

MICROCAPITAL BRIEFS | TOP STORIES

Micro Housing of India Lands \$5m in Equity from Dell, IFIF, Unilazer

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

EFSE Loans \$30m in Serbia, Romania

Germany's Finance in Motion, fund advisor to the government-backed European Fund for Southeast Europe (EFSE), recently informed MicroCapital that during September EFSE loaned the equivalent of USD 27 million to Komercijalna banka Beograd of Serbia and USD 3.4 million to Patria Credit of Romania. Komercijalna banka Beograd, which is 43-percent government-held, reports assets of USD 4.1 billion. Patria reports a gross loan portfolio of USD 71 million and 12,000 borrowers. EFSE holds a label from the Luxembourg Fund Labeling Agency verifying that the fund actually invests in microfinance. October 10, 2013

ACAD of Palestine Attracts \$5.3m in Support as It Converts to For-profit

The Arab Centre for Agricultural Development (ACAD), a nonprofit microlender in Palestine, has secured funding and training commitments worth USD 5.3 million from the following organizations: the EU's European Investment Bank (EIB); the Luxembourg-based Grameen Credit Agricole Microfinance Foundation; French NGO Solidarite Internationale pour le Developpement et l'Investissement; and Dutch microfinance fund manager Triple Jump. While the nature of the commitments from the other participants has not been released, EIB is contributing technical assistance and funding of USD 1 million. A portion of the services will support ACAD in converting into ACAD Finance, a for-profit entity regulated by the Palestine Monetary Authority. As of 2011, ACAD reported a gross loan portfolio of USD 4.5 million. October 8, 2013

Microlenders in Ghana Allegedly "Reaping Heavily" via High Rates

Microfinance institutions (MFIs) in Ghana reportedly are "reaping heavily" from consumers who do not understand the flat-rate interest calculation method used by most microlenders in the country. This method involves charging interest on the initial loan amount throughout the term of the loan rather than on the remaining loan balance. The Bank of Ghana, the nation's central bank, reportedly is concerned over the surging numbers of MFIs in the country, many of which are out of regulatory compliance. September 29, 2013

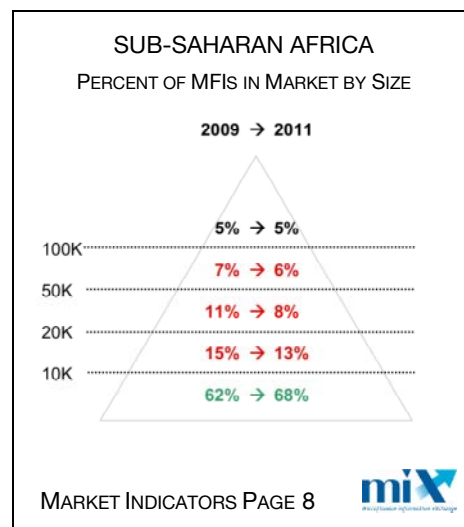
Dominican Republic's ADOPEM to Offer Flexible Farm Loans

Asociacion Dominicana para el Desarrollo de la Mujer (ADOPEM), a microfinance institution in the Dominican Republic, recently announced that it will collaborate with Codespa, a Spanish NGO, and the Spanish government's Agencia Española de Cooperación Internacional para el Desarrollo, to provide loans to 12,000 farmers in the Dominican Republic. The borrowers also will receive agricultural training and have a choice of repayment schedules that correlate with crop cycles. ADOPEM reports a gross loan portfolio of USD 72 million and USD 35 million in deposits. September 18, 2013

Standard Chartered Loans \$13m to India's Equitas, Satin

The UK-based Standard Chartered Bank recently notified MicroCapital that it disbursed local-currency loans equivalent to USD 7.2 million to Equitas Microfinance and USD 5.5 million to Satin Credit Care. The loans to the Indian microlenders are intended to support a total of 30,000 microentrepreneurs. Equitas reports assets of USD 245 million, a gross loan portfolio of USD 209 million, 1.3 million active borrowers, return on assets (ROA) of 2.7 percent and return on equity (ROE) of 13 percent. Satin reports total assets of USD 137 million, a gross loan portfolio of USD 107 million, 485,000 active borrowers, ROA of 0.86 percent and ROE of 4.8 percent. September 18, 2013

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MICROCAPITAL BRIEFS

MicroCapital to Cover European Microfinance Week Onsite

MicroCapital is pleased to announce that we have been contracted to provide onsite reporting again from European Microfinance Week, a production of the 140-member European Microfinance Platform. We will publish multiple postings at <http://microcapital.org> and on Twitter @MicroCapital during the event, which will take place in Luxembourg from November 12 through November 14. For more details, you may refer to the ad on page 4 of this newspaper and <http://e-mfp.eu>.

October 11, 2013

World Bank Commits \$300m for Home Mortgages in Nigeria

The World Bank's International Development Association reportedly has committed a loan of USD 300 million for a housing loan program for middle- and lower-income households in Nigeria. A portion of the funding will support banks by sharing the risk of loans they disburse to people with lower incomes. The funding will also back a new facility to purchase housing loans disbursed by banks, freeing up their capital for additional lending. October 10, 2013

SKS of India Securitizes \$52m in Microloans

Indian provider of microcredit and microinsurance SKS Microfinance reportedly has securitized a package of microloans and sold it for the equivalent of USD 52 million to an unidentified public-sector bank. The fresh liquidity is expected to fund microenterprise loans for 475,000 women in rural areas. As of September 2012, SKS reported total assets of USD 354 million and 3.9 million borrowers. As of March 2012, the microbank reported return on assets of -46 percent and return on equity of -110 percent. October 10, 2013

Airtel, MicroEnsure, Pan Africa to Offer Mobile Insurance in Kenya

MicroEnsure, a UK-based microinsurance intermediary, has announced that it will launch a mobile life insurance product with Airtel Kenya, a subsidiary of Indian mobile phone company Bharti Airtel, and Kenyan insurer Pan Africa Life. The product, called "Bima Mkononi," which means "money in your hands" in Swahili, will be available to Airtel's 3 million mobile-money subscribers in Kenya. The product will provide life insurance coverage of as little as USD 284 for USD 0.17 per week, with no restrictions based on prior medical conditions. Airtel serves 261 million subscribers worldwide. MicroEnsure serves 3.5 million clients in the Caribbean, Africa and Asia. Pan Africa Life holds USD 194 million in assets. October 9, 2013

Bangladesh Tightens Grip on Grameen Bank

The Bangladeshi government reportedly has decided to place the Grameen Bank, a Bangladeshi microfinance institution, under the control of the Bangladesh Bank, the country's central bank, allegedly in order to "better monitor" the microcredit organization. Grameen is currently regulated under the Grameen Bank Ordinance of 1983, but the central bank is working to regulate the bank under the Banking Companies Act of 1991. Under the new provisions, the Bangladesh Bank would regularly inspect Grameen, although it reportedly would not introduce major changes to the bank's shareholder structure. The government owns 25 percent of the equity in Grameen, while its customers own the remainder. Grameen reports total assets of USD 1.9 billion and 6 million active borrowers. October 9, 2013

AFMIN, Moody's Partner on Social Performance Assessments

The 1,100-member Africa Microfinance Network recently partnered with Moody's Analytics, a US-based financial risk management firm, to produce social performance assessments of microfinance institutions in sub-Saharan Africa. Moody's Corporation, the parent of Moody's Analytics, reports annual revenue of USD 2.7 billion. October 8, 2013

Indonesia's Otoritas Jasa Keuangan to Regulate MFIs as of 2015

Otoritas Jasa Keuangan (OJK), an agency of the Indonesia government that regulates the financial services sector, has announced that in 2015 it will take over the regulation of microfinance institutions from Bank Indonesia, the central bank of the country. OJK has regulated banks and non-bank financial institutions since it was created in 2011. As part of the move, OJK will seek to increase public awareness of illegal financial products and investment opportunities from outside the country, including "pyramid" multi-level marketing schemes. October 8, 2013

Absolute Lends \$12m in Asia, Latin America

Absolute Portfolio Management, an Austrian asset manager, recently informed MicroCapital that it issued USD 12.5 million in credit during September via two funds, Dual Return Fund-Vision Microfinance and Dual Return Fund-Vision Microfinance Local Currency. An unspecified portion of the funds was lent to Fundacion Diaconia, a Bolivian microlender that primarily serves female entrepreneurs. Diaconia reports total assets of USD 80 million, a gross loan portfolio of USD 75 million, 66,600 borrowers, return on assets of 8.3 percent and return on equity of 16 percent. The remainder was lent to unidentified microfinance institutions in Armenia, Azerbaijan, Cambodia, Costa Rica, Ecuador, Nicaragua and Tajikistan. October 8, 2013

Standard Chartered Bank Loans \$1.8m to Asa Philippines

UK-based Standard Chartered Bank reportedly has loaned the equivalent of USD 1.8 million to Asa Philippines Foundation, a Manila-based provider of loans, savings, insurance, business development training and academic scholarships for clients and their children. Asa reports total assets of USD 57 million, a gross loan portfolio of USD 55 million, deposits of USD 32 million, 601,000 customers, return on assets of 5.3 percent and return on equity of 29 percent. October 8, 2013

Pakistan Launches Financial Literacy Program for Farmers

The State Bank of Pakistan (SBP), the nation's central banking authority, recently launched a program intended to educate farmers about agricultural financing products, build the capacity of commercial banks regarding agricultural financing, and remove policies and regulations that obstruct the agricultural sector. SBP and the Bank of Khyber, which is backed by the government of the Pakistani province of Khyber Pakhtunkhwa, recently hosted a session for farmers on financial products, money management, and borrowers' rights and duties. The banks have also trained officials specializing in agricultural finance to run their own training programs for farmers. October 7, 2013

EBRD Issues \$1.5m to First MicroCredit Company of Kyrgyzstan

The European Bank for Reconstruction and Development, a multilateral financial institution, recently loaned the local-currency equivalent of USD 1.5 million to First MicroCredit Company of Kyrgyzstan to support on-lending to micro-, small and medium-sized enterprises, especially those in the agricultural sector. First MicroCredit reports total assets of USD 12.4 million, a gross loan portfolio of USD 11.8 million and 16,500 borrowers. October 6, 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!

OPIC Backing Citi on \$200m in Loans for Small Businesses

Citigroup, a US-based financial services corporation, and the Overseas Private Investment Corporation (OPIC), a development finance institution of the US government, reportedly have partnered to deliver USD 200 million to Citigroup's financial institution clients. An unspecified portion of the financing will be on-lent to small corporate suppliers as well as self-employed individuals and smallholder farmers in rural Africa, Asia, Eastern Europe, Latin America and the Middle East. Although details about the partnership have not been released, OPIC in the past has guaranteed loans distributed by Citigroup. Citigroup reports total assets of USD 1.9 trillion, and OPIC has a total portfolio of USD 16.4 billion. October 7. 2013

Tamweelcom of Jordan to Launch Mobile Credit Bus

Tamweelcom, a microcredit provider formerly known as the Jordan Micro Credit Company, reportedly will launch a mobile credit unit in the northern Jordanian cities of Mafraq, Northern Shunch and Ramtha. The Tamweelcom bus will visit each city two days per week to collect microcredit applications and disburse loans at locations such as bus stations, police stations and markets. As of 2011, Tamweelcom reported total assets equivalent to USD 27 million and a gross loan portfolio of USD 25 million. Tamweelcom serves 67,700 clients via 26 branches in Jordan as of 2013. October 5. 2013

EBRD May Lend \$23m to Russia's Transcapital to Cut Energy Use

The European Bank for Reconstruction and Development, a UK-based multilateral institution, is considering financing a senior loan equivalent to USD 23 million for Transcapitalbank (TCB) of Russia to on-lend for residential energy-efficiency projects. The loan would be packaged with technical assistance for TCB relating to product design and establishing procedures for issuing the retail loans. Kommunalkredit Public Consulting, which is funded by the Austrian Ministry of Finance, will also provide advice to homeowners on planning their projects and ensuring that they comply with energy efficiency standards and regulations. TCB has total assets of USD 3.9 billion. October 4. 2013

Shell, GroFin to Invest \$100m in SMEs in Middle East, Africa

The Shell Foundation, a social-investment initiative of petroleum firm Royal Dutch Shell, reportedly has partnered with GroFin, a South African investor in small and medium-sized enterprises (SMEs), to provide USD 100 million in risk capital and unspecified business support to SMEs in Africa and the Middle East. The initiative, dubbed "Nomou," initially will be focused on Egypt, Iraq, Jordan and Saudi Arabia, with the aim of supporting sustainable businesses and driving job creation. Loans will be sized from the equivalent of USD 136,000 to USD 1 million with terms of four to six years and interest rates ranging from 15 to 20 percent per year. According to a quote attributed to Jurie Willense, CEO of GroFin, "[over] the next five years, we are looking to give business support to 600 SMEs, invest into around 200 of them and create 15,000 sustainable job opportunities." The Shell Foundation reports total assets of USD 448 million, and GroFin manages seven funds with committed capital of USD 320 million. October 4. 2013

EBRD Offers Training for Lenders on Environmental, Social Issues

The UK-based European Bank for Reconstruction and Development (EBRD) recently launched an online training program that aims to help its clients manage the environmental and social risks that arise from their retail lending operations. The program covers ways that financial institution operations can cause environmental damage or threaten endangered species, as well as provides an overview of health, safety, labor and environmental standards. The training emphasizes monitoring loans with the aim of raising the environmental and social standards of micro-, small and medium-sized enterprises. During 2012, EBRD invested the equivalent of USD 11 billion in 34 countries. October 3. 2013

MicroCapital Deal of the Month

Micro Housing Finance Lands \$5m in Equity from Dell, India Financial Inclusion Fund, Unilazer

Micro Housing Finance Corporation, an Indian provider of housing loans, recently announced that it has raised the equivalent of USD 5.6 million in equity. The breakdown of funding by investor has not been released, but the participants included two existing shareholders: the US-based Michael and Susan Dell Foundation and the USD 90 million India Financial Inclusion Fund. India's Unilazer Ventures, an investor in early-stage businesses, also participated in the funding round, investing in Micro Housing for the first time. Micro Housing provides loans of up to USD 8,000 at rates of 11 percent to 13 percent per year with terms of up to 15 years. With the new investments, the firm holds total capital of USD 12.4 million. For 2011, the Dell Foundation reported USD 817 million in assets. Unilazer is valued at the equivalent of USD 130 million.

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Ingenico, Tagattitude Partner on Mobile Money in Africa

Two French electronic-payment firms, Ingenico and Tagattitude, reportedly have partnered to provide mobile money services in unspecified countries in Africa. Ingenico's point-of-sale systems will be connected to TagPay, Tagattitude's mobile money platform, to provide customers with access to services including money transfer, retail payment, airtime top-up, salary disbursement, e-commerce, bill-payment services, automated teller machine withdrawals, and health and microfinance solutions. Ingenico reports operations in 125 countries, and Tagattitude serves 21 countries. October 2. 2013

\$40m Charioteer Fund-I to Boost Skills, Microenterprises in India

Krishnamurthy Vijayan, the former executive chairman of the Indian asset-management arm of US-based bank JP Morgan Chase, reportedly has created Charioteer Fund-I, an "impact investment" fund intended to raise the equivalent of USD 40 million. The fund is expected to place investments in 25 ventures that serve low-income people in areas such as opening bank accounts and obtaining medical insurance and pensions. Although the fund is still raising capital from unidentified individual investors and institutions, Mr Vijayan plans to announce the fund's first lot of investments before the end of October. October 1. 2013

PlaNNet, Cambodia's TPC, China's CFPA Partner to Manage Risk

PlaNNet Finance, a French NGO, recently partnered with microfinance institutions Thaneakea Phum Cambodia and the China Foundation for Poverty Alleviation (CFPA) to deploy PlanNet Finance's new risk management system. PlanNet reportedly will pilot the tools through a Microfinance Robustness Program supported by the Credit Suisse Microfinance Capacity Building Initiative, a subunit of the Switzerland-based financial services company Credit Suisse. Thaneakea Phum Cambodia and CFPA each serve approximately 125,000 borrowers. PlanNet is active in 80 countries. October 1. 2013

EUROPEAN MICROFINANCE WEEK 2013

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At CGI, Partners Pledge to Spend \$1.5b on Women-owned Firms

At the recent annual meeting of the US-based nonprofit Clinton Global Initiative (CGI), its members made 160 new commitments that are intended to help 22 million people. US-based NGOs WEConnect International and Vital Voices Global Partnership announced that a group of public and private organizations will spend USD 1.5 billion by 2018 on women-owned businesses based outside the US. This amount includes purchases made by project partners such as US-based retailer Wal-Mart and US-based beverage company Coca-Cola. For a complete list of partners, please refer to <http://microcapital.org>. In addition, 15,000 women-owned businesses will receive support in preparing to act as suppliers to the firms. As of 2012, CGI members had made 2,300 commitments valued at USD 73 billion. October 1, 2013

Cebuana Lhuillier Deploys Microinsurance Vans in the Philippines

Cebuana Lhuillier Insurance Solutions of the Philippines reportedly has launched a fleet of eight "Microinsurance on Wheels" vans that will bring microinsurance to metropolitan Manila and the islands of Luzon, Visayas and Mindanao. The program will promote the company's microinsurance plan, Alagang Cebuana Plus, which costs the equivalent of USD 0.58 for four months of coverage of up to USD 460 against accidental death or dismemberment. USD 115 in fire coverage is also included in the same rate. Cebuana Lhuillier has 1,500 branch offices in the Philippines and reportedly sold 12 million Alagang Cebuana Plus policies during 2012. September 30, 2013

Cambodia's Sathapana, ElectraCard to Provide Card Services

Sathapana Limited, a microfinance institution in Cambodia that is majority-held by Mahuran Japan Bank, reportedly has partnered with ElectraCard Services, a subsidiary of India-based Opus Software Solutions, to provide automated teller machine (ATM) and debit card services to Sathapana customers. Sathapana plans to offer cardless remittances, airtime top-up for mobile phones, dual-currency cash dispensing and deposit services through ElectraCard's electronic payment platform. ElectraCard's products include electraDebit, which supports various debit card operations that are compatible with networks such as US-based Visa and MasterCard, and electraSwitch, a routing system that allows financial institutions to deliver services via ATMs, kiosks, cash deposit machines, point-of-sale terminals, internet, land-line telephones and mobile phones. Sathapana reports total assets of USD 150 million. September 30, 2013

Poll: Mobile Money Not Widely Adopted in Nigeria

A recent survey conducted by Nigeria's Ngozi Okonjo-Iweala Polls concluded that 60 percent of Nigerians do not know what mobile money is or that it is offered in their country. Of the 40 percent who are aware of mobile money, 13 percent use the service. Ninety-three percent of those using mobile money also have a bank account. September 27, 2013



Liberia Loans \$483k in Rural Areas, Plans Customer-owned MFIs

The Central Bank of Liberia (CBL) reportedly has issued loans totaling the equivalent of USD 483,000 for on-lending by 106 financial institutions in the Liberian counties of Bomi, Gbarpolu and Grand Cape Mount. The funds are intended to "empower" rural businesses and increase the financial inclusion of rural residents. CBL Executive Director J Mill Jones reportedly cited a repayment rate of 100 percent on loans of this type over an unspecified time period. Dr Jones also stated that CBL was in the process of establishing a money transfer system as well as additional rural lending institutions that would be partially owned by low-income customers. September 27, 2013

India Mulls \$859m Boost for IMF; Women's, MSME Programs

The Indian government reportedly is awaiting Parliamentary approval to spend the equivalent of USD 859 million on various projects, including an additional USD 159 million for each of the following: the Nirbhaya Fund, a fund supporting women's safety in India; the National Skill Development Corporation, a government-backed provider of adult education; and to double the initial funding for a women-only bank, the formulation of which was announced in the April issue of this newspaper. USD 79 million is intended to go to the Small Industries Development Bank of India (SIDBI) to establish a fund to share risk with creditors that lend to micro-, small and medium-sized enterprises. USD 15 million would go to the Indian Microfinance Equity Fund of SIDBI. Lastly, USD 288 million would be lent to the UN-affiliated International Monetary Fund. September 27, 2013

Law Union and Rock Launches Microinsurance in Nigeria

Law Union and Rock Insurance Public Limited Company of Nigeria reportedly has established a unit to provide microinsurance services to individuals and microenterprises. As of 2011, Law Union and Rock reported total assets equivalent to USD 44 million. Details on the policies to be offered have not been released. September 26, 2013

Arnaud Servais to Lead Appui au Developpement Autonome

Appui au Developpement Autonome (ADA), an NGO based in Luxembourg that supports microfinance institutions, has appointed Arnaud Servais to serve as its executive director. Mr Servais previously worked with Dutch professional services company KPMG and the Luxembourgish Centre Hospitalier Neuro-Psychiatrique. The exiting executive director of ADA, Axel de Ville, will join the regional office of the UN Capital Development Fund in Senegal. September 25, 2013

Bangladesh Asks Commercial Banks to Serve Garment Workers

The Bangladesh Bank, the country's central bank, recently asked commercial banks to offer garment workers simple bank accounts to enable them to receive wages electronically. Banks will be required to submit quarterly reports on any such accounts, which would not require a minimum balance or periodic fee. To open an account, a worker would submit identification cards and make a deposit equivalent to USD 1.30. September 25, 2013



Bank of Ghana Boosts Liquidity Requirement for MFIs

The Bank of Ghana, the central bank of the country, recently increased the minimum capital requirement for microfinance institutions (MFIs) to the equivalent of USD 138,000, with a threshold of USD 230,000 for deposit-taking MFIs. Each is a five-fold increase from the previous requirement. In addition, MFIs with fewer than five branches will require additional capital of USD 46,000 per branch, and MFIs with more branches will require an additional USD 92,000 per branch. The new requirements allow MFIs to spend 25 percent of initial paid-up capital on building capital while the rest must be held as cash. MFIs have until June 2016 to comply with the new requirements. September 25, 2013

Ujjivan of India Raises \$8m in NCDs from Oikocredit

Ujjivan Financial Services, a Bangalore-based microfinance institution, has sold the equivalent of USD 7.9 million in listed, secured, redeemable, non-convertible debentures to Oikocredit, a Dutch cooperative investor. Ujjivan reports total assets of USD 249 million, a gross loan portfolio of USD 207 million, 1 million active borrowers, return on assets of 3.4 percent and return on equity of 12 percent. Ujjivan serves clients through 322 branches in 21 Indian states. Oikocredit reports total assets of USD 961 million. September 23, 2013

Rizal of the Philippines Sets Up 8 Mobile Microbusiness Offices

Rizal Microbank, a subsidiary of the Rizal Commercial Banking Corporation of the Philippines, reportedly is spending the equivalent of USD 367,000 to set up eight mobile microbusiness offices. Each of the offices will consist of two container vans staffed by two bank employees. Cashless transactions will be offered via automated teller machines and the firm's "My Wallet" debit cards. Rizal Microbank has 14 branches and has disbursed USD 18 million in microloans since its inception in 2009. Rizal Commercial reports total assets of USD 8.7 billion. September 23, 2013

EBRD Establishes \$2m Local-currency Credit Line for Bank of Asia

The UK-based European Bank for Reconstruction and Development recently opened a local-currency credit line in an amount equivalent to USD 2 million for the Bank of Asia Closed Joint Stock Company of Kyrgyzstan to support on-lending to micro-, small and medium-sized enterprises (MSMEs). As a condition of the loan, the Kyrgyzstani government and the Bank of Asia agreed in writing to attempt to "reduce dollarization and strengthen their country's capacity to intermediate savings and investments through the use of the Kyrgyz Som." Bank of Asia CEO Taalaibek Dzhumataev reportedly lauded the increase in local-currency lending to MSMEs for lowering the exchange-rate risk shouldered by the bank's clients. September 22, 2013

India's SKS Trust Buys 2.7% of SKS Microfinance for \$2m

SKS Trust Advisors Private Limited, the trustee of five mutual benefit trusts benefiting groups of poor people who borrow from India's SKS Microfinance Limited, reportedly has purchased an additional 2.69 percent of the shares of SKS Microfinance, increasing its stake in the firm to 12.6 percent. SKS Trust reportedly acquired approximately 1.02 million shares at a price of INR 131 (USD 2) per share. SKS Microfinance is a for-profit company that delivers microloans and microinsurance to women. As of September 2012, SKS Microfinance reported total assets of USD 354 million and a gross loan portfolio of USD 250 million disbursed to 3.9 million borrowers. As of March 2012, the microbank reported return on assets of -46 percent and return on equity of -110 percent. September 20, 2013

IFC Lends \$500k to Tuba Rai Metin of Timor-Leste

The World Bank Group's International Finance Corporation recently issued a convertible loan of USD 500,000 to Tuba Rai Metin (TRM), a nonprofit microlender that serves women and small businesses in Timor-Leste. This loan, which can be converted to equity, is intended to help TRM transform into a regulated financial institution, as well as increase the organization's loan book. TRM reports a gross loan portfolio of USD 2.8 million and deposits of USD 800,000. September 19, 2013

EFSE Loans \$8m to Microinvest of Moldova, Inecobank of Armenia

The European Fund for Southeast Europe (EFSE), a government-backed microfinance vehicle, recently announced that it has disbursed a five-year senior loan equivalent to USD 6.8 million to Inecobank, an Armenian microbank, and USD 1.3 million to Microinvest, a Moldovan microlender. Inecobank reports total assets of USD 272 million, a gross loan portfolio of USD 199 million and USD 82 million in deposits as of 2012. Microinvest reported total assets of USD 26 million and a gross loan portfolio of USD 17.9 million as of 2011. Microinvest was founded by Soros Foundation Moldova, an affiliate of the US-based Open Society Foundations. September 18, 2013

Papua New Guinea, PFIP Seek to Reach 1.6m People by 2015

Representatives of the Bank of Papua New Guinea (PNG), the nation's central bank; the Centre for Excellence in Financial Inclusion, a coordinator of financial inclusion strategies in the country; and the UN-backed Pacific Financial Inclusion Program recently met in support of a goal to reach 1.6 million unbanked people in PNG by 2015. The country's National Postal Service as well as other unspecified financial institutions agreed to participate in the effort, which is to address: (1) financial education; (2) consumer protection; (3) rural, branchless and mobile banking; (4) research; (5) the integration of financial inclusion into local government; and (6) financing microenterprises. September 17, 2013





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FIELD NOTES

Behind the Scenes at FOROMIC 2013

I had the pleasure of being one of almost 1,800 people at last week's XVI Inter-American Forum on Microenterprise (FOROMIC) in Guadalajara, Mexico, celebrating the 20th anniversary of the Inter-American Development Bank's Fondo Multilateral de Inversiones (FOMIN or, in English, the Multilateral Investment Fund). Sixteen years after the first FOROMIC, which was also held in Mexico, seemed like a good time to reflect on how the microfinance industry has changed over this period. One notable shift is that the audience has broadened. At this year's FOROMIC, representatives of investment funds were launching health and clean energy funds; mobile phone operators were there, talking about payments; and crowdsourcing platforms, like Kiva, drew lots of attention.

FOMIN's general manager, Nancy Lee, also noted that not just the players, but the conversations have changed significantly since that first FOROMIC in 1998. Back then, attendees spoke about formalizing NGOs, whereas over 1,000 microfinance institutions (MFIs) in the region are regulated today. Meanwhile, new regulatory issues have been raised, including how to address mobile money and social impact bonds. Internally, FOMIN is adapting to these changes by thinking more about its role as a knowledge center that feeds innovation. But Ms Lee also noted that some topics have stubbornly remained on the agenda over the years with little progress, specifically savings and rural finance. She reflected that perhaps FOMIN and others in the community had focused excessively on credit and serving urban areas over the years. This was clearly the easier road. To reach rural areas, MFIs must improve efficiencies and reduce risk. Last week, many were talking about offering microinsurance products to guarantee their rural borrowers' crops. But a better first step may be to improve their understanding of their primary underlying risks (for example, by quantifying how much

corn they are financing prior to joining forces with crop insurers that cover only corn). Additionally, few MFIs are addressing inherent flaws in their models, which have stagnated over the years with inefficiencies and perhaps excessive decentralization, exacerbated by the geographic challenges of rural loans. Reducing administrative costs and not just risk can also make a difference, especially for large MFIs. This may be a good place to start when tackling the rural challenge.

On the other hand, investors, whose holdings are quite liquid, need to continue to put their money to work; yet more and more MFIs are regulated and funding themselves through savings - and even local bond markets - at interest rates much below those that foreign funds can offer. We may be entering a period with a smaller pool of MFIs available for foreigners to invest in.

Investors face some hard choices about where to place their liquidity. They could: (1) fund smaller and perhaps less profitable institutions that focus on social rather than commercial returns; (2) diversify investments - perhaps into other regions or into fields such as health or the environment; and (3) seek to become cheaper and more efficient themselves - possibly by moving staff to lower-cost places or merging with other investors. Some combination of the three is most likely.

While FOMIN hasn't announced the venue for next year's event, I'm sure there will be great Latin music and lots to discuss...and perhaps an even broader array of actors than we can imagine today.

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](#).



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MICROCAPITAL MARKET INDICATORS | SUB-SAHARAN AFRICA

207 MICROFINANCE INSTITUTIONS (MFIs) REPORTING¹

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

MFI NAME	COUNTRY	AVERAGE ANNUAL USD INCREASE	AVERAGE ANNUAL % INCREASE	2009	2011
Capitec Bank	South Africa	901,905,095	89%	726,356,477	2,530,166,667
Equity Bank	Kenya	23,116,295	26%	818,101,516	1,280,438,105
National Microfinance Bank	Tanzania	159,238,199	27%	514,503,919	832,980,317
Gambia Women's Finance Association	Gambia	41,852,070	Large	612,892	84,317,032
Lift Above Poverty Organization	Nigeria	21,707,638	63%	26,832,610	70,247,885
Amhara Credit and Savings Institution	Ethiopia	19,232,954	20%	131,184,763	169,650,670
Credit Mutuel du Senegal	Senegal	17,834,033	11%	150,824,471	186,492,537
Cameroon Co-operative Credit Union League	Cameroon	15,873,416	12%	125,182,192	156,929,023
Centenary Rural Development Bank	Uganda	13,083,889	8%	186,648,786	212,816,564

PERCENT OF MFIs IN MARKET BY SIZE (NUMBER OF ACTIVE BORROWERS)

2009 → 2011



MARKET SHARE BY MFI SIZE (NUMBER OF ACTIVE BORROWERS)

2009 → 2011



¹Denotes only MFIs that reported data for 2009 and 2011 to the Microfinance Information Exchange (MIX) Market

Source: MIX, October 2013

UPCOMING EVENTS

Fourth Pacific Microfinance Week

October 21 - October 25, 2013; Nadi, Fiji

This series of workshops, field visits and formal conference sessions will cover policy, regulation, social performance management, growing microenterprises, agricultural products, market research, client segmentation, product design, client assessment, financial literacy, promoting women in leadership, and mobile and branchless banking. The cost of the event is AUD 300, with discounts available for members of the Microfinance Pasifika Network and groups of four or more. For more information, you may email [info\[at\]microfinance-pasifika.org](mailto:info[at]microfinance-pasifika.org), visit <http://www.microfinance-pasifika.org/pmw2013.html> or call +61 7 3217 2924.

XII National Conference on Microfinance and Financial Inclusion

October 23 - October 25, 2013; Moscow, Russia

This event is themed "Innovation and Consumer Protection - Implementing Client-Centric Approach". The fee to attend is USD 74. More details are available via <http://www.conf.rusmicrofinance.ru/en/>, +7 495 258 6831, +7 495 258 8705 or [conference\[at\]rmcenter.ru](mailto:conference[at]rmcenter.ru).

Financial Inclusion 2020 Global Forum

October 28 - October 30, 2013; London, UK

This forum will explore strategies for achieving global financial inclusion by the year 2020 through the collaboration of players from a variety of industries. The event is by invitation only; to nominate an individual to attend, you may call +1 202 393 5113 or email [cfievents\[at\]accion.org](mailto:cfievents[at]accion.org). More details may be requested from Adriana Magdas at the above telephone number or by emailing [amagdas\[at\]accion.org](mailto:amagdas[at]accion.org). The event website may be accessed at: <http://www.centerforfinancialinclusion.org/fi2020/global-forum>.

Conference on Sustainable, Responsible, Impact Investing

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

This conference offers sessions on accessing impact investments; investing with attention to environmental, social and corporate governance (ESG) issues; ESG integration with portfolio management; risk management in energy production and development; the green energy market; and clean technology. The cost to attend is USD 1,095. For more information, you may contact Krystala Kalil via [krystala\[at\]sriconference.com](mailto:krystala[at]sriconference.com) or +1 719 636 1943. The event website is <http://www.sriconference.com>.

SEEP Network Annual Conference & Global Network Summit

November 4 - November 7, 2013; Arlington, Virginia, USA

This event offers technical sessions, member-led workshops and other programming addressing topics such as service delivery, public-private partnerships and overcoming barriers between those working in finance and enterprise development. The fee to attend all sessions is USD 1,300, with lower rates available to members of the Small Enterprise Education and Promotion Network and for those attending only a portion of the proceedings. For more details, you may call +1 202 534 1400, email [info\[at\]seepnetwork.org](mailto:info[at]seepnetwork.org) or visit <http://www.seepnetwork.org/>.

Third Annual Central Asian Microfinance Forum

November 7 - November 8, 2013; Almaty, Kazakhstan

This forum will cover topics such as adjusting to market saturation, regulatory considerations and product diversification. The fee to attend is EUR 1,178. More information may be had via Kiril Gelevski at +420 226 538 130 or [kgelevski\[at\]uni-global.eu](mailto:kgelevski[at]uni-global.eu), or you may visit <http://www.uni-global.eu/en/event/2013-141>.

United Nations Environment Program's Sustainable Finance Week

November 10 - November 15, 2013; Beijing, China

This set of events includes the two-day Global Roundtable of the UN Environment Program's Finance Initiative. Since 1992, this group has worked with signatories to address government and shareholder expectations regarding corporate governance, community support, and social and environmental impacts. Registration requirements vary by event. Invitations to certain events must be requested through [sfw\[at\]unepfi.org](mailto:sfw[at]unepfi.org). Details are available by calling +41 (0) 22 796 9240 or visiting <http://www.unepfi.org/sfw/>.

European Microfinance Week

November 12 - November 14, 2013; Luxembourg

This event, which will be covered onsite by MicroCapital, is offered by the Luxembourg-based, 140-member European Microfinance Platform. Sessions will cover issues such as gender, youth, housing finance, market infrastructure, regulation and microequity. The fee to attend is EUR 500, with a student rate of EUR 80 available. More information is available at <http://www.e-mfp.eu/microfinance-week> or by contacting +352 26 27 13 55 or [contact\[at\]e-mfp.eu](mailto:contact[at]e-mfp.eu).

9th International Microinsurance Conference

November 12 - November 14, 2013; Jakarta, Indonesia

This conference will include presentations and workshops addressing the following themes: distribution channels, Islamic microinsurance, serving migrant workers, improving outreach through technology, client education, failures and market analysis. The cost to attend is EUR 1,190 with discounts available for those registering before October 15. Inquiries may be directed to Dirk Reinhard by phoning +49 89 38910 or emailing [dreinhard\[at\]munichre-foundation.org](mailto:dreinhard[at]munichre-foundation.org). The event website is available at: <http://www.munichre-foundation.org/home/Microinsurance/>.

TBLI Conference

November 14 - November 15, 2013; Zurich, Switzerland

This conference will address investing for "triple-bottom-line" returns in the areas of the environment, social progress and financials. The cost to attend the event, which is themed "Rethink The Past And Move On," is CHF 1,500, with discounts available for one-day and virtual attendees. For details, you may reach Iris Kuipers at +31 20 428 67 52 extension 21 or [iris\[at\]tbligroup.com](mailto:iris[at]tbligroup.com), or you may visit <http://tbliconference.com/>.

MORE DETAILS COMING SOON ON...

First African Microfinance Week

December 2 - December 6, 2013; Arusha, Tanzania

Microfinance India Summit

December 9 - December 10, 2013; New Delhi, India

CTN Africa: Improving Rural Livelihoods and Food Security

NEW DATES: January 13 - January 15, 2014; Kigali, Rwanda

Fifth Annual Microinsurance Summit

March 10 - March 13, 2014; Miami, Florida, USA

Institutional and Technological Environment for Microfinance

March 18 - March 20, 2014; Casablanca, Morocco

Caribbean Microfinance Forum

March 31 - April 3, 2014; Paramaribo, Suriname

TBLI Conference

May 29 - May 30, 2014; New York, New York, USA 📍



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PAPER WRAP-UPS

A Microcredit Crisis Averted: The Case of Bangladesh

By Greg Chen and Stuart Rutherford, published by CGAP (Consultative Group to Assist the Poor), July 2013, 20 pages, available at: <http://www.cgap.org/sites/default/files/Focus-Note-A-Microcredit-Crisis-Averted-July-2013.pdf>

In this paper, the authors discuss reasons that the microfinance industry in Bangladesh grew rapidly starting in 2004 and then suddenly leveled off in 2008. The work is based on interviews with 43 rural households and 10 years of data and internal documents from the following microfinance institutions (MFIs): ASA, BRAC, Buro and Grameen Bank.

The popularity of microcredit in the country increased steadily beginning in the 1970s, and the number of MFIs increased significantly during the 1990s. Between 2004 and 2007, the industry's customer growth rate ranged from 15 to 28 percent per year. During this time, the aggregate gross loan portfolio of the four studied MFIs grew by 70 percent.

During the middle of the last decade, the MFIs began to access new sources of funding. Previously, liquidity had come mostly from international donations and loans from the UN's International Fund for Agricultural Development and Palli Karma-Sahayak Foundation, a nonprofit backed by the government of Bangladesh. More recently, the four MFIs began to accept deposits from borrowers and the general public as well as borrowing on a wholesale basis from domestic commercial banks.

During this time, the MFIs began to compete significantly for borrowers. The authors argue that MFIs pushed harder to gain new clients because of: (1) regulation; (2) encouragement from abroad; and (3) a race to claim customers before the market became saturated.

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The Microcredit Regulatory Act, which was passed by the Bangladesh government in 2006, established a regulatory agency for MFIs. The agency proposed strict limitations on establishing new branches, which encouraged MFIs to rush to set up new branches before the new regulations took effect.

In 2008, the growth came to a halt due to market saturation and management problems caused by rapid growth. New branches were increasingly unable to attract enough borrowers to break even. The intense competition for new clients had led many lenders to be lenient on borrowing requirements, resulting in clients taking loans from multiple lenders that they could not repay.

The four MFIs began to halt the addition of branches, tighten borrowing requirements and reduce the range of products offered. Though the industry suffered between 2009 and 2010, the authors argue that a crisis was averted because of increased deposit levels and decreased loan sizes. The authors add that this marked a turning point in the microfinance industry in Bangladesh leading to today's stability, continued focus on small-enterprise lending, broader savings offerings and increased mobile phone payment services. To sustain this stability, a special licensure for deposit-taking MFIs is proposed.

2012 MENA Regional Snapshot

By Audrey Linthorst and Melina Djre, published by the Microfinance Information Exchange (MIX), 2013, available at: <http://www.themix.org/publications/mix-microfinance-world/2013/06/2013-MENA-regional-snapshot>

This presentation summarizes the state of the microfinance market in the Middle East and North Africa (MENA) as of 2012. According to the authors, MENA "continues to be the smallest [microfinance] market in terms of both borrower outreach and gross loan portfolio."

While the microfinance markets in Egypt and Morocco display "higher levels of outreach and scale," microfinance markets are "younger" in Iraq, Sudan and Syria. Egypt has the largest microfinance market in terms of number of borrowers; however, Morocco leads in terms of aggregate loan portfolio. Despite social and political turmoil in the region, MENA exhibited "modest" returns on assets of approximately 1 percent during the year.

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Step by Step: Supporting Incremental Building Through Housing Microfinance

Published by Habitat for Humanity, 2013, 40 pages, available at http://www.habitat.org/sites/default/files/2014_shelter_rpt_final.pdf

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