

MICROCAPITAL BRIEFS | TOP STORIES

Dia Vikas, NMI, Oikocredit Invest \$7m in Equity in India's RGVN

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

Nigeria Exempts Microfinance Banks from VAT

Nigeria's Federal Inland Revenue Service reportedly has exempted microfinance banks from the 5-percent value-added tax that they had been required to pay on income earned through transactions, investments and other services. The money that would otherwise have been paid in taxes is intended to expand lending to low-income clients. July 31, 2014

AccessBank Azerbaijan Borrows \$15m from Green for Growth

AccessBank Azerbaijan, which is associated with Germany's Access Microfinance Holding, has borrowed USD 15 million from the Green for Growth Fund, Southeast Europe (GGF), a European public-private partnership. AccessBank plans to use the loan for on-lending to micro-, small and medium-sized enterprises for "equipment and machinery investment" that is expected to enable energy savings of approximately 43,500 megawatt hours of electricity and the prevention of the emission of 21,000 tons of carbon dioxide. AccessBank reports total assets of USD 834 million, a gross loan portfolio of USD 664 million outstanding to 167,000 borrowers and USD 279 million in 332,000 deposit accounts. In addition to AccessBank Azerbaijan, Access Holding has stakes in microbanks in Tajikistan and four African countries. GGF reports total assets equivalent to USD 326 million. July 25, 2014

Qalaa of Egypt Boosting Tanmeyah Stake to 70% for \$2m

Qalaa Holdings, an Egyptian private equity firm, reportedly will invest the local-currency equivalent of USD 2.1 million in Tanmeyah, an Egyptian provider of microloans and microinsurance, which will bring Tanmeyah's paid-in capital to USD 7.0 million and increase Qalaa's stake in the firm from 51 percent to 70 percent. According to a statement attributed to Qalaa Chairman Ahmed Heikal, Tanmeyah "will play an important role in the development of Egypt by providing growth, working capital and other financial solutions to companies and individuals that would otherwise effectively be cut off from the financial system." Tanmeyah has an outstanding loan portfolio of USD 46 million, 95 branches and 1,000 employees as of 2014. As of 2011, Qalaa, which then was known as Citadel Capital, reported total assets under management of USD 4.3 billion. July 23, 2014

IFC to Invest \$25m in Proyectos Educativos Integrales del Peru

The World Bank Group's International Finance Corporation (IFC) is investing USD 25 million in education firm Proyectos Educativos Integrales del Peru (PEIP) to support the creation of a university and a network of technical, primary and secondary schools for low-income students in Peru. IFC's education portfolio is worth USD 651 million and includes 60 projects in 24 countries. Financial information on PEIP is not available. July 15, 2014

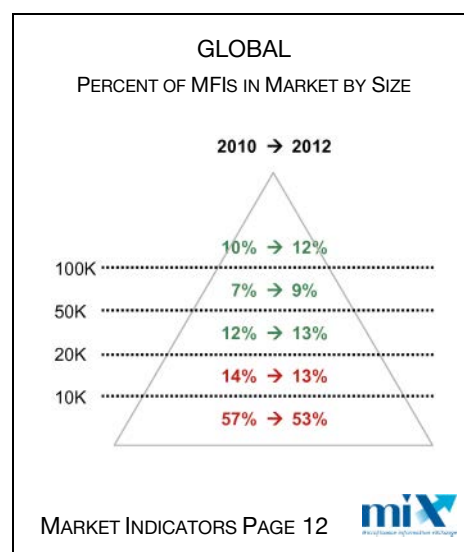
Woori of South Korea to Acquire Cambodian MFI Malis for \$5m

South Korea's Woori Bank reportedly has agreed to buy Malis Finance, a Cambodian microfinance institution, for the won-equivalent of USD 4.95 million. According to an unnamed Woori official, "it's difficult to develop a [stable] business model in Cambodia due to its low levels of economic development, so we've decided to first gain more expertise in the market by trying our hand in the microfinancing business and gradually on to banking." The deal is contingent upon approval from Cambodian authorities. While Malis was established in Phnom Penh in 2011, financial information on the institution is unavailable. Woori reports total assets of USD 241 billion. July 15, 2014

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MICROCAPITAL BRIEFS

Symbiotics Arranges \$30m in Bonds for MFIs in India, China

Symbiotics, a Swiss investment company that focuses on emerging markets, recently completed bond transactions generating USD 20 million for the following Indian microlenders: USD 10 million for Arohan and USD 5 million each for Grameen Financial Services and Annapurna Microfinance. An additional transaction released USD 9.75 million for MicroCred China, an arm of the France-based MicroCred Group, which also has operations in five African countries. MicroCred China has a total loan portfolio of USD 85 million outstanding to 14,000 borrowers. Arohan reports total assets of USD 37.9 million, Grameen Financial Services reports total assets of USD 161 million and Annapurna reports total assets of USD 36 million. August 6. 2014

Pakistan's Bank of Khyber to Loan \$10m in Effort to Reach 850k

The government of the Pakistani province of Khyber Pakhtunkhwa reportedly has committed the equivalent of USD 10 million to a microfinance scheme to be implemented through Bank of Khyber, a Pakistani provider of microloans and traditional banking services that comply with Islamic law by using concepts such as profit sharing in lieu of charging interest. The bank is to use the new funds for loans for entrepreneurial endeavors to be undertaken by 850,000 people, most of whom are unemployed. A similar project in 2012 offered interest-free loans for new businesses. Bank of Khyber reports total assets of USD 11 billion. August 6. 2014

Incofin Launches ProPulse Fund for Private Institutional Investors

Incofin Investment Management, a microfinance fund manager based in Belgium, recently launched its ProPulse Fund, which is designed for private institutional investors seeking to enable microfinance institutions in emerging economies to meet their "large demand for local-currency loans." While ProPulse will seek to place investments in developing countries worldwide, Incofin is planning its first investments in the Caucasus region and Central America. While the amount of funds that ProPulse has raised to date is not available, Incofin manages nine facilities with total outstanding investments equivalent to USD 479 million placed in 39 countries. August 5. 2014

EBRD Loans \$8m to Mongolia's Khan to Boost MSME Value Chains

The European Bank for Reconstruction and Development, a UK-based multilateral institution, reportedly has issued a local-currency loan equivalent to USD 8 million to Khan Bank, a commercial bank in Mongolia, as the final tranche of a total of USD 25 million being on-lent to suppliers of micro-, small and medium-sized enterprises (MSMEs) in Mongolia. The agreement is intended to enable "the suppliers and distributors of MSMEs with links to big corporations to obtain more competitive financing." Khan has total assets of USD 160 billion and 1.8 million customers. August 5. 2014

Infinity, PATHS2 to Push Health Microinsurance in Nigeria

Nigeria's Infinity Microfinance Bank and the Partnership for Transforming Health Systems 2 (PATHS2), a program funded by the UK government to improve Nigeria's health system, reportedly will collaborate to expand PATHS2's "Micro Health Insurance Scheme" (MHIS). According to a statement attributed to Clara Oloniniyi, Infinity's managing director, the bank will encourage its customers and other members of the public to purchase MHIS because, "microfinance banking faces a high rate of unrecoverable loans because some of the customers become suddenly ill.... With the MHIS, such shortcomings will be eradicated." MHIS offers "full medical healthcare services" through various hospitals at a cost equivalent to USD 21 per six-month period. As of 2011, Infinity reported total assets of USD 1.9 million. August 3. 2014

Philippines Increases Microinsurance Ceiling to \$11k

Bangko Sentral Ng Pilipinas, the central bank of the Philippines, recently doubled the ceiling for microinsurance coverage to the equivalent of USD 11,000, which is 1,000 times the minimum legal daily wage of non-agricultural workers in the Manila region. The maximum debt that can be relieved under "credit-life" policies was also increased to USD 7,000. As part of a reported agenda to "increase insurance coverage in the country and to provide the low-income sector access to insurance products," regulators have begun allowing rural banks to sell insurance to farmers and those in the fishing industry. August 2. 2014

Bangladesh Cancels Licenses of 46 MFIs Over Misuse of Funds

The Microcredit Regulatory Authority (MRA), the supervisor of NGO microfinance institutions (MFIs) in Bangladesh, reportedly has rescinded the licenses of 46 MFIs mostly because they are judged to have "misused funds through breach of rules." MRA is also in the process of canceling the licenses of an unspecified number of additional institutions. In 2013, MRA canceled the licenses of 24 NGO-MFIs. As of June 2013, MRA recognized 698 licensed institutions serving approximately 25 million clients in the country with total outstanding loans equivalent to USD 3.3 billion and total deposits of USD 1.2 billion. August 1. 2014

Sanad Fund for MSME Lends \$9m to Tunisie Leasing for MSMEs

The Sanad Fund for MSME (micro-, small and medium-sized enterprises), a Germany-based lender that operates in the Middle East and North Africa, has agreed to loan the equivalent of USD 9.4 million to Tunisie Leasing, a firm that focuses on serving MSMEs in Tunisia and Algeria. Tunisie Leasing is expected to use the loan to serve 400 additional MSMEs in Tunisia. Wolfgang Reuss, the chairman of Sanad, stated that, "With this loan Sanad and Tunisie Leasing are actively supporting [MSMEs], businesses which remain underserved in Tunisia and often lack access to finance. This investment will contribute to these businesses creating employment and economic growth in the country." Tunisie Leasing reports total assets of USD 556 million and a gross loan portfolio of USD 436 million. July 30. 2014

India's Ujjivan Sells \$10m in NCDs to IFC

Ujjivan Financial Services, a microlender with 322 branches in 21 Indian states, has raised the rupee-equivalent of USD 10 million in debt capital by issuing listed, secured, redeemable non-convertible debentures to the International Finance Corporation, the private-investment arm of the World Bank Group. Ujjivan reports assets of USD 249 million, a gross loan portfolio of USD 207 million, return on assets of 3.4 percent, return on equity of 12 percent and 855,000 borrowers. July 30. 2014

Canada to Support Youth in Nigeria's Cross River State

The government of Canada has announced that it will provide financial support to "increase job opportunities and promote entrepreneurship among young people in Nigeria" by offering training in Cross River State in sectors such as agriculture, fisheries and forestry. Further details on the program have not been released. July 29. 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!

ResponsAbility Loans \$13m to FONDEP of Morocco

ResponsAbility Investments, a Swiss firm that primarily invests in developing economies, recently notified MicroCapital that it has disbursed the euro-equivalent of USD 13 million in senior refinancing to Fondation pour le Développement Local et le Partenariat Micro-Crédit (FONDEP), a Moroccan institution that seeks “to use microcredit to help women and youth create their own microenterprises and generate income.” Launched in 1996, FONDEP reports total assets of USD 100 million, return on assets of 2.8 percent and a gross loan portfolio of USD 82 million with 129,000 clients served through 178 branches. In addition to loans, FONDEP offers insurance. July 29, 2014

Nigeria Offers Biometric “Bank Verification Number” ID System

In Lagos, the Central Bank of Nigeria reportedly has initiated the first phase of a nationwide upgrade of the system for identifying bank customers. The revised system allows customers to register for a bank verification number (BVN) that is created using biometric data, such as fingerprints and facial measurements, and can be used “as a means of identification across all banks.” One thousand banks in Nigeria have received biometric data capture machines so far, and 16,000 BVNs have been issued. July 29, 2014

Egypt’s Fawry to Facilitate E-government Services

Fawry, an Egyptian electronic payment company, reportedly has partnered with the Egyptian government to offer digital payments in connection with unspecified government services. The two entities also are working on an initiative called “Fostering Innovation In Order To Achieve Financial Inclusion,” which is intended to support micro- and small enterprises in the country through unspecified measures funded by a “soft” loan of USD 300 million from the World Bank. With 40,000 agents in 300 municipalities, Fawry reportedly processes 1 million transactions per day, amounting to the equivalent of USD 559 million per year. July 28, 2014

Absolute’s Vision Funds Loan \$14m to MFIs in Asia, Peru

Absolute Portfolio Management, an arm of Austria-based asset group C-Quadrat, recently informed MicroCapital that it has distributed credits totaling the equivalent of USD 13.5 million in several currencies to unspecified microfinance institutions in Armenia, China, India, Peru and Tajikistan through its Dual Return Fund-Vision Microfinance and Dual Return Fund-Vision Microfinance Local Currency funds. Of this total, USD 5.75 million was distributed to a Bangalore-based lender to rural women that also offers business training and health workshops. The Vision Microfinance Dual Return Funds report a total of USD 338 million in assets under management, and C-Quadrat manages assets valued at USD 81 million. July 27, 2014

Dutch Good Growth Fund Launches with \$950m to Support SMEs

The Dutch Good Growth Fund (DGGF), a Netherlands-based loan fund that is funded with the euro-equivalent of USD 947 million from the Dutch Ministry of Foreign Affairs, was recently launched under the management of the governmental Netherlands Enterprise Agency. DGGF is intended to provide financing to Dutch small and medium-sized enterprises (SMEs) that wish to invest in, or export to, 66 developing countries, as well as directly financing SMEs in those countries, most of which are in Africa and Asia. July 27, 2014

Otoritas Jasa Keuangan to Lead Supervision of MFIs in Indonesia

Several organs of the national government of Indonesia have agreed that Otoritas Jasa Keuangan (OJK), the regulator of the country’s financial sector, will serve as the primary supervisor of microfinance institutions (MFIs) as of January 2015, following the reported failure of regional and city administrators to effectively oversee the sector. As part of its work, OJK will seek to document the number of MFIs in the country and “develop mapping, a capacity building program, and legal frameworks for the institutions.” July 27, 2014

MicroCapital Deal of the Month

Dia Vikas, NMI, Oikocredit Invest \$7m in Equity in India’s Rashtriya Gramin Vikas Nidhi

Rashtriya Gramin Vikas Nidhi North East (RGVN), a microlender based in the Indian state of Assam, has raised the equivalent of USD 7 million in equity from Dia Vikas Capital, an India-based firm focused on microfinance; the Norwegian Microfinance Initiative (NMI) Fund III, an investment vehicle managed by NMI that focuses on investing in Africa and Asia; and Oikocredit, a Dutch cooperative. The government-backed Small Industries Development Bank of India also converted a previous investment in RGVN into equity. Information regarding the sizes of the holdings acquired by the investors is unavailable. RGVN reported total assets of USD 24 million, a gross loan portfolio of USD 20 million and 168,000 borrowers as of 2013. As of 2012, it reported return on assets of 3.2 percent and return on equity of 22 percent.

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Gemalto, GSMA Use Mobiles to Support Maternal Health in Africa

Gemalto, a publicly traded digital security firm based in the Netherlands, reportedly will support the Pan-African Mobile Health Initiative (PAMI), which uses mobile phones to address nutrition and maternal and child health in seven African countries. PAMI is run by the UK-based GSM Association, a group of 800 mobile operators and 250 other firms that promotes the Global System for Mobile (GSM) communications protocol. Gemalto will tie up with the following programs, which are to serve 15 million people: (1) the UN Every Woman Every Child Global Strategy, which is intended to “enhance health financing, strengthen policy, and improve service on the ground for the most vulnerable women and children;” and (2) the Global Nutrition for Growth Compact, which aims to fund improved nutrition for children and pregnant women. Gemalto will assist in data collection as well as working “to deliver targeted nutritional and health advice via mobile phones.” Gemalto reports revenues equivalent to USD 3.2 billion. July 25, 2014

World Bank Funds Inclusion in Indonesia, Mozambique

The US-based World Bank Group recently approved the disbursement of USD 500 million as a “Financial Sector Reform and Modernization Development Policy Loan” for the government of Indonesia and a package consisting of a loan and a grant of USD 12.5 million each to support the “First Programmatic Financial Sector Development Policy Operation” of the government of Mozambique. An unspecified portion of the funding will support Indonesia’s efforts to “stabilize” and diversify the financial system, boost financial literacy and consumer protection, develop microfinance institutions and enhance the “microinsurance regulatory framework.” The funding for Mozambique is intended to: (1) improve risk management and credit reporting practices; (2) develop branchless and mobile banking products as well as consumer protection practices; and (3) improve debt and capital markets. July 22 and July 25, 2014

EIF to Guarantee 270 Microloans for UniCredit Bulbank in Bulgaria

The European Investment Fund (EIF), a public-private investor in lenders to European micro-, small and medium-sized enterprises (MSMEs), has agreed to guarantee 270 microenterprise loans to be issued by UniCredit Bulbank, the Bulgarian unit of Italy's UniCredit Group. The European Progress Microfinance Facility, which is funded by the EU's European Commission and managed by EIF, will back 56 percent of the losses on the loans. Bulbank reports total assets equivalent to USD 8.8 billion and 230 branches in Bulgaria. UniCredit Group operates in 22 countries and reports assets of USD 1.2 trillion. Progress Microfinance manages assets valued at USD 278 million. July 24. 2014

EBRD Touts External Advice for SMEs in Kyrgyzstan

The UK-based European Bank for Reconstruction and Development (EBRD) has launched a campaign to promote "the value of external advice for small and medium-sized enterprises (SMEs)" in Kyrgyzstan. The aim of the campaign is to nudge SMEs to seek assistance with performance and cash flow management as well as funding sources. Among the funders of the effort are the governments of Switzerland, Japan and the United States. EBRD plans to launch similar information campaigns in 24 additional countries in Eurasia and North Africa. July 24. 2014

Mentors International Chooses Mambu Software

Mentors International, a US-based nonprofit network of microfinance institutions (MFIs), recently purchased banking software from Germany's Mambu. Mentors has operations in El Salvador, Guatemala, Honduras, Peru and the Philippines. Adriano Oliveira, the director of Mentors' international operations, stated that "Mambu's cloud-based platform will improve our operational efficiency, enabling us to more easily demonstrate our social impact and improve financial transparency..." Mambu serves 100 MFIs in 30 countries. Mentors disbursed microloans totaling the equivalent of USD 60 million to 3.3 million people between 1990 and 2013. July 24. 2014

ADA, AFMIN to Run CGAP Training in French-speaking Africa

CGAP (Consultative Group to Assist the Poor), a US-based NGO, recently delegated management of its "Capacity Building Program for Francophone Africa" to ADA, a Luxembourg-based NGO formerly known as Appui au Développement Autonome, and the African Microfinance Network, an Côte d'Ivoire-based association of 24 networks of African microbanks. The training options, which will be offered in 13 countries, cover the following topics: accounting, business planning and financial projections, delinquency management and setting interest rates, financial analysis, governance, operational risk management and product development. July 24. 2014

Nigeria's ActivEdge, SAP Africa to Launch Mobile Money Service

Nigeria's ActivEdge Technologies and SAP Africa, the South African branch of German software provider Systemanalyse und Programmentwicklung (SAP), reportedly have partnered to offer the following services in Nigeria: SAP Mobile Banking, SAP Mobile Consumer Payment and SAP Mobile Remittance. In addition to Nigeria, ActivEdge has operations in Ghana, Kenya, Uganda and Zimbabwe. SAP reports total assets equivalent to USD 30 billion. July 24. 2014

Emerge of South Africa Announces "Edge" Cashless Payments

South Africa's Emerge Mobile has announced the launch of its "Edge" mobile point-of-sale (MPOS) device, which can be plugged into retailers' mobile phones to accept credit and debit card payments. The device costs the equivalent of USD 95, and Emerge charges a fee of 2.75 percent on each transaction. According to a statement attributed to Matt Putnam, the managing director of Emerge, "this commercial launch is a realisation of Emerge Mobile's vision to create an MPOS solution that will improve the lives of countless [owners of small and medium-sized enterprises] in South Africa." Emerge was founded in 2012 with investment from Johannesburg-based Capital Eye Investments. The platform will be offered through iKhokha, a unit of Emerge. July 23. 2014

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Regional Firms Launching Cardless ATM Services in Rwanda

Mobile Telecommunications Network (MTN) Rwanda, the Rwandan branch of South Africa-based mobile telecommunications company MTN, reportedly will partner with Rwandan electronic payment firm RSwitch, Kenya's I&M Bank and Kenya Commercial Bank (KCB) Group to offer cardless automated teller machine (ATM) services in Rwanda. The system will allow MTN subscribers to access the ATMs of KCB, I&M and RSwitch by entering a 4-digit transaction code that is sent to the customer's mobile device. July 23. 2014

Canada Commits \$20m to Ukrainian Agriculture

The Canadian Department of Foreign Affairs, Trade and Development recently launched a seven-year project in Ukraine that will direct USD 19.6 million to provide equipment, loans and educational programs to 20,000 farmers. Among the goals of the project are improving relationships among farmers and small and medium-sized enterprises; increasing economies of scale; and "improving business practices...and creating jobs." As part of the project, Israel's Agency for International Development Cooperation will work with unspecified colleges, advisory companies, lenders and cooperatives to create an agribusiness system in the country. July 22. 2014

Gate, UN, US State Department to Crowdfund Access to Finance

Gate Global Impact and RocketHub, US-based organizations that "crowdfund" small amounts of money online from large numbers of people, have developed separate partnerships with UN Global Compact, an initiative aligning businesses committed to operating under UN human rights standards, and the US State Department. Gate and UN Global Compact will launch Gateway 2.0, a website that will help members of the UN Social Enterprise Hub raise funds for "socially responsible" endeavors costing USD 500,000 to USD 10 million. Similarly, RocketHub reportedly is working with the State Department to utilize crowdfunding to fuel "social-impact" projects in 60 countries. Financial data on the crowdfunders is not available. July 21. 2014

Muthoot of India Receives OK to Offer Home Mortgages

The National Housing Bank, the regulator of housing finance in India, reportedly has granted approval to Muthoot Finance, an Indian lender that uses gold items as collateral, to provide housing loans. According to a statement attributed to K P Padmakumar, the executive director of Muthoot, the firm will roll out mortgages by September in an attempt to "leverage opportunities to finance the housing needs of [the company's] existing customer base." Muthoot, which also offers money transfers, reports assets of USD 4.9 billion and 4,000 branches. July 21. 2014

EBRD Loans KICB, Demir Kyrgyz \$9m for Energy Efficiency

The UK-based European Bank for Reconstruction and Development (EBRD) has approved loans of USD 5 million to Kyrgyz Investment and Credit Bank (KICB) and USD 4 million to Demir Kyrgyz International Bank. The loans are to be used for on-lending to companies and households in Kyrgyzstan to finance projects such as upgrading insulation and energy-related equipment as well as launching small-scale renewable energy projects. As of 2011, KICB reported total assets of USD 169 million and USD 88 million in loans outstanding. As of March, Demir Kyrgyz reported assets equivalent to USD 213 million and USD 99 million in net loans outstanding. EBRD holds equity stakes of 17 percent in KICB and 15 percent in Demir Kyrgyz. July 20. 2014

2014 CGAP Microfinance Photo Contest Accepting Entries

Through October 8, CGAP (Consultative Group to Assist the Poor), a US-based nonprofit that aims to facilitate the expansion of financial access, is accepting entries to its annual photo contest via <https://photocontest.cgap.org>. Nineteen winners will receive gift certificates valued at up to USD 2,000 each. July 16. 2014

India's Suryoday Raises \$4m in Equity from IFC, Aavishkaar, Lok

Indian microlender Suryoday Micro Finance recently received an equity infusion totaling the rupee-equivalent of USD 4.5 million from three investors: USD 2.5 million from the World Bank Group's International Finance Corporation and USD 1 million each from Aavishkaar Goodwell, an Indian-Dutch for-profit investor in economic development, and Lok Capital, a Mauritius-based venture fund focused on social businesses in India. The sizes of the stakes taken by the investors have not been disclosed. Suryoday, which intends to use the funding to expand its network of 80 locations, reports assets of USD 37 million, a gross loan portfolio of USD 28 million, 156,200 borrowers, return on assets of 1.5 percent and return on equity of 3.9 percent. July 16. 2014

IFC to Assist Morocco with Credit Information Sharing Regs

The International Finance Corporation (IFC), the private-investment arm of the World Bank Group, recently announced that it will assist Bank Al-Maghrib, the central bank of Morocco, in developing guidelines for the supervision of the country's financial sector including a regulatory framework under which lenders can share credit information. According to Joumana Cobein, IFC's country manager for Morocco, "creating a better environment for doing business is key to our work in Morocco...clear and transparent regulations allow small businesses to realize their potential through increased access to finance." A portion of this work is being supported by the governments of Canada, Denmark, Japan, Switzerland and the UK. July 16. 2014

IFMR Capital Raises \$16m for Indian Lenders via CBO

IFMR Capital, an Indian facilitator of funding for organizations that serve low-income individuals, has launched a collateralized bond obligation (CBO) backed by the equivalent of USD 16.3 million in non-convertible debentures (NCDs) issued by the following Indian finance organizations: Annapurna Microfinance, Asirvad Microfinance, Arohan Financial Services, Disha Microfin, Future Financial Services, India School Finance Company, Intrepid Finance and Leasing, Pahal Financial Services, Suryoday Microfinance, SV Credit Line and Svasti Microfinance. NCDs are medium- to long-term debt instruments that cannot be converted into equity. IFMR Capital is an affiliate of the Indian nonprofit Institute for Financial Management and Research (IFMR), which reports assets of USD 34 million. July 16. 2014

DFID to Donate \$2m to 12 Pakistani Lenders for Innovation in Ag

The UK's Department for International Development reportedly will donate the equivalent of USD 2.4 million to be divided among 12 Pakistani financial institutions to support the implementation of innovations in rural and agricultural financing. July 16. 2014

SME Bank Receives \$59m from Namibia's Government

SME Bank, which was founded in 2012, is preparing to receive a grant equivalent to USD 59 million from the Namibian government to expand its operations to all 14 regions of the country. SME Bank, which is 51-percent held by the government, has one office in the capital city of Windhoek and plans to begin its expansion in the municipalities of Katutura, Ongwediva and Rundu. During SME Bank's first 16 months of operations, 5,000 customers made deposits, 1,000 applied for loans and the bank's valuation reached USD 3.7 million. July 15. 2015

India's Ujjivan Disburses Loans Totaling \$166m via Direct Deposit

Ujjivan Financial Services, a Bangalore-based microlender, has disbursed local-currency loans totaling the equivalent of USD 166 million, approximately half of its annual total, directly to customers' bank accounts after working with clients to: open new bank accounts, activate dormant accounts, learn how to use the accounts and gain familiarity with using automated teller machines. Ujjivan, which serves clients in 21 Indian states, reports assets of USD 249 million. July 15. 2014

GCAMF Acquires 8% of Kenyan Microinsurer ACRE for \$500k

The Grameen Credit Agricole Microfinance Foundation (GCAMF), a Luxembourg-based investor in “social businesses,” recently informed MicroCapital that it paid USD 500,000 to acquire 8 percent of Nairobi-based Agriculture and Risk Enterprise Limited (ACRE), a micro-insurance provider that aims to expand into West Africa. ACRE grew out of the “Kilimo Salama” program of the Switzerland-based Syngenta Foundation for Sustainable Agriculture, which insured 200,000 farmers in Kenya, Rwanda and Tanzania as of 2013. GCAMF also provided a three-year, local-currency loan worth USD 334,000 to the Ecumenical Church Loan Fund (ECLOF) Uganda, a nonprofit microfinance institution (MFI) that is part of ECLOF, which operates in 20 countries. The loan is intended for the purchase of “support and technical assistance” by ECLOF Uganda, which has a loan portfolio of USD 1 million and 3,000 active clients, mostly rural women. July 14, 2014

Grameen Credit Agricole Loans \$4m in Indonesia, Azerbaijan

The Luxembourg-based Grameen Credit Agricole Microfinance Foundation recently informed MicroCapital that it has provided a three-year, local-currency loan worth USD 2.9 million to Mitra Bisnis Keluarga Ventura (MBK), a microfinance institution in Indonesia. MBK provided group loans totaling USD 54 million for 370,000 rural, female-led microenterprises through 223 branches as of early 2014. For 2012, MBK reported return on assets of 13 percent and return on equity of 65 percent. Grameen Credit Agricole also loaned USD 1.3 million to Finance for Development (FinDev) of Azerbaijan, which provides group and individual loans for microenterprise, land and household items as well as for expenses such as education, home construction and medical care, mainly in rural areas. FinDev has a gross loan portfolio of USD 19.7 million and 13,000 active borrowers. July 14, 2014

Biniog Sathi Banking Model Harnesses Zakat to Reduce Defaults

Mabroor Mahmood, who operates the online “Ideas for Development” think tank, recently began selling his Biniog Sathi banking model, which incorporates Zakat, a Muslim practice of charity, to offset microloan defaults. Under Biniog Sathi, a charitable fund partners with a bank to provide financial assistance to borrowers who are otherwise likely to default on their repayments to that bank. In order to be recognized as using Biniog Sathi, banks must document compliance with the model’s standards and pay up-front and ongoing fees. July 13, 2014

Bank of Ghana Won’t Limit MFI Licenses, May Raise Capital Reqs

The Bank of Ghana (BOG), the country’s central bank, has canceled plans to freeze the number of new microfinance licenses. Raymond Amanfu, the head of the central bank’s Other Financial Institutions Supervision Department, had announced the plans in January, but now believes this would result in “encouraging people to go underground again,” to operate illegal, unregistered microfinance institutions (MFIs). Instead, BOG may raise the minimum capital requirement for MFIs, which it boosted to the equivalent of USD 150,000 in 2012. The central bank also will be examining MFIs’ fund management practices. BOG recently shut down 120 unlicensed MFIs nationwide and has identified 40 more to be closed in the city of Accra. July 12, 2014

Nigeria’s Mansard Wins Approval to Offer Microinsurance

Nigeria’s National Insurance Commission reportedly has granted approval for Mansard Insurance to offer microinsurance, which the regulator defines as coverage with payouts up to the equivalent of USD 6,100. Mansard’s Instant Plan will provide life and accident insurance for an annual premium of USD 6 with payouts of up to USD 600 in the event of permanent disablement or death and up to USD 60 for medical expenses resulting from an accident. Lagos-based Mansard, which has assets of USD 243 million, also offers mortgage, education and group life insurance. July 11, 2014

Harry Potter Actress Emma Watson to Serve UN Women

UN Women, the UN organization “dedicated to gender equality and the empowerment of women,” has announced that British actress Emma Watson will serve as goodwill ambassador for its HeForShe campaign, which seeks to engage both men and women to promote gender equality. Phumzile Mlambo-Ngcuka, the executive director of UN Women, stated, “The engagement of young people is critical for the advancement of gender equality in the 21st century, and I am convinced that Emma’s intellect and passion will enable UN Women’s messages to reach the hearts and minds of young people globally.” July 11, 2014

EFSE Loans \$25m to Bank of Georgia for On-lending to 3k MSEs

Bank of Georgia, which offers corporate and retail banking, wealth management and insurance in Georgia, Ukraine and Belarus, recently accepted the equivalent of USD 25 million in senior debt from the European Fund for Southeast Europe (EFSE), a Luxembourg-based, government-backed microfinance investment vehicle. The funds are to be used for on-lending to 3,000 micro- and small enterprises in Georgia. According to a statement attributed to Monica Beck, the Chair of the Board of EFSE, “with more than 20 percent of its business loan portfolio dedicated to micro-, small and medium enterprises...Bank of Georgia is a significant player in the country’s microfinance segment...” As of 2011, Bank of Georgia reported total assets of USD 2.8 billion, a gross loan portfolio of USD 1.5 billion, deposits of USD 1.5 billion, return on assets of 3.6 percent and return on equity of 20 percent. July 11, 2014

Citigroup, OPIC Loan \$10m to ACBA Credit Agricole of Armenia

Citigroup, a US-based financial services corporation, and the US government’s Overseas Private Investment Corporation (OPIC) recently announced they will partner to loan USD 5 million to ACBA Credit Agricole Bank, a microfinance institution formerly known as the Agricultural Cooperative Bank of Armenia. The investors will also extend the term of an existing loan of the same amount that was disbursed to ACBA in 2012. While the details of the arrangement have not been released, OPIC in the past has guaranteed funds disbursed by Citigroup for similar purposes. ACBA, whose minority shareholders include French bank Credit Agricole, reports total assets equivalent to USD 656 million, a gross loan portfolio of USD 423 million and deposits of USD 265 million. July 10, 2014

Grameen Credit Agricole Loans \$880k in Madagascar, Senegal

The Luxembourg-based Grameen Credit Agricole Microfinance Foundation recently disbursed the equivalent of USD 680,000 to Tahiry Ifamonjena Amin’ny Vola (TIAVO), a microfinance institution (MFI) in Madagascar that mainly serves farmers, and the second half of a loan of USD 207,000 to Mec Fadec, a Senegalese MFI. MicroCapital reported on the first half of this loan to Mec Fadec in the November 2013 issue of this newspaper. Mec Fadec, which also offers training services, reports a loan portfolio of USD 846,000 outstanding to 1,300 borrowers. TIAVO reports total assets of USD 14 million, a loan portfolio of USD 8.3 million outstanding to 11,400 borrowers, deposits of USD 5.7 million in 97,000 accounts, return on assets of 1.85 percent, return on equity of 13.3 percent and 108 branches. July 10, 2014

IFC Increases Syndicated Loan to NDB of Sri Lanka to \$200m

The World Bank Group’s International Finance Corporation (IFC) has increased the size of the syndicated loan that it opened in March 2014 for the National Development Bank (NDB), a financial services company owned by the government of Sri Lanka, from USD 125 million to USD 200 million. The loan is expected to help expand the services NDB offers to micro-, small and medium-sized enterprises. The amount of the loan funded by IFC has not been released, and the other investors participating in the syndication have been identified only as “development finance institutions.” July 9, 2014

IFC, Chad Lay Groundwork for Small-business Leasing

The International Finance Corporation, the private-investment arm of the World Bank Group, recently agreed to work with Chad's Ministry of Planning and International Cooperation to support the development of leasing options for small and medium-sized enterprises in Chad, particularly in the agribusiness, mining and power sectors. July 8. 2014

India Allows NBFCs to Be Bank Agents

The Reserve Bank of India recently began permitting non-depository, non-banking finance companies to act as business correspondents for Indian banks by providing limited financial services to bank clients in unbanked areas. Business correspondents can engage in such activities as marketing loans and savings accounts as well as processing loan requests. The intent of the move is to "accelerat[e] the flow of credit to those at the bottom of the pyramid..." Under the new regulations, banks are responsible for agents offering services to the general public rather than solely to agents' existing customers. July 7. 2014

Econet Accused of Monopolistic Mobile Money Practices

Econet Wireless Zimbabwe, a subsidiary of the South Africa-based Econet Wireless Group, reportedly is under investigation by Zimbabwe's Competitions and Tariffs Commission regarding allegations of monopolistic business practices. The accusations focus on the Unstructured Supplementary Service Data (USSD) gateway, a means of communication between mobile phones and computers, to which Econet began offering banks access in February. Unspecified banks allege that the gateway allows Econet to charge a higher rate for the use of its services than it charges customers who have direct access to Econet's mobile money service, EcoCash, through a separate preexisting USSD operated by Econet. Econet Wireless Zimbabwe reports total assets of USD 1.2 billion and 8.8 million subscribers. July 6. 2014

MIX Appoints Jeffrey Binstock as CEO

The Microfinance Information Exchange, a US-based nonprofit that provides performance data and analysis on microfinance institutions and their funders, networks and service providers, recently announced the appointment of Jeffrey Binstock as the organization's new CEO. Mr Binstock is succeeding Marten Leijon, who headed the organization for four years. July 5. 2014

Pakistan's Wasil Wins \$100k Islamic Microfinance Challenge

The Wasil Foundation, a nonprofit microlender in Pakistan that aims to alleviate poverty through enterprise development, has won the 2014 Islamic Microfinance Challenge, a competition that promotes Sharia-compliant microfinance products, which comply with Islamic practice by eschewing interest payments in favor of arrangement such as the sharing of profit and loss. Wasil intends to use its prize of USD 100,000 to support the products for which it was recognized, which together represent 10 percent of the organization's portfolio: (1) "Salam," which offers cash advances for small-scale farmers against a guaranteed purchase price for their produce; and (2) "Ijara," which allows small-scale farmers to sub-rent agricultural land from Wasil for a pre-defined time period. Wasil reports a gross loan portfolio of USD 1.1 million outstanding to 6,100 active borrowers. July 4. 2014

Philippine Banks Required to Disclose More Data on Microfinance

Bangko Sentral ng Pilipinas (BSP), the central bank of the Philippines, recently expanded the amount of reporting that banks must perform regarding their microfinance operations with the aim of helping BSP create "evidence-based policies that are responsive to the needs of the market." Banks must now report monthly on the number and value of wholesale loans to retail microlenders as well as bank-held micro-deposits, which are defined as savings accounts with average daily balances lower than the equivalent of USD 915. July 3. 2014

EBRD, TaiwanICDF Loan Tunisie Leasing \$14m for MSMEs

The European Bank for Reconstruction and Development (EBRD), a multilateral institution headquartered in London, and the International Cooperation and Development Fund of Taiwan (TaiwanICDF) recently disbursed a loan equivalent to USD 13.7 million to Tunisie Leasing, a provider of leasing services in Tunisia and Algeria with total assets of USD 556 million. EBRD funded USD 9.6 million of loan, and TaiwanICDF funded the remainder. The proceeds are intended to finance leases of office equipment, commercial vehicles and real estate to micro-, small and medium-sized enterprises in Tunisia. Although the loan will be denominated in euros, the sub-loans will be denominated in Tunisian dinars in order to reduce foreign-currency risk for Tunisie Leasing's customers. July 3. 2014

IFC Investing \$15m in EuroMena for Middle Eastern SMEs

The International Finance Corporation (IFC), the private-investment arm of the World Bank Group, reportedly has committed USD 15 million to EuroMena III, a seven-year, closed-end private equity fund that aims to raise USD 150 million to invest in up to 10 small and medium-sized enterprises in Egypt, Lebanon, Jordan and possibly other countries in the Middle East and North Africa. IFC also will provide the fund's investees with technical assistance relating to transparency and governance. EuroMena III seeks to focus on companies that create new employment opportunities and empower women and young people. The fund is managed by the UK-based Capital Trust Group, which specializes in investing in the Middle East and North Africa and manages funds with total commitments of USD 254 million. July 2. 2014

India Simplifies Identification Norms for New Bank Accounts

The Reserve Bank of India, the country's central banking authority, recently simplified the "Know Your Customer" process that commercial banks in India must undertake before opening bank accounts for individuals. As of June, customers may submit a single document proving their address as opposed to the previous requirement of presenting separate documents to verify identity and address. July 2. 2014

Homeless International Buys T24 MCB Software from Temenos

Homeless International, a UK-based nonprofit housing consultancy and funder that seeks to reduce urban poverty in Africa and Asia, has purchased T24 MCB, a cloud-based banking software platform that was developed for the "microfinance and community banking" (MCB) segment by the Temenos Group of Switzerland. T24 software runs on the Windows Azure platform from US-based technology provider Microsoft. MicroPlanet Technologies, a service provider to microfinance institutions, will support Homeless International in its migration to T24. Temenos reports revenues of USD 468 million. Financial information on Homeless International is not available. July 2. 2014

EBRD to Loan \$15m to Mongolia's XacBank

The London-based European Bank for Reconstruction and Development (EBRD) has agreed to disburse a local-currency loan equivalent to USD 10 million to XacBank, a lender to micro-, small and medium-sized businesses in Mongolia, under EBRD's Mongolian Sustainable Energy Financing Facility. The loan will be accompanied by technical assistance regarding capacity building for financing energy conservation and related projects. EBRD also recently approved a loan of USD 5 million to XacBank for on-lending to "private micro-, small and medium enterprises in Mongolia." XacBank reports total assets of USD 782 million, a gross loan portfolio of USD 462 million outstanding to 71,200 borrowers and deposits of USD 316 million collected from 397,000 depositors. July 2. 2014



SPECIAL REPORT

This description of the work of one of the eight Action Groups of the European Microfinance Platform (e-MFP) is sponsored by e-MFP, a 130-member network located in Luxembourg.

Action Group Proposes Best Practices for Remittances

MicroCapital: Please tell us a bit about the Remittances Action Group.

Gera Voorrips: As you know, e-MFP is a membership organization that promotes members working together on specific topics on which they have a shared interest. In 2011, I took the initiative to engage several members who were working on remittances to launch an Action Group to collaborate on this topic. As one of the requirements of an e-MFP Action Group is to work toward specific results, we decided that we wanted to focus on best practices for microfinance institutions (MFIs) that want to be successful in remittances.

MC: What has surprised you during your time with the Action Group?

GV: There is a lot of talk about remittances being the perfect way to expand financial inclusion. You have had the G20 and others talking about it for 20 years, but if you look at the practitioner level - at the MFI level - not much is happening. My surprise was that so few MFIs are really active in linking remittances to other products.

MC: How does this tie into the "Best Practices Guide for Microfinance Institutions Active in Remittances" that the Action Group just released?

GV: There are many MFIs that are active as payout agents for money-transfer organizations, but really linking remittances to

savings or loan payments - linking them to productive investments - that's not happening a lot and definitely not through MFIs. In order to be successful in linking remittances to your products, you really need to have a thorough and multidimensional approach, and I think that is a key finding of the group. MFIs normally start as, and should start as, payout agents. But if you want to go this extra mile and link remittances to your savings accounts or let them be used to facilitate loan payments, then you really have to take into account the six dimensions that we are describing.

MC: These dimensions are: (1) business models and partnerships; (2) client needs and linked products; (3) marketing; (4) operations; (5) information technology systems; and (6) regulation. Please tell us about one.

GV: I'm thinking of how Banco ADOPEM of the Dominican Republic addressed the needs of its clients. ADOPEM's top people saw they were paying out many remittances to families who weren't their clients, so they started a program to encourage those receivers to start an enterprise instead of just sitting at home and consuming the remittance money. They did many financial literacy trainings, and that's really because ADOPEM sees it as its task to have more financial inclusion in the local economy and to prevent people from becoming dependent on remittances. So that is clearly a social motivation. Now ADOPEM has a product whereby the sender of remittances directly repays a loan disbursed to a local client.

MC: How do you hope others will use the guide that the group created?

GV: Our purpose was to create a practical document targeted at MFIs. MFI managers can use it either for self-study or as a basis for training sessions for staff.

Gera Voorrips of European consultancy PHB Development has served as head of the Remittances Action Group of e-MFP since 2011. The "Best Practices Guide for Microfinance Institutions Active in Remittances" is available in English at http://www.e-mfp.eu/sites/default/files/resources/2014/06/BP_UK_v20-WebLR.pdf and in French at http://www.e-mfp.eu/sites/default/files/resources/2014/06/BP_FR_v4-WebLR.pdf.



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FIELD NOTES

Are We Just Selling Pop-Tarts? Reflections from The MasterCard Foundation Symposium on Financial Inclusion


I was privileged to attend the second annual MasterCard Symposium on Financial Inclusion in Turin, Italy, last month. It was an impressive event, convening some big thinkers involved in bringing financial services to low-income markets to discuss how to place clients at the center of their work. This great experience in a friendly and collaborative environment ended abruptly when I went to Turin's central train station to change my ticket to Milan. I spent about 30 minutes in a poorly ventilated room full of sweaty passengers who tentatively "took a number" hoping to catch the attention of a grumpy train employee between his breaks. After a three-day marathon about putting clients at the center, I was both disillusioned and dehydrated. After all, Italy is a country filled with tourists. Shouldn't changing a train ticket be a simple, if not "delightful," experience, as Leslie Witt from US-based for-profit Ideo noted in her keynote speech about human-centered design?

So instead of sharing the many inspiring cases and conversations from the conference, I will reflect on why some institutions, including perhaps the Italian railway Trenitalia, may not yet have bought into the client-centric approach. As David Richardson of the US-based World Council of Credit Unions (WOCCU) wisely suggested, client-centered initiatives were not invented yesterday. Organizations such as WOCCU have been listening to their clients for decades. So why should we have to "re-sell" this approach? It seems it is still a hard sell for a few reasons. The first is the same faced by the state-owned Trenitalia. Many financial service providers (FSPs) work in oligopolistic or monopolistic markets that are only loosely regulated. Thus, some offer fast and easy loans but can still charge 100-percent annualized interest rates - or barge into clients' homes at dinnertime to collect late payments. Another disincentive

to providing quality service is that markets are new and large and growing. Some FSPs can still produce healthy sales and profit growth by selling the same (perhaps flawed) thing to new people rather than retaining existing customers. Over time, both these factors should wane.

Another critical problem is that there are scant data to back the business case for client-centered approaches. Leslie showed some creative examples of client-centric innovations, but little data on their impact on the bottom line. I loved the "Next Door" centers Ideo designed for US-based State Farm Insurance, for example. These financial resource and coaching hubs in cool coffeehouse spaces are meant to attract millennials. Yet they seem costly, and not scalable.

A few speakers did offer more meat around the business case. Lorenzo Chan from Pioneer Insurance of the Philippines noted that flexibility and speed in claims payments keep clients happy and buying more insurance. Others suggested that SMS (text-message) "nudges" could push passive customers into becoming more active users of mobile money services. However, they were asked, "Are we just selling them Pop-Tarts?" That is, are we nudging clients into buying products that are not contributing to their long-term well-being? I left my career on Wall Street not just to push more supply-side financial solutions, but to work in the service of low-income people and communicate their needs to institutions that may not be listening. It is not an easy sell to FSPs, and it requires recognizing and balancing the need to make money with the drive to improve livelihoods.

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](mailto:bmagnoni[at]eac-global.com), or you may follow her on Twitter at [BarbaraatEA](#). 



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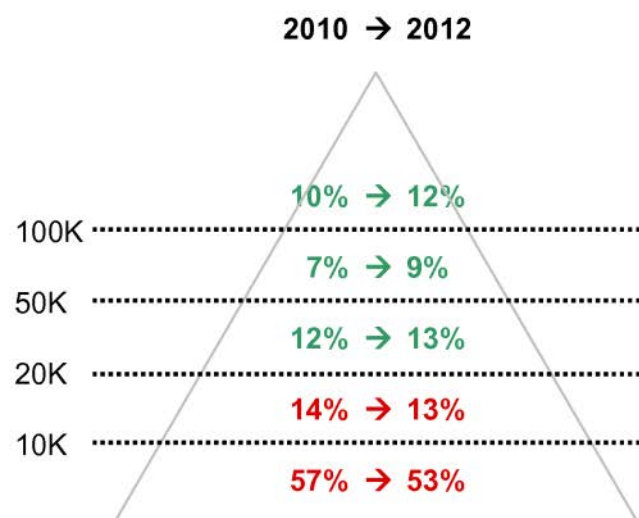


991 MICROFINANCE INSTITUTIONS (MFIs) REPORTING¹

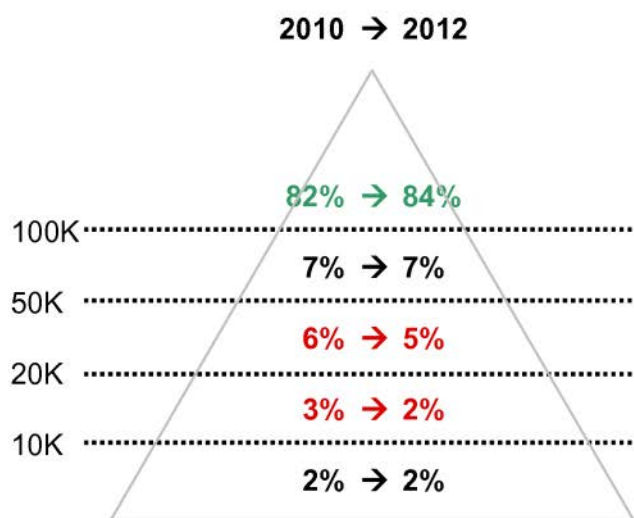
TOP MFIs BY GROWTH IN GROSS LOAN PORTFOLIO: CHANGE IN USD

MFI NAME	COUNTRY	AVERAGE ANNUAL USD INCREASE	AVERAGE ANNUAL % INCREASE	2010	2012
Harbin Bank	China	2,513,577,063	27%	8,104,552,352	13,131,706,478
Bank Rakyat Indonesia	Indonesia	1,261,477,975	14%	8,374,444,444	10,897,400,395
Capitec Bank	South Africa	924,690,916	48%	1,568,418,391	3,417,800,223
Banco Caja Social	Colombia	696,649,402	26%	2,376,388,512	3,769,687,316
Vietnam Bank for Social Policies	Vietnam	439,633,821	9%	4,588,944,354	5,468,211,995
MiBanco	Peru	277,266,094	19%	1,301,197,865	1,855,730,053
Equity Bank	Kenya	272,305,653	26%	924,993,804	1,469,605,110
Crediscotia	Peru	255,456,644	27%	823,506,762	1,334,420,049
ACLEDA	Cambodia	254,540,145	30%	744,664,196	1,253,744,486
BancoEstado	Chile	143,850,516	9%	1,566,014,957	1,853,715,988

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



MARKET SHARE BY MFI SIZE (NUMBER OF ACTIVE BORROWERS)



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

UPCOMING EVENTS

Social Capital Markets: SOCAP14

September 2 - September 5, 2014; San Francisco, California, USA

This forum aims to cover “social enterprise, strategic philanthropy, people-powered capital, technology for good, design for social innovation and the biosphere economy.” Admission to the event costs USD 1,405. For more details, you may call +1 617 482 4826, email [registration\[at\]socialcapitalmarkets.net](mailto:registration[at]socialcapitalmarkets.net) or visit: <http://www.eventbrite.com/e/socap14-registration-10121647119>.

A Billion to Gain?

September 3, 2014; Amsterdam, the Netherlands

This conference on inclusive finance and its social impact will cover research on the social and financial impact of microfinance for households as well how the fields of politics, technology, science, law and finance contribute to microfinance. There is no fee to attend. More information may be sought via <https://www.ing-events.nl/abt2014/>, [abt2014\(at\)ing-events.nl](mailto:abt2014(at)ing-events.nl) or +31 (0)30 880 1860.

17th Microcredit Summit

September 3 - September 5, 2014; Merida, Mexico

The conference aims to engage stakeholders in areas such as leadership, serving the children and grandchildren of clients, technology, regulation, transparency, balancing growth with social impact and serving rural areas. The fee to attend the conference is USD 550, with a rate of USD 300 offered to students. For more details, you may contact Sabina Rogers at [rogers\[at\]microcreditsummit.org](mailto:rogers[at]microcreditsummit.org) or +1 202 637 9600, or you may visit <http://www.microcreditsummit.org/about-the-summits.html>.

Seventh Convergences 2015 World Forum

September 8 - September 10, 2014; Paris, France

This event will focus on sustainable consumption and production practices, business models that prioritize environmental sustainability and utilizing crowdfunding and technology to promote social impact. Founded in 2008, Convergences 2015 is a network of 200 organizations that aims to alleviate poverty in developed and developing countries. The standard fee to attend this forum is EUR 300, but a range of discounts is available. For more information, you may call +33 1 42 65 78 84, email [forum\[at\]convergences.org](mailto:forum[at]convergences.org) or visit <http://convergences2015.org/en/>.

Alliance for Financial Inclusion Global Policy Forum

September 9 - September 11, 2014; Port of Spain, Trinidad and Tobago

This gathering of the membership of the Thailand-based nonprofit Alliance for Financial Inclusion, which includes 100 institutions that make financial policy in developing countries, is open by invitation only. More details are available by calling +66 (0)2 401 9370, visiting <http://www.afi-global.org/gpf-2014-port-spain> or emailing [info\[at\]afi-global.org](mailto:info[at]afi-global.org).

Triple Bottom Line Investing (TBLI) Conference Nordic 2014

September 10 - September 11, 2014; Oslo, Norway

This event will focus on “environment, social, governance” and impact investing. The standard fee to attend is NOK 6,950, and a range of discounts is available. For additional information, you may email [conference\[at\]tbligroup.com](mailto:conference[at]tbligroup.com), call +31 20 428 67 52 or visit <http://www.tbliconference.com/index.php/upcoming-conferences/tbli-nordic-2014>.

Clinton Global Initiative Annual Meeting

September 21 - September 24, 2014; New York, New York, USA

This meeting is designed to bring together “influential leaders from business, government, civil society and philanthropy” to discuss solutions to global issues under a theme of “reimagining impact.” The Clinton Global Initiative Awards will be given for accomplishments in philanthropy or public service. There is no fee to attend this invitation-only event. For more information, you may call +1 212 397 2255, email [info\[at\]clintonglobalinitiative.org](mailto:info[at]clintonglobalinitiative.org) or visit <https://clintonfoundation.org/clinton-global-initiative/meetings/annual-meetings/2014/>.

Small Enterprise Education & Promotion Network Conference

September 22 - September 25, 2014; Arlington, Virginia, USA

This event will address how technology can support “pro-poor” markets and financial systems; delivering energy, water, sanitation and health care in low-income areas; sustainable development; and scaling up successes. There is no fee for the opening “Member Day.” The standard fee to attend the events on September 23 and 24 is USD 1,020. Registration for the “Global Network Summit” of microfinance associations on the final day is USD 510. Discounts are available. For more details, you may email [annualconference\[at\]seepnetwork.org](mailto:annualconference[at]seepnetwork.org), call +1 202 534 1400 or visit <http://www.seepnetwork.org/annual-conference-pages-20008.php>.

MORE DETAILS COMING SOON ON...

5th Toronto International Microfinance Summit

October 4, 2014; Toronto, Canada

Global Youth Economic Opportunities Conference 2014

October 6 - October 8, 2014; Washington, DC, USA

Columbia Business School Social Enterprise Conference

October 31, 2014; New York, New York, USA

Global Islamic Microfinance Forum

November 1 - November 2, 2014; Dubai, United Arab Emirates

XVII Foro Interamericano de la Microempresa

November 4 - November 6, 2014; Guayaquil, Ecuador

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

Banking South Asia's Half Billion Unbanked

November 17 - November 19, 2014; Islamabad, Pakistan

Mobile Money & Digital Payments Global

November 18 - November 20, 2014; Istanbul, Turkey

African Microfinance Week

December 1 - December 5, 2014; Ouagadougou, Burkina Faso

Cracking the Nut 2015: Expanding Rural and Agricultural Markets Amid Climate Change

March 2 - March 3, 2015; Lusaka, Zambia 🇿🇲

PAPER WRAP-UPS

The Promise of Microfinance and Women's Empowerment: What Does the Evidence Say?

By Dina Pomeranz, published by EY (Ernst & Young Global Limited), February 2014, 24 pages, available at [http://www.ey.com/Publication/vwLUAssets/EY_-_Microfinance_and_womens_empowerment/\\$FILE/EY-The%20promise-of-microfinance-and-womens-empowerment.pdf](http://www.ey.com/Publication/vwLUAssets/EY_-_Microfinance_and_womens_empowerment/$FILE/EY-The%20promise-of-microfinance-and-womens-empowerment.pdf)

In this paper, Dr Pomeranz cites data from the US-based World Bank indicating that “only 37 percent” of women worldwide have access to formal financial services. She argues that this constrains women’s ability to participate in self-employment, particularly in the Middle East, North Africa and South Asia. The paper also refers to data from the US-based Microcredit Summit Campaign indicating that “80 percent of the microfinance industry’s poorest clients are women,” suggesting that microfinance partially offsets the imbalance in women’s access to financial services.

Dr Pomeranz argues that women’s access to financial services has several benefits, including increasing women’s “business opportunities, [ability to] cope with shocks, bargaining power...and overall independence.” Also, women’s financial access may help decrease poverty and contribute to gender equality, although further research is required to understand these dynamics.

The paper discusses the results of several research projects on microcredit, microsavings and microinsurance, with particular focus on the impact of these services on women. Several randomized evaluations indicate that microcredit may be a “useful financial tool.” However, there is no evidence that access to microcredit generally contributes to increased income. Microsavings is deemed promising as a tool to help smooth consumption patterns and protect against economic downturns. Nonetheless, the collection of tiny amounts of cash remains unattractive to many microfinance institutions (MFIs). Also, banking regulations in many countries prevent MFIs from taking deposits. Further research is needed to understand whether microsavings would have a greater impact if subsidized by government. Dr Pomeranz states that microinsurance faces “challenges of asymmetric information,” referring to the difficulty that microinsurance companies face in judging the risk profiles of their customers and deciding whether claims are justified. Also, potential microinsurance clients often lack trust in the concept and an understanding of its benefits.

Dr Pomeranz closes by arguing that small alterations in product features, such as changes in repayment schedules, follow-ups and

“varying structures of the peer-group liability,” can influence both the economic viability and social impact of products such as microcredit, microsavings and microinsurance.

Invest. Catalyze. Mainstream. The Indian Impact Investing Story

By Nisha Dutt, Usha Ganesh, Prashant Chandrasekaran, Payal Agarwal, Samved Patil and Ankit Gupta; published by Intellectap; April 2014; 70 pages; available at <http://intellectap.com/publications/invest-catalyze-mainstream-india-impact-investing-story>

Impact investments are those that pursue financial returns while seeking social and environmental improvements in low-income communities. Since the year 2000, investors have channeled an estimated USD 1.6 billion into 220 Indian enterprises seeking to improve areas such as health, water, clean energy and agriculture. The authors of this report credit organizations including India-based Aavishkaar and the US-based Acumen Fund, both of which were launched in 2001 to invest in sustainable businesses, as pioneers of the field.

The information technology boom that occurred in India during the 1990s created capital and infrastructure that facilitated private sector investment in community development. As such, much of impact investing occurs in areas with the largest information technology presence - the southern and western states. For example, an estimated 54 percent of impact investments have been placed in the microfinance sector in the Indian states of Karnataka, Maharashtra and Tamil Nadu. While some of the funding comes from domestic entrepreneurs and the government of India, the majority of impact investments comes from foreign investors.

The report highlights the following drivers of impact investing in the country: (1) roughly one third of India’s population lacks basic goods like food, sanitation and energy sources; (2) insufficient public funds have been allocated for social sectors like infrastructure and clean water; and (3) many in the private sector seek a “bottom-up” business development approach that creates jobs and increases access to goods.

Impact investors can serve as a middle ground between public and private interests, which seek social and financial returns, respectively. They do this by developing market-driven solutions to basic needs by investing capital in enterprises, building networks, engaging with government, and consulting on business models and internal governance. In this arrangement, the authors identify three key stakeholders: (1) enterprises; (2) investors; and (3) “ecosystem enablers,” such as banks, incubators and business advisories.

The Microfinance Sector in Morocco: Investment Opportunities After the Crisis

Published by MicroFinanza Rating, May 2014, 4 pages, available at http://microfinanzarating.com/images/Insight_Morocco_March_2014.pdf

As of 2013, Morocco had 12 licensed microfinance institutions (MFIs), three of which accounted for 90 percent of the market. MFIs may not accept deposits in Morocco, and the authors deem product differentiation “limited.”

Following a period of rapid growth in the country’s microfinance sector, over-indebtedness and repayment problems led to a “crisis” in 2007. A lack of robust institutional frameworks including weak risk-management practices contributed to the trouble, with portfolio quality and ratios of profitability and solvency showing signs of distress. The ratio of non-performing loans increased among microlenders nationwide from 0.42 percent in 2003 to 1.9 percent in 2007. The ratio of “Portfolio at Risk as of 30 Days” reached 5 percent as of 2008, and it grew to 10 percent during 2009.

The authors point out that by 2009 the government, MFIs, commercial banks and development finance institutions recognized the need to restore confidence in the market. The government improved regulatory frameworks while commercial banks and development finance institutions continued to extend credit to MFIs. MFIs reduced their asset bases, tightened credit and risk processes, and implemented recovery plans that included controls to limit client borrowing from multiple institutions. Consequently, the market went through a consolidation process; the sector’s aggregate outstanding loan portfolio shrank by 13 percent during 2009, 3 percent during 2010 and a further 2 percent during 2011. The number of active borrowers likewise decreased by 25 percent during 2009, 4 percent during 2010 and 9 percent in 2011. The authors state that portfolio quality has improved since 2010.

In 2009, the Central Bank of Morocco took over some of the responsibilities for supervising the microfinance sector from the Ministry of Finance, including setting guidelines for risk management, loan-loss provisions, internal controls, governance and reporting. The government established credit bureaus that serve both microfinance and traditional lenders. Also, MFIs have been allowed to transform into limited-liability companies.

In closing, the authors identify the following as ongoing weaknesses: (1) mandatory price transparency for MFIs “entails risk of competitiveness loss;” (2) the prohibition on taking deposits; (3) the withholding tax of 10 percent on lending profits; and (4) tight controls on international currency flows.

FinDev Azerbaijan: Retaining Key Staff Through a “Pay for Performance” Culture

By Sevdə Huseynova, Jalal Aliyev and Kinga Dabrowska; published by the Microfinance Centre; March 2014; 7 pages; available at http://mfc.org.pl/sites/mfc.org.pl/files/FinDev_SP_Fund_ENG.pdf

The authors of this paper describe Finance for Development (FinDev), an Azerbaijani institution that offers economic opportunities for poor people, particularly the evolution of its “staff performance appraisal system and salary compensation scheme.”

FinDev was established in 1997 in Baku as the “Savings and Credit Program of Oxfam GB,” a UK-based NGO. In 2002, the institution was transformed into a limited-liability company and commenced operations as a non-banking microfinance institution (MFI). FinDev offers groups and individual loans for micro-enterprise, land and household items as well as for expenses such as education, home construction and medical care.

The authors of the paper note that FinDev used Oxfam’s policies and procedures until 2008, at which time it formalized its own policies and established an independent human resources system. An incentive scheme for lending staff was established in 2011. The bonus system is linked to “performance” for loan officers and “staff evaluation” for non-lending staff. The scheme also includes guidelines regarding training for staff members. In 2012, FinDev hired a manager dedicated to human resources.

The performance management system includes the following steps: “performance objectives planning,” “interim performance review” and “full performance appraisal.” Detailed guidelines for each step were established, and tools to implement the guidelines were identified, including an “activity plan” and forms for purposes such as “self-appraisal,” “salary review request” and “needs assessment.”

Line managers use the system to award a performance rating to each employee. Based on these ratings, employees may receive a salary increase, bonus or promotion. In extreme cases, they may be terminated. Incentives are offered to loan officers depending on several metrics, including attracting new customers; outreach to rural communities and women; quality of client interaction; quality of social data gathered; client retention rate; and loan portfolio quality.

An appeals process allows staff members to contest poor evaluations. FinDev also regularly conducts surveys to solicit feedback from staff members on the work environment, management processes and - from those who resign from service - reasons for leaving the organization.

The authors conclude that the performance appraisal system improves both employee loyalty and service quality. However, the authors identify the following areas of potential improvement:

- Creating a “joint employee-management working group” to encourage ongoing feedback;
- Creating a nondiscrimination policy to ensure gender equality; and
- Incorporating additional social performance indicators into the appraisal system. 🗨️

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