MICROCAPITAL BRIEFS  I  TOP STORIES

Incofin’s RIF Acquires 15% Stake in Paraguay’s El Comercio from Accion’s Gateway
Please see page 3 for coverage of this “MicroCapital Deal of the Month.”

BIO, DID, KfW, Lundin Commit $41m to AfricInvest Financial Sector Fund
AfricInvest-TunInvest Group, a private equity firm based in Tunisia, recently announced that it raised the equivalent of USD 41 million in a third round of funding for its AfricInvest Financial Sector Fund, which invests in financial institutions that lend to small and medium-sized enterprises in Africa. The infusion includes investments of unspecified size from the Belgian Investment Company for Developing Countries, a Belgian public-private partnership known by its Dutch acronym BIO; Developpement International Desjardins, a subsidiary of Canadian cooperative Desjardins; German development bank Kreditanstalt fur Wiederaufbau; Liechtenstein’s Adolph H Lundin Charitable Foundation; and other private investors. This final close brings the fund’s committed capital to USD 83 million. AfricInvest-TunInvest manages 13 funds with a total of USD 750 million in assets. April 8, 2014

LeapFrog Invests $29m in Equity in IFMR Capital of India
LeapFrog Investments, a for-profit microfinance fund based in Mauritius, reportedly has invested USD 29 million in return for a minority stake of undisclosed size in the Institute for Financial Management and Research (IFMR) Capital, an Indian non-banking financial company that facilitates funding for organizations that serve people with low incomes. An affiliate of Indian nonprofit IFMR, IFMR Capital plans to use the funds to expand its existing investments, issue new placements in the agricultural sector and increase access to capital markets for small and medium-sized enterprises. As of 2013, IFMR Capital reported assets equivalent to USD 34 million. April 7, 2014

OPIC, Citi to Share Risk on $220m in Loans for Financial Inclusion
The Overseas Private Investment Corporation (OPIC), an instrument of the US government, has entered agreements with Citi, a US-based financial services corporation, to share credit risk on USD 220 million in loans to be disbursed by Citi to support financial inclusion. OPIC reports a total portfolio of USD 16 billion, and Citi reports total assets of USD 1.9 trillion from operations in 160 countries. April 1, 2014

IFC Places $14m in Equity in Philippine Resources Savings Bank
The World Bank Group’s International Finance Corporation (IFC) recently announced an equity investment equivalent to USD 14 million in Philippine Resources (PR) Savings Banking Corporation. The investment is intended to expand the rural bank’s lending to small and medium-sized rural enterprises. The size of the stake transferred to IFC has not been disclosed. As of 2010, PR Savings had 92 banking offices and reported total assets of USD 140 million and a total loan portfolio of USD 110 million. March 27, 2014

Jamaica Launches Registry of Movable Collateral
The government of Jamaica is implementing the Security Interests in Personal Property Registry to facilitate financial access for micro-, small and medium-sized enterprises by recording the use of non-real estate assets as collateral and allowing financial institutions to verify such use. Examples of collateral to be tracked by the system include cars; refrigerators; computers; agricultural products; and intellectual property such as copyrights, patents and trademarks. March 20, 2014
MICROCAPITAL BRIEFS

Satin of India Raises $4.7m in Equity from Norwegian MF Initiative
Satin CreditCare Network, an Indian microlender, recently raised the equivalent of USD 4.7 million from the Norwegian Microfinance Initiative, a public-private partnership that invests in and offers technical support to microfinance institutions. Satin intends to use the capital to expand its branch network in northern India and to develop new products in the health and sanitation sectors. Satin reports total assets of USD 137 million, a gross loan portfolio of USD 107 million, 485,000 borrowers, return on assets of 0.9 percent and return on equity of 4.8 percent. April 10, 2014

Grameen Credit Agricole Lends $4m in East Asia, Tajikistan
The Grameen Credit Agricole Microfinance Foundation, a Luxembourg-based investor in microfinance, recently announced that it disbursed the first tranches of the following loans: a 36-month loan equivalent to USD 2.17 million to Thaneakhei Phum (Cambodia) Limited (TPC), which operates in rural areas; a 54-month loan of USD 1.43 million to Arvand, a lender to low-income individuals in Tajikistan; and a 36-month loan of USD 833,000 to Bina Artha Ventura Limited, which lends to women operating micro- and small enterprises on the Indonesian island of Java. Arvand reports total assets of USD 12 million, Bina Artha Ventura reports total assets of USD 4 million, and TPC has total assets of USD 95 million. April 10, 2014

Etisalat, Axiata Partner on “eZ Cash” Mobile Money in Sri Lanka
Dialog Axiata, a Sri Lankan mobile communications subsidiary of Malaysia’s Axiata Group Berhad, reportedly will partner with Etisalat Lanka, a cellular network owned by Emirates Telecommunications of the United Arab Emirates, to extend Axiata’s “eZ Cash” mobile payment service to Etisalat customers in Sri Lanka. EZ Cash users, even those without bank accounts, can load money into an account they can access via mobile phone to send money to other users, pay bills and purchase retail items. Etisalat reports 167 million subscribers in 16 countries in Africa and Asia, and Axiata Group Berhad reports 200 million customers in 10 Asian countries. April 9, 2014

ResponsAbility Loans $4m to Opportunity of Malawi
ResponsAbility Investments AG, a Swiss company with a focus on microfinance, recently notified MicroCapital that it loaned USD 4 million to Opportunity International Bank of Malawi Limited, a commercial banking member of Opportunity International, a US-based NGO that has a gross loan portfolio of USD 515 million and provides financial services and training to 5 million people in 24 countries. The loan is intended to support the growth of the firm’s lending to microentrepreneurs and farmers in Malawi. Opportunity Malawi employs 610 staff at 37 branches and reports total assets equivalent to USD 43 million. April 9, 2014

Bank of America Invests $10m in Calvert for Women in Business
US-based Bank of America is investing USD 10 million in Calvert Foundation, a US-based NGO specializing in social-impact investment, to provide loans to organizations that increase financial access for women entrepreneurs in low- and middle-income countries. Further details on the investment are unavailable. Calvert has USD 180 million placed with 200 community organizations. April 8, 2014

“Mobile Midwife” Service to Expand to Nigeria with GSMA Award
The Global Systems for Mobile Communications Association, a UK-based association of 800 mobile operators, recently announced that its mWomen program awarded a grant of an undisclosed size to the US-based Grameen Foundation. The funding will be used for market research and other work to expand its “Mobile Midwife” service from Ghana to Nigeria in an effort to reduce maternal and infant mortality by giving pregnant women health information via phones. April 8, 2014

“Microfinance and the Environment” Award Worth $132k
The European Microfinance Platform, a Luxembourg-based network of 130 microfinance organizations and individuals, has announced the Fifth European Microfinance Award, which is themed “Microfinance and the Environment.” Applicants must address an environmental problem through the financial sector in a developing country. The winner will receive a monetary prize equivalent to USD 132,000 to be presented in November by the Luxembourg Ministry of Foreign and European Affairs - Development Cooperation and Humanitarian Affairs. Applications are due June 15, and more details may be found at http://www.e-mfp.eu/. April 8, 2014

American Refugee Committee Sells Liberia’s Liberty to DCRB
The American Refugee Committee (ARC), a US-based nonprofit that provides humanitarian assistance in Africa, Asia, Haiti and the Middle East, recently announced that it sold Liberty Finance, a Liberia-based microfinance institution, for an undisclosed price to DCRB Investments, a private firm in Liberia. Liberty employs 33 people and operates seven branches in four counties in the country. Liberty reports total assets of USD 765,000, a loan portfolio of USD 385,000 outstanding to 3,500 borrowers, deposits of USD 41,500 collected from 21,900 depositors, return on assets of -14 percent and return on equity of -36 percent. For 2013, ARC had a budget of USD 34 million. April 8, 2014

India’s NeoGrowth Raises $1.7m from Aspada
NeoGrowth Credit, an Indian lender to small and medium-sized enterprises, recently announced that it has raised the equivalent of USD 1.7 million from Aspada Investment Company, an Indian investor in early-stage businesses that target low-income consumers. The terms of the transaction have not been disclosed. While financial data on the firm are not available, NeoGrowth operates one branch each in the Indian cities of Bengaluru, Delhi and Mumbai. Aspada, which invests in firms that have annual revenue up to USD 5 million, is supported by the US-based nonprofit Soros Economic Development Fund. April 8, 2014

EBRD Brings Technical Assistance to SMEs in Jordan, Tunisia
The Small Business Support (SBS) team of the UK-based European Bank for Reconstruction and Development recently began operations in Jordan and Tunisia, with the aim of providing small and medium-sized enterprises with tools and management skills to help them innovate, increase efficiency and boost productivity. SBS comprises the Enterprise Growth Programme, which focuses on structural and managerial change, and the Business Advisory Services program, which supports short-term projects such as environmental impact assessments and quality certifications. The facility has been active in other parts of the Mediterranean region since 2012. March 14 and April 7, 2014

IFC Loans $29m to Center-Invest for SMEs in Southern Russia
The World Bank Group’s International Finance Corporation has loaned the ruble-equivalent of USD 29 million to Center-Invest Bank of Russia for on-lending to small and medium-sized enterprises in southern Russia. Center-Invest reports net assets of USD 1.9 billion, deposits of USD 1.3 billion and return on equity of 16 percent. April 7, 2014

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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!
Kenya Women’s Finance Trust Raises $16m in Equity
Kenya Women’s Finance Trust (KWFT), a microbank established in 1982, recently announced that it has received equity investments totaling the local-currency equivalent of USD 16 million; half from the Rural Impulse Fund II, which is managed by Belgium’s Incofin Investment Management, and the remainder from the Norwegian Microfinance Initiative (NMI) Frontier Fund and NMI Fund III, which are both managed by the public-private partnership NMI. The sizes of the stakes taken by each investor have not been disclosed. KWFT reports total assets of USD 236 million, return on assets of 0.9 percent and return on equity of 8.1 percent. It also reports a gross loan portfolio of USD 152 million and 247,000 active borrowers, as well as total deposits of USD 109 million collected from 600,000 depositors. April 7. 2014

IFC Syndicates $125m for Sri Lanka’s National Development Bank
The International Finance Corporation (IFC), the private investment arm of the World Bank Group, recently disbursed a four-year syndicated loan of USD 125 million to National Development Bank (NDB), which is owned by the government of Sri Lanka, in an effort to improve access to funds for micro-, small and medium-sized enterprises in the country. The loan package includes USD 20 million from IFC; USD 25 million from Union National Bank, which is owned by the governments of Abu Dhabi and Dubai; USD 25 million from HSBC, a UK-based financial services company; USD 20 million from Standard Chartered, another UK-based financial services company; USD 15 million from Axis Bank, a private bank in India; USD 10 million from Doha Bank, a private bank in Qatar; and USD 10 million from BankMuscat, in which the Royal Court of Oman holds a significant minority stake. April 6. 2014

FMO Loans $10m to Kyrgyz Investment and Credit Bank
The Dutch development bank Nederlandse Financierings-Maatschappijvoor Ontwikkelingslanden recently agreed to loan USD 10 million to Kyrgyz Investment and Credit Bank (KICB), a commercial bank in Kyrgyzstan. KICB has 60,000 customers, most of whom are small and medium-sized enterprises. The bank’s largest shareholder is the Swiss nonprofit Aga Khan Fund for Economic Development, which holds a stake of 21 percent. April 4. 2014

India’s Five Star Raises Cash from Matrix
Five Star Business Credits, a lender to micro-, small and medium-sized enterprises in India, recently announced that it has secured an undisclosed sum from Matrix Partners India, a subsidiary of US-based private equity firm Matrix Partners. The nature of the funding has not been disclosed. Five Star intends to use the proceeds to boost its lending and expand its branch network beyond the 30 locations it operates in the Indian state of Tamil Nadu. As of 2010, the company reported total assets equivalent to USD 5.9 million. April 4. 2014

Truelift Updates Pro-poor Indicators Tool for MFIs
Truelift, an initiative that recognises microfinance institutions (MFIs) that exhibit commitment to the “pro-poor objective of microfinance,” has announced an updated version of its Truelift Indicators Tool, a set of criteria intended to assess the extent to which MFIs meet the needs of low-income people. The updates include a “streamlined” assessment process, a summary highlighting strengths and opportunities for improvement, and updated terminology to align more closely with other social performance and client-protection efforts. April 2. 2014

Buksh Foundation of Pakistan to Fundraise via Kiva Website
The Buksh Foundation, a microfinance institution (MFI) in Pakistan, and Kiva Microfunds, a US-based nonprofit fundraising website for MFIs, have announced that Kiva will begin accepting loans from its users for Buksh Foundation, which reports total assets of USD 187,000 and 615 active borrowers. Kiva has raised funds for loans totaling USD 383 million that have been disbursed in 64 countries. April 2. 2014

Kenya Women’s Finance Trust raises $16m in equity

Kenya Women’s Finance Trust (KWFT), a microbank established in 1982, recently announced that it has received equity investments totaling the local-currency equivalent of USD 16 million; half from the Rural Impulse Fund II, which is managed by Belgium’s Incofin Investment Management, and the remainder from the Norwegian Microfinance Initiative (NMI) Frontier Fund and NMI Fund III, which are both managed by the public-private partnership NMI. The sizes of the stakes taken by each investor have not been disclosed. KWFT reports total assets of USD 236 million, return on assets of 0.9 percent and return on equity of 8.1 percent. It also reports a gross loan portfolio of USD 152 million and 247,000 active borrowers, as well as total deposits of USD 109 million collected from 600,000 depositors. April 7. 2014

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Grameen Credit Agricole Lends $440k in DR Congo, Togo
The Grameen Credit Agricole Microfinance Foundation, a Luxembourg-based investor, recently announced the disbursement of the first tranches of two 30-month loans equivalent to USD 220,000, one each to Programme d’Appui aux Initiatives de Developpement Economique du Kivu (PAIDEK), a microlender in the Democratic Republic of Congo, and Cooperative d’Epargne et de Credit des Soutien aux Initiatives de Femmes pour l’Autopromotion (COOPEC SIFA), which serves women in Togo. The loans are funded in partnership with the French government’s Agence Francaise de Developpement. PAIDEK reports total assets of USD 3.3 million, a gross loan portfolio of USD 2.2 million, 10,300 borrowers and return on assets of 1.14 percent. Financial data on COOPEC SIFA are not available. April 1, 2014

UMM Offers Students Scholarships, Prize Money
University Meets Microfinance (UMM), an initiative co-founded by German university Freie Universitat Berlin and French nonprofit PlaNet Finance, recently announced that it is accepting applications for an undisclosed number of scholarships - each worth the equivalent of USD 2,060 - for EU-based bachelor, master and doctoral students who plan to undertake microfinance-related internships or field research in developing countries. The UMM awards program recognizes master- and doctoral-level students who have completed final theses deemed “outstanding research in the field of financial inclusion” with publication and a monetary prize of USD 690 per person. Details for the offers, which have deadlines between April 15 and October 31, may be found at http://www.planetuniversity.eu/site/scholarships-awards.html. April 1, 2014

TriLinc Impact Invests in SMEs in Brazil, Chile, Indonesia, Peru
TriLinc Global Impact Fund, a US-based private investor in companies deemed to contribute positively to socioeconomic development in emerging economies, recently disbursed a total of USD 5.7 million in loans to unidentified small and medium-sized enterprises (SMEs), some of which include: (1) USD 500,000 to a sugar producer in Brazil; (2) USD 415,000 to a Chilean producer of sustainable timber; (3) USD 1 million to an Indonesian electronics retailer that caters to low-income consumers; (4) USD 576,000 to a Peruvian food processing company that supports smallholder farmers; and (5) USD 1.5 million to a Peruvian manufacturer of disposable diapers that targets low-income clients. The interest rates on the loans range from 9.85 percent to 14.5 percent per year. Founded in 2008, TriLinc invests in SMEs primarily through collateralized debt instruments. April 1, 2014

Bandhan of India Raises $16m in Nonconvertible Debentures
Bandhan Financial Services, an Indian microfinance institution (MFI) that offers loans for health emergencies and microenterprise, reportedly has raised the rupee-equivalent of USD 16.3 million in nonconvertible debentures (NCDs) from an unnamed Swiss investor. Bandhan issued the NCDs at a rate of approximately 14 percent for a term of three years with an optional extension for an additional three years. NCDs are financial instruments that allow organizations to raise funds by acquiring debt without pledging collateral. As of 2012, Bandhan reports total assets of USD 983 million, a gross loan portfolio of USD 815 million, 4.4 million active borrowers, return on assets of 6.4 percent and return on equity of 37 percent. March 31, 2014

5TH EUROPEAN MICROFINANCE AWARD
MICROFINANCE AND THE ENVIRONMENT

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EBRD Considers $104m Loan to Turkey’s DenizBank for Ag SMEs

The UK-based European Bank for Reconstruction and Development is considering loaning the equivalent of USD 104 million to Turkish commercial bank DenizBank for on-lending to small and medium-sized enterprises in the agribusiness sector. The deal seeks to increase funding deemed “long-term” for start-ups and other investment projects. The funds will be disbursed via bond investments or senior, unsecured loans. DenizBank reports assets of USD 36 million and return on equity of 22 percent, and it is owned by Sberbank, a Russian commercial bank with assets of USD 546 billion. March 31. 2014

Kreditech Borrows $15m from Kreos to Lend in Eurasia, Mexico

Kreditech, a German technology company that uses an online platform to assess the creditworthiness of loan applicants, recently announced that it borrowed USD 15 million from UK-based venture capital firm Kreos Capital. Kreditech intends to use the funds to support its current lending operations in the Czech Republic, Mexico, Spain, Poland and Russia, where it offers “short- and long-term” loans ranging from the euro-equivalent of USD 70 to USD 3,400 as well as other products such as prepaid credit cards. The company also plans to expand its business into Australia, Brazil and Peru during 2014. While financial data on the firm are not available, Kreditech employs 100 people in Australia, Mexico and five European countries. March 31. 2014

Banks Undercut Microlenders in India

Traditional banks in India reportedly are offering loans equivalent to USD 250 to USD 415 with tenures between 1 and 3 years at interest rates from 20 to 24 percent per year, as compared with 26 to 27 percent charged by microfinance institutions. Indus Industrial Bank increased its microlending book by a factor of five to USD 83 million over the last three years, and the government-controlled Industrial Development Bank of India doubled its microlending portfolio to an unspecified amount during this same period. March 31. 2014

IDB to Loan $30m for MSMEs in Dominican Republic

The US-based Inter-American Development Bank (IDB) recently announced that it will create a credit fund of USD 30 million for retail lenders in the Dominican Republic seeking to expand financing deemed “medium- and long-term” for micro-, small and medium-sized enterprises (MSMEs). Loans from the fund will have terms of 25 years; a grace period of 5 years before the initial payment; and a variable interest rate tied to the London Interbank Offered Rate. The fund will be supported by an auxiliary guarantee fund of an undisclosed amount and technical assistance from IDB to train MSME managers and coordinate support from public agencies. March 30. 2014

Annapurna of India Raises $5m in Equity from BIO, Incofin

The Belgian Investment Company for Developing Countries, a public-private partnership known by the Dutch acronym BIO, has lead an equity investment equivalent to USD 5 million in Indian microlender Annapurna Microfinance Private Limited, with an undisclosed level of participation from Rural Impulse Fund II, which is managed by Incofin Investment Management of Belgium. Annapurna has a loan book of USD 24 million, 225,000 clients and 53 branches. March 28. 2014

Western Union, Paga to Partner on Mobile Money in Nigeria

The Western Union Company, a US-based financial services firm, recently partnered with Paga, a Nigeria-based mobile payment platform, to allow Paga customers to accept Western Union money transfers directly into their Paga accounts. Customers can withdraw this money by transferring it to a bank account, withdrawing it from an automated teller machine or retrieving it at one of Paga’s 4,000 Western Union’s 4,900 agent locations in Nigeria. Western Union reports total assets of USD 9.5 billion with operations in 200 countries and territories. Paga has 1.3 million subscribers in Nigeria. March 28. 2014
IFC, Guyana Bank Partner to Improve Service to SMEs
The Guyana Bank for Trade and Industry (GBTI) recently signed on to receive two years of financial risk management advisory services from the International Financial Corporation (IFC), the private-investment arm of the World Bank Group. IFC also will assist the bank in developing “sustainable,” client-focused approaches to serving small and medium-enterprises. The project, which has a budget equivalent to USD 572,000, is supported by the Canadian government’s Department Foreign Affairs, Trade and Development Canada. GBTI is a commercial bank with USD 449 million in assets. March 26, 2014

MFIN Seeks Self-regulatory Status from Reserve Bank of India
The Microfinance Institutions Network, a trade association of 47 Indian microlenders, reportedly has applied to the Reserve Bank of India (RBI), the country’s central banking authority, for status as a “self-regulatory organization” (SRO). SROs are non-governmental bodies that exercise limited authority in creating and enforcing industry regulations. RBI requirements for SROs include: populating at least one third of its board with directors independent of the membership, involving institutions of various sizes in the governing body and employing a compliance officer who remains under the direction of RBI. March 25, 2014

First Access Buys Phone Data to Assess Debt Risk in Tanzania
US-based data analytics company First Access reportedly has signed a deal to purchase user data from cellular network provider Vodacom Tanzania, a subsidiary of UK-based telecommunications company Vodafone Group, for its risk-scoring service for financial institutions serving poor individuals. Like Cignifi, a US-based startup operating in Brazil, Chile and Mexico, First Access calculates credit scores based on factors such as the frequency of replenishing airtime, types of data packages purchased, number of text messages sent, timing of phone calls and how clients interact with social networks. In addition to credit scores, First Access will offer financial institutions recommended loan sizes via text message. March 19 and March 25, 2014

MIF Donates $150k to CariCRIS for Credit Ratings in Caribbean
The Multilateral Investment Fund (MIF), a member of the US-based Inter-American Development Bank, has approved a grant of USD 150,000 to the Caribbean Information & Credit Rating Services (CariCRIS) of Trinidad and Tobago to provide services including the creation of credit ratings for 60 small and medium-sized enterprises in the Caribbean. Additionally, CariCRIS is to work with four unnamed commercial banks to incorporate its credit ratings into the banks’ loan appraisal processes. March 25, 2014

Accel Invests $40m in Equity in UK-based WorldRemit
WorldRemit, a UK-based money transfer service, recently announced that it received an investment of USD 40 million from Accel Partners, a US-based venture capital firm, in exchange for an undisclosed stake in the company. The investment is intended to help WorldRemit expand into additional international markets and support the development of new products and services. In 2013, the company processed 1.3 million phone-based, online and traditional money transfers to 100 countries. March 25, 2014

Edyficar’s Acquisition of Peru’s Mibanco Lands Regulatory OK
Peru-based microlender Financiera Edyficar, a subsidiary of Peruvian holding company Creditcorp, has received approval from the Peruvian Superintendency of Banks, Insurance and Pension Funds for its proposed USD 179 million acquisition of a 60.7-percent stake in Mibanco, a Peruvian microfinance institution, from nonprofit holding company Grupo Accion Comunitaria del Peru. Esteban Altschul, CEO of US-based NGO Accion, stated that, “The bank’s resources, experience, and track record will be invaluable in advancing the work of financial inclusion that Mibanco launched. We anticipate that Creditcorp will substantially strengthen the governance of the institution.” Accion owned 6.3 percent of Mibanco shares as of December 2012. The transaction was dubbed the MicroCapital Deal of the Month in the February issue of this newspaper. March 25, 2014
MasterCard Donates $23m to Opportunity to Finance Ag in Africa
Canada’s MasterCard Foundation, which was founded by US-based payment processing company MasterCard, has donated USD 22.7 million to US-based NGO Opportunity International to launch the “Africa Growth and Innovation Initiative” to deliver agricultural financial services to 7 million low-income people in Ghana, Malawi, Rwanda, Tanzania and Uganda. The five-year initiative will focus on both mobile and branch-based banking with the aim of increasing crop yields and household incomes while facilitating a transition to commercial farming. Opportunity reports a gross loan portfolio of USD 515 million with operations in 22 countries in Africa, Eurasia and South America. March 25, 2014

Manappuram of India Acquires Milestone Home Finance
Manappuram Finance Limited, an Indian provider of loans, money transfers and foreign exchange, recently agreed to acquire Milestone Home Finance Company from Jaypee Hotels of India for an undisclosed sum. Manappuram operates 3,300 branches and reports total assets equivalent to USD 2.1 billion, return on assets of 1.6 percent and return on equity of 7.9 percent. Milestone reports total assets of USD 700 million, and Jaypee has USD 76 billion in assets. March 25, 2015

Entrepreneurial Finance Lab Offers Psychometric Credit Scores
Entrepreneurial Finance Lab, a US-based company, is employing psychometric analyses to assess the creditworthiness of micro- and small enterprises in emerging economies. The service, which employs a survey that can be taken on a desktop or mobile device, attempts to assess default risk by asking borrowers questions that probe their character, ethics, intelligence, beliefs and attitudes. The software is available in 26 languages in as many countries in Africa, Asia and Latin America. Lenders have used the system in considering loans sized from USD 150 to USD 50,000. March 25, 2014

IFC Cap Fund Invests $170m in Banco CorpBanca Colombia
The International Finance Corporation (IFC) Capitalization Fund, which is managed by an arm of the World Bank Group’s IFC, has announced a subordinated bond investment of USD 170 million in Banco CorpBanca Colombia (CBC), a unit of Brazil’s Itau Unibanco. The investment is intended to “strengthen the…bank’s capital structure and…support its capacity to lend to small and medium enterprises.” The terms of the bonds have not been released. CBC, which operates 87 branches, reports total assets equivalent to USD 4.8 billion, return on assets of 2.5 percent and return on equity of 25 percent. March 24, 2014

EBRD to Loan $7m to Enda Inter-Arabe for Tunisian MSEs
The European Bank for Reconstruction and Development (EBRD), a UK-based multilateral financial institution, is lending the local-currency equivalent of USD 7 million to Enda Inter-Arabe, the Tunisian micro-lending arm of Senegal-based NGO Enda Third World. Enda Inter-Arabe plans to use the proceeds for on-lending to Tunisian micro- and small enterprises. The loan also includes a technical assistance program funded with the euro-equivalent of USD 317,000 for the development of new financial products for rural borrowers. Enda Inter-Arabe reports a gross loan portfolio of USD 106 million and 231,000 active clients. Enda Third World is active in 14 countries in Africa, Eurasia and Latin America. March 23, 2014

Bank of Ghana Licenses 394 MFIs, Supports Trade Associations
The Bank of Ghana, the country’s central banking authority, has issued licenses to 394 microfinance institutions, including 344 classified as microfinance companies, 45 as money-lending companies and the remainder as financial NGOs. Additionally, the Bank of Ghana granted three trucks and an undisclosed number of laptops and printers to three microfinance bodies including the 560-member Ghana Association of Microfinance Companies. March 21, 2014

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

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OPIC Lends $45m to FINCA Microfinance Holding
The US government’s Overseas Private Investment Corporation is lending USD 45 million to the Foundation for International Community Assistance (FINCA) Microfinance Holding, a for-profit investment vehicle controlled by US-based nonprofit FINCA International. The seven-year loan is intended to expand the services of FINCA subsidiaries in unspecified countries. FINCA Microfinance Holding has raised USD 122 million since it was created in 2011, and FINCA International serves 1 million clients in 22 countries. March 21, 2014

MoneyGram, Vodafone to Link 200 Countries to M-Pesa
Vodafone Group, a British telecommunications company, has partnered with MoneyGram, a US-based money transfer company, to allow MoneyGram customers to transfer funds to users of M-Pesa, a mobile money service developed by Vodafone that operates in six countries in Asia and Africa. Customers will be able to transfer funds from MoneyGram’s website, a mobile-phone application or the firm’s 336,000 retail locations in 200 countries. M-Pesa has 16 million users in Kenya; 5 million in Tanzania; and a total of 3.6 million in South Africa, India and Mozambique. The service also exists in Afghanistan, but the number of users there is not available. Vodafone serves 403 million people in 80 countries. March 20, 2014

Nigeria Allocates 60% of $1.3b Fund to Promote Women
The Central Bank of Nigeria has released a publication outlining guidelines for the operation of its Micro-, Small, and Medium-Sized Enterprises (MSME) Development Fund, which includes a mandate to allocate 60 percent of the fund - the equivalent of USD $802 million - for on-lending to women-owned enterprises. As was reported in the September 2013 issue of this newspaper, the MSME Development Fund was launched in 2013 with the goal of channeling USD 1.3 billion via retail institutions to 2 million MSMEs in Nigeria over 10 years. March 20, 2014

Netherlands, Ecom, Utz, AZMJ Support Farmers in Colombia
The Facility for Sustainable Entrepreneurship and Food Security, an instrument of the government of the Netherlands that is known by the Dutch acronym FDOV, has granted an undisclosed amount of funds to Swiss commodity trading company Ecom Agroindustrial to fund a pilot lending program for small-scale farmers in Colombia. Ecom has contracted AZMJ, a US-based for-profit consultancy, to work with local financial institutions to disburse loans averaging USD 1,500 per year to 2,000 coffee farmers who tend 10 hectares or less. Additionally, Ecom has contracted Netherlands-based Uz! Certified to provide “sustainable farming” certifications to 500 of the farmers. FDOV has a budget equivalent to USD 55 million. During 2012, Uz! certified 116,000 farmers in Africa, Asia and South America. Financial information on AZMJ, whose name is based on the initials of its four founders, is not available. March 18, 2014

Grama Vidiyal of India Borrows from World Business Capital
Grama Vidiyal Microfinance, a microlender in the Indian state of Tamil Nadu, has raised an undisclosed amount of financing through a combination of senior and subordinate loans from World Business Capital, a US-based lender to small and medium-sized enterprises. Avenidas Capital, an Indian investment bank, acted as Grama Vidiyal’s adviser for the transactions, the terms of which have not been disclosed. Grama Vidiyal reports total assets of USD 112 million, a gross loan portfolio of USD 100 million, 738,000 borrowers, return on assets of 0.56 percent and return on equity of 3.33 percent. March 18, 2014

Tigo Offers Mobile Transfers Between Rwanda, Tanzania
Millicom International Cellular, a Luxembourg-based telecommunications company also known as Tigo, recently introduced a cross-border mobile money transfer service between Rwanda and Tanzania that includes currency conversion. The service allows subscribers of Rwanda’s Tigo Cash and Tanzania’s Tigo Pesa mobile banking services to send money to each other using mobile phones with no extra fee charged. According to Tigo Rwanda General Manager Tongai Maramba, the service is intended as an alternative to traditional money-transfer transactions that deliver mostly in US dollars. Millicom serves 50 million mobile subscribers, including 694,000 who use Tigo Cash and 2.7 million who use Tigo Pesa. March 18, 2014

EBRD Considers $21m Loan to CIL for Tunisian MSMEs
The European Bank for Reconstruction and Development, a UK-based multilateral institution, is considering offering a senior, unsecured loan equivalent to USD 21 million to Tunisia’s Compagnie Internationale de Leasing (CIL) to expand its leasing services for micro-, small and medium-sized enterprises in Tunisia. The deal will also include technical assistance relating to risk management and corporate governance and to support the adoption of the International Financial Reporting Standards. Founded in 1992, CIL reports assets of USD 214 million. March 17, 2014

Ebay Winds Down Investment Website MicroPlace
MicroPlace, a facilitator of investments in international microfinance and subsidiary of US-based auctioneer eBay, has announced that it will no longer accept investments. Since 2007, MicroPlace had offered an online platform connecting retail investors with investment vehicles that invest in microfinance institutions. Existing investments will continue to receive interest and principal payments until they mature or are redeemed. For-profit MicroPlace cites as its reason for shutting down a failure to scale operations sufficiently to effect “widespread impact.” During its years in operation, MicroPlace secured USD 58 million in investment capital to participate in 50 microfinance projects in 35 countries through six intermediaries. March 17, 2014

MNepal, eServGlobal to Provide Mobile Financial Services in Nepal
Two mobile financial services companies, Nepal-based MNepal and France-based eServGlobal, recently partnered to offer a mobile money platform that will allow customers of unspecified banks in Nepal to use their mobile phones to deposit, withdraw and transfer funds as well as to access loans and insurance. eServGlobal offers services including mobile wallets, mobile commerce, agent management services and “top-ups” to recharge subscriber accounts in 65 countries, primarily in emerging markets. Statistics on MNepal are not available. March 15, 2014

Commercial Bank of Zimbabwe to Develop Low-Cost Housing
Commercial Bank of Zimbabwe (CBZ) Holdings recently announced that it will begin building low-cost houses in June on some of the land it owns, which is valued at a total of USD 67 million. CBZ reports that it will use USD 20 million from its reserves for the project, as well as USD 16 million provided by Shelter Afrique, a Kenya-based real estate development facilitator. CBZ reports total assets of USD 1.5 billion. As of 2011, Shelter Afrique reported total assets of USD 195 million. March 14, 2014)

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FIELD NOTES

Landing on the Moon: New Frontiers in Rural Peru

This week, I’ve been bouncing around in the back of a pickup truck visiting loan clients in rural Peru. Sometimes it feels like I am on the moon, driving through miles of mountainous desert, rock and ash with almost no vegetation. It is humbling. Even more humbling is when I see large patches of farmland, some in valleys by natural rivers and others where the government has stepped in to promote irrigation. In an instant, expanses of barren land turn into green pastures. Small towns pepper the scene, and larger towns serve as fertile centers for agricultural commerce and other trading. For financial service providers in Peru, the “moon” - the new frontier - appears to be farming and the growth of these rural markets. The popularity of cash export crops like quinoa and improvements in road access for large dairy businesses such as Gloria have propelled this landscape to develop with new housing, schools, services and jobs.

It is tempting - and perhaps exciting - to attribute some of this amazing growth to the simultaneous expansion of credit and savings options in the region. At an MFI I visited this week, dairy farmers were lined up in droves to collect on their bi-weekly payments for their milk. Financial services are a part of daily life, even in the smallest towns. Agent banking is starting to take off, and more financial institutions are moving in. But here, where cell phone connections can be spotty and sanitation continues to be a challenge, I have counted about seven financial institutions in a town with 5,000 inhabitants. You do the math: the opportunities are there, but there is also a large risk of over-indebtedness.

Competition is good, but I am wary of the approach these institutions appear to take. Savings clients are completely distinct from credit clients; cross sales are rare. One savings officer told me, “If they save, they don’t need a loan.” Client prospecting seems to be similar to that in urban areas. Although loan officers are told not to lend to anyone who already has three outstanding loans, they can refinance outstanding loans. Many of the clients I have spoken to in recent days have worked with more than three institutions already. Paying off old loans with new ones is now commonplace.

Poor women with small shops are particularly easy targets for MFIs trying to grow market share. These shops may seem a lot like their urban counterparts; but if you look beyond the shelves of evaporated milk, crackers and laundry soaps, you will find a different reality. The owners lack the financial “sophistication” of urban clients. Information flows more slowly here, and the loan officer is often the only source of guidance on financial products and how to use them. The clients I met had never heard the term “interest rate.”

Once there are three grocers in a neighborhood, it is much harder for one to stand out by offering copy services, internet access or takeaway lunches. When loan officers are trained to take the same approach in rural areas as they would in cities, MFIs are missing opportunities to educate clients on financial matters and provide marketing and other business training.

Here on the moon, linking farmers to markets has had a great impact on their financial lives. Financial institutions have stimulated this process, but these pioneers could do a lot more to develop services that are tailored more closely to the needs of their communities and to bring the economic development of this new frontier to a higher level.

About the Author: Ms Barbara Magnoni is President of EA Consultants, a development-consulting firm based in New York. She has over 20 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, or you may follow her on Twitter at BarbaraatEA.
MICROCAPITAL MARKET INDICATORS
BENIN

15 MICROFINANCE INSTITUTIONS (MFIs) REPORTING

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

<table>
<thead>
<tr>
<th>MFI NAME</th>
<th>AVERAGE ANNUAL USD INCREASE</th>
<th>AVERAGE ANNUAL % INCREASE</th>
<th>2010</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vital Finance</td>
<td>9,854,904</td>
<td>78%</td>
<td>11,064,080</td>
<td>30,773,890</td>
</tr>
<tr>
<td>Federation des Caisses d'Epargne et de Credit Agricole Mutuel</td>
<td>4,607,136</td>
<td>8%</td>
<td>52,576,706</td>
<td>61,790,980</td>
</tr>
<tr>
<td>Renaca</td>
<td>1,768,313</td>
<td>30%</td>
<td>5,300,700</td>
<td>8,837,327</td>
</tr>
<tr>
<td>Ptromocion de l'Epargne et Credit a Base Communautaire</td>
<td>1,545,351</td>
<td>35%</td>
<td>3,797,152</td>
<td>6,887,856</td>
</tr>
<tr>
<td>Alide</td>
<td>684,187</td>
<td>20%</td>
<td>3,055,853</td>
<td>4,424,229</td>
</tr>
<tr>
<td>Cooperative des Membres Unis Bethel Actions</td>
<td>227,812</td>
<td>25%</td>
<td>815,388</td>
<td>1,271,012</td>
</tr>
<tr>
<td>Africa Finances</td>
<td>183,256</td>
<td>77%</td>
<td>172,968</td>
<td>539,480</td>
</tr>
<tr>
<td>Caisse du Mouvement Mutualiste Beninois</td>
<td>142,216</td>
<td>10%</td>
<td>1,331,255</td>
<td>1,615,688</td>
</tr>
<tr>
<td>Mutuelle de Services Financiers pour la Prosperite</td>
<td>101,736</td>
<td>32%</td>
<td>272,986</td>
<td>476,458</td>
</tr>
<tr>
<td>ONG Solidarite et Paix</td>
<td>82,316</td>
<td>733%</td>
<td>9,450</td>
<td>174,084</td>
</tr>
</tbody>
</table>

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

0% → 5%
100K

0% → 5%
50K

13% → 9%
20K

20% → 9%
10K

67% → 73%

MARKET SHARE BY MFI SIZE
(NUMBER OF ACTIVE BORROWERS)

0% → 39%
100K

0% → 20%
50K

52% → 21%
20K

35% → 11%
10K

12% → 9%

1Denotes only MFIs that reported data for 2010 and 2012 to the Microfinance Information Exchange (MIX) Market

Source: MIX, April 2014
UPCOMING EVENTS

Mobile Money Africa
May 20 - May 22, 2014; Johannesburg, South Africa
The seventh iteration of this event will cover forming partnerships, growing new products, and maximizing profitability and customer loyalty in the realm of digital payments. The full price to attend is GBP 1,499 with an add-on workshop and various discounts available. More details are available via mmn[at]clarionevents.com, +44 (0) 20 7384 7910 or http://mobile-money-gateway.com/Africa.

ALFI Impact & Microfinance Conference
May 27, 2014; Luxembourg
Organized by the Association of the Luxembourg Fund Industry, this conference will cover what makes impact investments attractive to investors, operational requirements for successful impact investing and best practices in structuring impact investments. Admission costs EUR 350 with various discounts available, including for registrations completed before April 13. More details may be sought via +31 20 5727301, registration[at]parthen.nl or http://www.alfi.lu/node/2618.

European Microfinance Week
November 11 - November 13, 2014; Mexico City, Mexico
This week-long event will address topics such as financial inclusion, sustainability and finance, and microfinance standards. For more details, you may telephone +44 (0) 20 8441 1231 or +254 (0) 738 767 150; email kenyainfo[at]aitecafrica.com or visit http://www.emnconference.org/.

Diaspora at Work
June 25, 2014
This event will address the role of diaspora workers in the development of the home region, with a focus on microfinance and small businesses. More details may be sought via +420 284 001 444.

Microfinance Centre Annual Conference
May 27 - May 28, 2014; Istanbul, Turkey
Themed “The New World of Financial Inclusion: What Role for Microfinance?”, this conference will explore topics such as financial inclusion, technology, sustainable agriculture and climate change. The fee to attend is USD 724 with various discounts available, including for advance registration. For additional information, you may visit http://www.mfc2014.com/, email mfc[at]guarant.cz or telephone +420 284 001 444.

Microfinance Awards
October 21 - October 22, 2014; Jakarta, Indonesia
Awards recognizing projects deemed to have “transformational” impacts in finance, “inclusive business,” and information and communication technology. The cost to attend both the conference and awards ceremony is GBP 780, with lower rates available for those attending only one of these. For additional information, you may visit http://event.ft-live.com/ehome/index.php?evenid=84026, call +44 0207 873 or email ftlive[at]ft.com.

Global Sustainable Finance Conference
June 12 - June 13, 2014; Karlsruhe, Germany
This event offers topics in the areas of: (1) global issues reshaping financial services; (2) building a green and resilient financial services industry; and (3) financing and investing for a sustainable future. The conference will include the presentation of the Karlsruhe Sustainable Finance Awards, and an optional excursion on June 14. Registration, which includes a hotel stay and meals, costs EUR 1,160, with a rate of EUR 890 available for nonprofits, government agencies and academia. For more information you may email mail[at]ebsd.org or sustainability[at]etechgermany.net, or you may telephone +49 721 476 89 16 or visit http://ebsd.org/en/gsfc_fi.html.

11th European Microfinance Network Annual Conference
June 19 - June 20, 2014; Lisbon, Portugal
Themed “Employment: Challenges and Opportunities for Microfinance,” this conference will address youth unemployment, Europe’s economic downturn and the role microfinance can play in addressing these matters. The registration fee is EUR 450, with discounts offered to groups as well to members of the European Microfinance Network. For additional information, you may email emn[at]european-microfinance.org, telephone +32 (0)2 227 27 07 or visit http://www.emnconference.org/.

Global Youth Economic Opportunities Conference 2014
September 9 - September 11, 2014; Washington, DC, USA
This event focuses on youth entrepreneurship, mobile money technologies and going beyond the agriculture sector in search of economic growth. The standard registration fee is USD 300 with a range of discounts available for one-day admission and several categories of participants. For additional information, you may contact the organizers via email at youthinfo[at]alfi.lu or telephone +31 (0)20 428 6752.

17th Microcredit Summit
September 8 - September 10, 2014; Mexico (city to be announced)
This event offers topics in the areas of: (1) global issues reshaping financial services; (2) building a green and resilient financial services industry; and (3) financing and investing for a sustainable future. The conference will include the presentation of the Karlsruhe Sustainable Finance Awards, and an optional excursion on June 14. Registration, which includes a hotel stay and meals, costs EUR 1,160, with a rate of EUR 890 available for nonprofits, government agencies and academia. For more information you may email mail[at]ebsd.org or sustainability[at]etechgermany.net, or you may telephone +49 721 476 89 16 or visit http://ebsd.org/en/gsfc_fi.html.

10th International Microinsurance Conference
November 9 - November 11, 2014; Colorado Springs, Colorado, USA
This conference will cover what makes impact investments attractive to investors, operational requirements for successful impact investing and best practices in structuring impact investments. Admission costs EUR 350 with various discounts available, including for advance registration. For additional information, you may telephone +31 20 5727301, registration[at]parthen.nl or http://www.alfi.lu/node/2618.

ALFI Banking & Mobile Money West Africa
July 9 - July 10, 2014; Accra, Ghana
July 15 - July 16, 2014; Lagos, Nigeria
Each of these separate events will focus on issues relating to mobile money, financial inclusion, Islamic banking, the feasibility of microbanks’ business models and the adoption of international financial standards. For more details, you may telephone +44 (0) 20 8441 1231 or +254 (0) 738 767 150; email kenyainfo[at]aitecafrica.com or visit http://aitecafrica.com/event/view/105 or http://aitecafrica.com/event/view/114. The cost to register for either event is USD 590 per person, with group discounts available.

MORE DETAILS COMING SOON ON...

Asia Microfinance Forum 2014
August 4 - August 8, 2014; Shanghai, China

Social Capital Markets: SOCAP14
September 2 - September 5, 2014; San Francisco, California, USA

17th Microcredit Summit
September 8 - September 10, 2014; Mexico (city to be announced)

Small Enterprise Education & Promotion Network Annual Conference
September 22 - September 25, 2014; Arlington, Virginia, USA

Global Youth Economic Opportunities Conference 2014
October 6 - October 8, 2014; Washington, DC, USA

SRI: The Conference on Sustainable, Responsible, Impact Investing
November 9 - November 11, 2014; Colorado Springs, Colorado, USA

10th International Microinsurance Conference
November 11 - November 13, 2014; Mexico City, Mexico

European Microfinance Week
November 12 - November 14, 2014; Luxembourg

FT/IFC Transformational Business Conference and Awards
June 12, 2014; London, United Kingdom
This event includes sessions on themes such as urban design and energy solutions, with awards recognizing projects deemed to have “transformational” impacts in finance, “inclusive business,” and information and communication technology. The cost to attend both the conference and awards ceremony is GBP 780, with lower rates available for those attending only one of these. For additional information, you may visit http://event.ft-live.com/ehome/index.php?eventid=84026, call +44 0207 873 or email ftlive[at]ft.com.
WASH facilities at USD 12 billion for the period 2004 through 2015. The authors estimate that 768 million people lack access to “improved sources of water” - such as from indoor plumbing or protected wells - and 2.5 billion lack access to “improved sanitation facilities” such as ventilated pit latrines. The report blames a range of factors for these conditions, namely a lack of investment from local governments, a lack of land ownership that limits household investments in WASH facilities and water shortages caused by environmental changes and faulty infrastructure.

The authors argue that microfinance providers, which are experienced in lending for entrepreneurial endeavors, can provide loans for WASH facilities while making a profit. WASH loans can be used to establish facilities such as household water connections, toilet construction, water filtration systems, ventilated pits and septic tanks. Such technologies may be managed and financed through municipalities, community groups or individuals. In India, toilet installations cost USD 250, and WASH loans provided by microfinance institutions generally range in size from USD 100 to USD 1,000. One study values global demand for microfinance for Hygiene (WASH) facilities.

Traditional financial institutions, microfinance providers, private investors and partners such as non-financial NGOs can collaborate to provide WASH facilities. One business model includes the following steps: (1) a client applies for a WASH loan from a microfinance provider; (2) a WASH product manufacturer delivers the product to the client; (3) the microfinance provider pays the manufacturer; and (4) the client makes payments to the microfinance provider. By disbursing loans directly to manufacturers, the risk of loan misuse is reduced.

Literature Review on the Impact of Microinsurance


This document offers an overview of 60 studies of the impact, effectiveness and challenges of providing microinsurance in developing nations. Microinsurance is a financial instrument that helps low-income individuals hedge against various risks. Most of the studies conclude that microinsurance increases overall financial protection for poor people. The body of evidence about other aspects of the impact of microinsurance is inconclusive, however. Several of the research papers indicate that health insurance reduces out-of-pocket expenditures for subscribers, which usually results in an increase in the number of visits to healthcare providers. One study on the Sokaphep Krousat Yeugn microhealth insurance program in rural Cambodia shows that access to insurance reduces hospitalization expenses, with an average decrease of 44 percent in treatment costs for serious health incidents. However, the same study did not find a significant increase in the percentage of insured pregnant women receiving antenatal, delivery or postnatal care.

One study concluded that insured people exhibited a lower level of indebtedness, with fewer loans pursued from the informal sector. There is also evidence that insured families are less likely to sell off assets, such as livestock, to pay for unexpected health expenses. While insurance provides some financial security, it also may lead to an increase in risk-taking behavior. One study found that Indian farmers who were insured against weather shocks were less likely to use drought-resistant crops.

One of the biggest obstacles to the success of microinsurance is a lack of information about its provisions, leading to lower utilization of services. For example, a study on West African microinsurance documented pregnant women missing out on insurance benefits because they unknowingly delivered at non-participating health providers.

The authors also review studies that seek to address the reasons for the varied outcomes of microinsurance programs. One reason for the mixed results is that the methods of collecting and evaluating data are not uniform. For example, the barometer for measuring expected outcomes such as “increased financial protection” is not clearly defined. Additionally, the selection of individuals in the sample groups used by researchers is not always random.