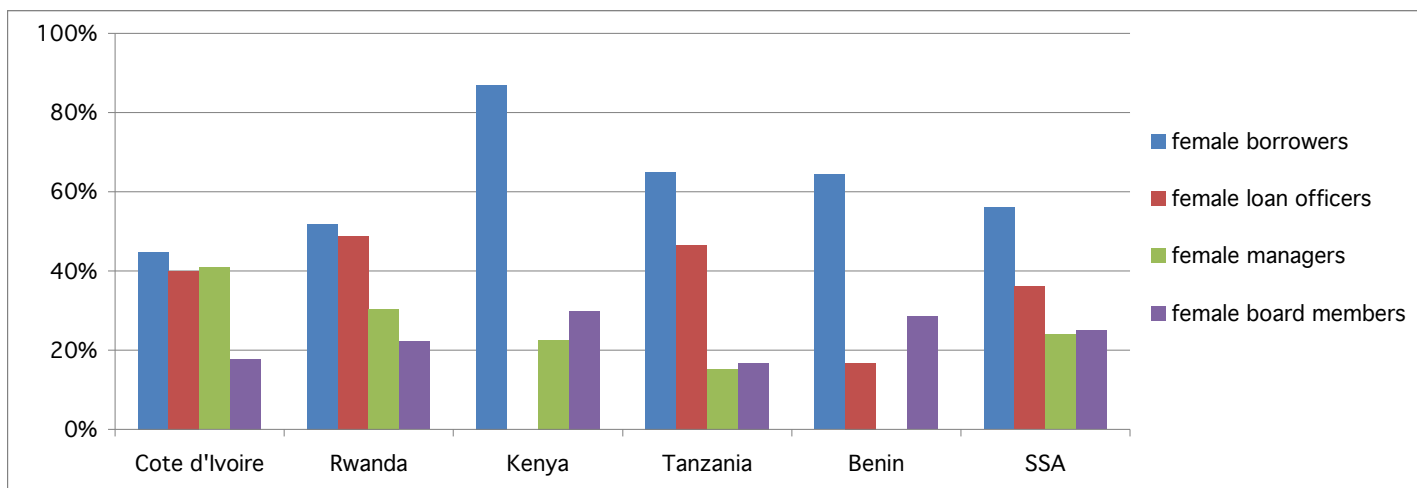
111 MICROFINANCE INSTITUTIONS (MFIs) FROM 22 COUNTRIES REPORTING SOCIAL PERFORMANCE DATA

#### 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 8 to 17 MFIs per country. No data is reported for the percentage of female loan officers in Kenya.

## UPCOMING EVENTS

### Fourth Latin America Microinsurance Summit

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

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

### Africa Microinsurance Microfinance Conference 2013

March 26 - March 28, 2013, Accra, Ghana

This event addresses 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. For more details, you may contact Obasi Ngwuta at +234 8027922649 or [info@westafricabusinessschool.com](mailto:info@westafricabusinessschool.com), or you may visit <http://www.microfinancegateway.org/p/site/m/template.rc/1.11.187419/>.

### Institutional and Technological Environment for Microfinance

April 11 - April 12, 2013, Paris, France

This event, dubbed ITEM4, will focus on lessons that can be learned from financial inclusion measures from both developed and developing countries, with sessions taking place in both English and French. The fee to attend the event is EUR 300; a student rate is also available, as is free admission for members of French microfinance associations. More details are available from the Banque Populaire's Chair in Microfinance at the Burgundy School of Business via +33 380 725 900, [microfinancechair@jescdijon.eu](mailto:microfinancechair@jescdijon.eu) or <http://item4.weebly.com/>.

### Mobile Money Americas Conference & Expo 2013

April 15 - April 17, 2013, Mexico City, Mexico

This event will cover fraud prevention, regulations that promote cross-border mobile banking and financial inclusion strategies for remote areas. The cost to attend the primary two-day conference is USD 2,299, with separate pricing for the pre-conference workshop and group pricing available. For more information, you may contact the organizers at [mmt@clarionevents.com](mailto:mmt@clarionevents.com) or +44 (0) 20 7384 7910, or you may visit <http://www.mobile-money-gateway.com/event/mobile-money-americas-2013>.

### 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@symphonyglobal.org](mailto:enquires@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).

### Child and Youth Finance Summit & Awards Ceremony 2013

May 7 - May 9, 2013, Istanbul, Turkey

The conference will focus on "experience-sharing sessions" covering innovations in financial inclusion and financial education, celebrating successes through the presentation of awards and developing strategies for promoting financial access and education for children. The cost for adult participants is EUR 450, and the cost for youth aged 8 through 18 and their caretakers is EUR 250. For additional information, you may call +31 020 520 3900, email [info@childfinanceinternational.org](mailto:info@childfinanceinternational.org) or visit <http://www.childfinanceinternational.org/summit>.

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

May 15, 2013, Luxembourg

Sessions at this event will address investing in microfinance and other forms of impact investing, women in finance, Islamic finance, regulation, attracting private investment and achieving industry transparency. The fee to attend the event is EUR 375 with discounts available for members of the Association of the Luxembourg Fund Industry and all who register by March 22. For more information, you may call +352 22 30 26 1, email [events\[at\]alfi.lu](mailto:events[at]alfi.lu) or visit <http://www.alfi.lu/node/2191>.

### Global Forum on Remittances

May 20 - May 23, 2013, Bangkok, Thailand

This event is intended to promote awareness of remittances sent by migrants to their home countries in the Asia-Pacific region and the role of these funds in the development of national and local economies. There is no fee to attend the event. More information may be had via [gfr2013\[at\]ifad.org](mailto:gfr2013[at]ifad.org), +39 065 4591 or <http://www.ifad.org/remittances/events/2013/globalforum/index.htm>.

### MORE DETAILS COMING SOON ON...

### Mobile Money Africa Conference & Expo 2013

May 27 - May 29, 2013, Johannesburg, South Africa

### Payments, Settlements and Remittances Asia 2013

May 30 - May 31, 2013, Manila, the Philippines

### 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

### Global Sustainable Finance Conference 2013

July 4 - July 5, 2013, Karlsruhe, Germany

### AITEC Banking and Mobile Money West Africa

July 10 - July 11, 2013, Accra, Ghana

### World Credit Union Conference

July 14 - July 17, 2013, Ottawa, Canada

### 6th African Microfinance Conference

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

### 2013 Global Youth Economic Opportunities Conference

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

### 6th World Forum Convergences 2015

September 17 - September 19, 2013, Paris, France

### 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



## PAPER WRAP-UPS

### Vulnerability: The State of the Microcredit Summit Campaign Report, 2013

By Larry R Reed, published by the Microcredit Summit Campaign, 2013, 48 pages, available at: <http://stateofthecampaign.org/multimedia/print-version/>

This report indicates that the number of people living in extreme poverty with access to financial services has declined from 138 million in 2010 to 125 million in 2011, the first decrease since the organization began compiling this annual document in 1998. The majority of the decline occurred in India and Bangladesh, which together account for 76 percent of microfinance clients that are living in extreme poverty. The report cites several reasons for the drop:

- (1) The microfinance downturn in the Indian state of Andhra Pradesh: Overlending, multiple borrowing and allegations of coercive recovery practices prompted the state government to tighten regulations on microfinance significantly in 2010.
- (2) Maturing markets: Many of the people living in extreme poverty that still lack access to financial services live in more remote areas and are costly to reach.
- (3) Patchy information: Lack of accurate geographic data on microfinance activity makes it difficult to anticipate which markets

are overly concentrated before they overheat, causing microfinance institutions (MFIs) and donors to pull back from the market.

- (4) Investor wariness: Investors reduced their investments in India while approximately 75 percent of the investment of international microfinance investment vehicles (MIVs) went to Eastern Europe and Latin America, regions that serve approximately 2.6 percent of microfinance clients living in extreme poverty.

Other causes cited include donor fatigue, the effects of the global economic crisis and a lack of incentives for MFIs to reach harder-to-access clients.

The report goes on to analyze the impact of technology on microfinance. The growth of electronic payments has helped to limit transaction costs and increase transparency while providing greater outreach in remote areas. Nevertheless, the authors argue that the industry still lacks sufficient mobile savings services.

The report also discusses the “psychology of scarcity,” a phrase coined by Professor Eldar Shafir of US-based Princeton University and Professor Sendhil Mullainathan of US-based Harvard University, that suggests how people behave when facing poverty. The theory states that impoverished people tend to focus on immediate concerns, neglect the long-term, borrow more than they should, pay high rates and be more distracted in making decisions.

According to the report, an improved understanding of clients can help MFIs better meet the needs of those clients. The report highlights a number of strategies for addressing client needs:

- (1) Fonkoze, a Haitian MFI, classifies clients based on degrees of poverty to offer products and services specific to each group.
- (2) Indian MFI Bandhan has a program for people deemed too poor to benefit from mainstream microfinance services; it provides a weekly stipend, training and assistance in starting a “livelihood project.”
- (3) Equitas, also of India, tasks one “socially responsible officer” per 10 branches with increasing the organization’s understanding of client needs.
- (4) Each arm of the Center for Agricultural and Rural Development Mutually Reinforcing Institutions of the Philippines addresses a single issue such as business training, microinsurance or marketing assistance.

The report concludes with the recommendation that MFIs focus less on institutional growth and more on client needs: “To be effective, the products and services we develop... must address the high levels of vulnerability faced by people living in extreme poverty and must take into account the pressures and challenges these people face as they seek to manage their lives.”



## Your Professional Financing Partner

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

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

responsAbility Social Investments AG

Josefstrasse 59, 8005 Zurich, Switzerland

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

[www.responsAbility.com/financing](http://www.responsAbility.com/financing), [proposal@responsAbility.com](mailto:proposal@responsAbility.com)

**responsAbility**

## Microfinance in Myanmar Sector Assessment

By Eric Duflos, Paul Luchtenburg, Li Ren and Li Yan Chen; published by CGAP (Consultative Group to Assist the Poor) and International Finance Corporation; January 2013; 43 pages; available at: <http://www1.ifc.org/wps/wcm/connect/d87bf3804e5aba9bad7dadfce4951bf6/Microfinance+in+Myanmar+Sector+Assessment-Final.pdf?MOD=AJPERES>

Myanmar has been ranked as the poorest and most politically corrupt country in Southeast Asia. The authors state that its economic development is complicated by high inflation and a distorted exchange rate system, while outdated banking laws and weak regulatory supervision constrain the financial sector. There is no securities market, and the financial industry consists of a handful of state-owned and private banks; foreign banks are not allowed to operate. About 20 percent of the population has access to formal financial services. Widespread reliance on informal providers of money transfer services and credit, which charge higher rates, contributes to borrower over-indebtedness.

The authors estimate that the unmet demand for microcredit totals USD 1 billion. Regulatory constraints and a lack of experience in microfinance hamper private banks, while state-owned banks provide limited services

to rural residents on a subsidized basis. Demand for formal savings is thought to be limited by macroeconomic uncertainty and public distrust in savings products.

Branchless banking is nearly non-existent. An estimated 25 percent of the population has access to electricity, 5 percent to phones and 1 percent to the internet. The cost of subscriber identity module (SIM) cards for mobile phones varies from USD 160 to USD 200, posing an additional barrier to mobile banking.

Despite the challenges, the authors detect positive signs for Myanmar's microfinance industry. Since the government's public endorsement of microfinance in 2011, new laws have conferred legal status on microfinance institutions (MFIs) and allowed foreign investors to establish privately owned MFIs. Private banks are now authorized to establish international remittance services. The authors, however, note that risks are associated with rapid change. The microfinance sector cannot absorb large sums of money in its formative stages, while the recent influx of MFIs may overwhelm the capacity of regulatory agencies, which are decentralized.

The authors conclude with a set of policy recommendations. They argue that continued revision of microfinance regulation as the sector becomes larger and more complex is essential. International players can supply

technical support and disseminate information on good practices. A stronger regulatory framework is important to keep microfinance on a sustainable path; for example, incorporating the central bank into the supervisory structure is a common practice in other nations. Creating a credit bureau, likewise, can reduce over-indebtedness and improve transparency. Lastly, the authors state that building technology infrastructure is key to facilitating new business models.

## Looking Through the Demographic Window: Implications for Financial Inclusion

By Peter Kasprovicz and Elizabeth Rhyne, published by the Center for Financial Inclusion at Accion, January 2013, 29 pages, available at: <http://www.centerforfinancialinclusion.org/ji2020/mapping-the-invisible-market/demographic-window>

This report suggests potential implications for financial inclusion as birthrates decrease and life expectancies increase in the developing world. The authors argue that new economic opportunities will open for financial institutions as a greater share of the population attains working age and fewer resources are required to care for children: "New savings products are needed to help the poor invest in education and for longer lives; health and life insurance products would help to manage longevity risks...."



June 25-26, 2013 | Dresden, Germany

Cracking the Nut is a first-class global conference for multinational companies, investors, and development practitioners, bringing together private and public institutions to increase collaboration and investment in sustainable rural and agricultural markets. The 2013 conference will give an exclusive look into best practices that will define the future of sustainable sourcing for global agricultural supply chains. Join us and our world class speakers, including representatives from the private sector, impact investors, and public funds:

- Armajaro
- GIZ
- IADB
- Innovare Advisors
- KfW
- Mars
- The MasterCard Foundation
- Mondelēz International (formerly Kraft Foods Inc.)
- ResponsAbility
- Triodos
- USAID

**LEARN ABOUT:**  
FOOD SAFETY,  
SUSTAINABILITY,  
TRACEABILITY,  
CERTIFICATION,  
INNOVATIVE  
FINANCING AND  
MORE...

[www.crackingthenutconference.com](http://www.crackingthenutconference.com)



## 2012 Eastern Europe and Central Asia Regional Snapshot

*By Ralitsa Sapundzhieva and Agharazi Babayev, published by Microfinance Information Exchange, January 2013, 27 pages, available at: <http://www.themix.org/publications/mix-microfinance-world/2013/01/2012-eastern-europe-and-central-asia-regional-snapshot>*

The authors begin with a comparison of microfinance in Eastern Europe and Central Asia (ECA) with other regions of the globe based on data from the MIX Market website of the US-based NGO Microfinance Information Exchange (MIX). ECA accounts for 3 percent of global loans outstanding, but 10 percent of the global gross loan portfolio. ECA microfinance institutions (MFIs) report a median outstanding individual loan balance of USD 1,930, which is the highest in the world. The median value of deposits is also the highest in the world at USD 2,037. Loan portfolio growth continues, though the number of loans outstanding remains mostly unchanged. Portfolio quality has improved, and MFI profitability has increased by 0.3 percent since 2010.

ECA social performance reporting increased by 54 percent with 180 MFIs reporting social data to MIX in 2012. ECA now accounts for 21 percent of global social performance

reporting to MIX. With regard to gender outreach, the authors find the performance of ECA countries to be mostly positive. Although female client outreach is the lowest globally and the number of female borrowers only increased by 2 percent in 2010, ECA has the second highest percentage of female board members (33 percent), managers (45 percent) and staff (49 percent) among the six MIX regions of the world. The proportion of group loans has grown from 19 percent in 2008 to 24 percent in 2011, led by high demand in Central Asia. The share of rural borrowers in the region has also increased from 54 percent to 66 percent in 2011, though loan balances have slightly decreased in rural areas.

Cross-border funding, which includes commitments for debt refinancing, equity and grants, decreased in two-thirds of ECA countries as more projects were terminated than started in 2011. Although commitments decreased by an average of 5 percent per year between 2009 and 2011 to USD 3.1 billion, ECA continues to rank among the highest regions in terms of attracting cross-border funding. Equity levels for non-bank financial institutions (NBFIs) and NGOs have increased since 2009. Although total borrowing has decreased for NBFIs and NGOs, this is mostly due to a steep downturn in Bosnia and Herzegovina.

The authors argue that the increases in portfolio quality, profitability and number of borrowers signal a regional recovery from the global financial crisis. Cross-border funding has decreased since 2009 as investment is being reallocated to other regions. However, social performance reporting, rural outreach, female participation and group lending have increased. Equity levels continue to increase on average for NBFIs and NGOs due to positive trends in Georgia, Kazakhstan, Kyrgyzstan and Russia. Despite lack of investor confidence in the Bosnian market, the industry in that country has recently shown signs of recovery.

### Invisible Giants

*By Lindsay Levin, published by Vala Publishing, March 2013, 176 pages, available for purchase at: [http://vala.wazala.com/?page=product\\_det&id=112381](http://vala.wazala.com/?page=product_det&id=112381)*

This book examines the work of people including Anwari Khan, a poor woman in Asia who trains local police on reacting to domestic violence, and Yan Xin, who manages an environmental NGO in South Asia. The author also presents arguments regarding the responsibilities she believes businesses have to address "poverty, sustainability, [and] religious and political conflict."



**Vision Microfinance: To invest. And to do good.**

Vision Microfinance is an appeal to combat poverty in a meaningful and sustainable way. So far 284 m USD have been distributed in the form of 303 promissory notes to 146 microfinance institutions in 40 countries. Thanks to our investors the lives of over 1 m people in developing countries have been transformed.

Vision Microfinance allows private and institutional investors to participate in the fast growing microfinance industry. Investors benefit from the extensive asset management expertise of Absolute Portfolio Management who work in close partnership with microfinance specialist Symbiotics and the Bank in the diocese of Essen, a cooperative bank specialized in sustainable investments. This unique cooperation of fund manager, research team and ethical guide yields innovative microfinance solutions: Vision Microfinance.

[www.visionmicrofinance.com](http://www.visionmicrofinance.com)



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



## How Can Microfinance Programs Help the Struggle Against Social Problems Such as Begging, Child Labor, Prostitution, Violence Against Women, Criminality, Gangs, and Drug Addiction?

By William O. Maddocks, commissioned by the Global Microcredit Summit, 2011, 31 pages, available at: [http://www.globalmicrocreditsummit2011.org/userfiles/file/Workshop%20Papers/W\\_%20Maddocks%20-%20How%20Can%20Microfinance%20Programs%20Help%20the%20Struggle%20Against%20Social%20Problems%20Such.pdf](http://www.globalmicrocreditsummit2011.org/userfiles/file/Workshop%20Papers/W_%20Maddocks%20-%20How%20Can%20Microfinance%20Programs%20Help%20the%20Struggle%20Against%20Social%20Problems%20Such.pdf)

This paper presents an analysis of the role of microfinance institutions in helping to solve “seemingly intractable social problems” including begging, domestic violence, HIV/AIDS and discrimination against the disabled, all while maintaining financial sustainability. Mr Maddocks presents examples in which these issues have been ameliorated through a blend of financial services and social programming using “group-based methodologies.” The paper focuses on how group-based microfinance programs are able to “build pathways to healthier, more fulfilling and productive lives for their members,” studying how collaboration between men and women through microfinance initiatives can lead to “concrete progress in challenging some of the core issues of poverty such as health, education, isolation, and gender violence.” The paper also explores whether the “personal and associational bonds created through group interaction” are the “real engine” driving social and economic development, rather than being the result of access to financial services.

The programs studied were the Intervention with Microfinance for HIV/AIDS and Gender Equality (IMAGE) effort of the Small Enterprise Foundation of South Africa, the National Union of Disabled Persons of Uganda’s (NUDIPU’s) We Can Change program, the Struggling (Beggar) Members program of Grameen Bank of Bangladesh and the Targeting the Ultra Poor program and Graduation Model Pilot Project of BRAC, which was formerly known as Bangladesh Rural Advancement Committee.

## SUBSCRIBE TO THE MICROCAPITAL MONITOR

*The MicroCapital Monitor is available only by paid subscription. Subscribe today to support a representative voice for microbankers and investors at [MicroCapital.org](http://MicroCapital.org) or by calling +1 617 648 0043. Subscriptions include 12 monthly issues and access to all back issues.*

**Bronze: USD 149 per year - Sent to one email address**  
**Silver: USD 299 per year - Emailed to three people at one organization**  
**Gold: USD 699 per year - Customized, organization-wide access**  
**Discount: USD 99 per year - Available only OUTSIDE rich countries**

Mr Maddocks argues that the IMAGE program has proven successful at building social capital among poor women in South Africa, challenging gender violence and breaking down social taboos against potentially life-saving discussions about sex, sexually transmitted diseases and sexual violence. The paper attributes the program’s success to its linkage to a “strong and well established” microfinance institution that possesses an understanding of the population it serves and holds program sustainability at the “forefront of its organizational objectives.”

NUDIPU’s We Can Change program sponsors informal village savings and lending associations, helping disabled persons in Uganda save and borrow in groups, which has led to the creation of livelihoods, direct participation in community organizations and a “pathway to entrepreneurship” for a segment of the Ugandan population that has historically been excluded from access to such resources. According to the report, the effectiveness of the program has been largely due to the established reputation of NUDIPU, which has helped to mitigate social stigma surrounding the disabled and their potential roles in entrepreneurial ventures.

According to Mr Maddocks, Grameen Bank’s Struggling Members program has proven effective in providing financial resources to beggars, challenging the social isolation of the group by granting them flexible access to credit and other services. This program has especially helped female beggars “grow their self-confidence and basic skills needed to become petty traders,” helping them to build more

financially stable lives and shed the social stigma of begging.

The paper attributes the success of BRAC’s Targeting the Ultra Poor program to letting go of “rigid methodological models” and offering people “a graduated approach to moving out of destitution by steadily building assets and connection to the social networks....”

The author suggests that the pairing of “transformative social programming” with effective and appropriate financial services is critical to the ability of microfinance providers to effect social change. According to Mr Maddocks, this dual approach enables microfinance providers to “marshal the aspirations of their poorest members into a well sequenced and rational series of small wins through learning, earning and accumulation of assets,” helping to eliminate “extreme poverty and its associated maladies of disease, disability, illiteracy and disenfranchisement,” which “literally disintegrate the social bonds that create civility, build and maintain the social capital needed to cope with adversity and imagine collective solutions.”

Mr Maddocks’ paper concludes with a call for microfinance institutions to pioneer new ways to use microfinance to promote social change even though “This role may be well beyond the comfort zone of many mainstream, market-oriented [microfinance institutions].” He argues that success demands “pioneers... who are willing to look deeply into the causes of poverty and social exclusion and are committed to waging a multilateral assault on the conditions that make this poverty possible.”

## The Family Office & Wealth Management Conference

Hilton Tel Aviv

June 10th, 2013

## The East Coast Family Office & Wealth Management Conference

Union League Club, NYC

October 2nd, 2013