

MICROCAPITAL BRIEFS | TOP STORIES

Triodos Sells 15% Equity Stake in K-rep Bank of Kenya

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

IFC to Invest \$18m in Peruvian Insurer La Positiva Seguros

The International Finance Corporation, a member of the World Bank Group, recently announced that it will provide a convertible, subordinated loan of USD 18 million to La Positiva Seguros Generales, a Peruvian insurance company. La Positiva CEO Gustavo Cerdeña said that the investment “demonstrates both institutions’ focus on expanding insurance services to reach the most disadvantaged population groups, and in particular those located in the provincial cities.” La Positiva, which provides insurance in sectors such as agriculture and automobiles, reports 3.5 million parties insured and assets equivalent to USD 1 billion. December 10, 2014

UAE’s Khalifa Fund Loans \$200m to Egypt for Microfinance

The Khalifa Fund for Enterprise Development, which is backed by the government of UAE’s Abu Dhabi, has announced that it will loan USD 200 million to the government of Egypt with the aim of creating “100,000 projects” and “120,000 job opportunities” via micro-finance by 2020. Khalifa Chairman Hussain al Nowais said that “the loan will be directed towards microfinance development in remote and disadvantaged areas and pockets of poverty throughout Egypt.... [I]t would also help Egyptian women in rural areas find work.” Khalifa was established with capital equivalent to USD 545 million in 2007. During 2013, the fund reports having created 2,900 jobs through roughly 220 projects. December 6, 2014

Thailand May Allow 36% Interest Rate on Loans Under \$3.6k

The Bank of Thailand (BOT), the country’s central bank, is proposing a new product tier for “nano-loans,” which would range from the equivalent of USD 3,040 to USD 3,650 and carry annual interest rates of 30 to 36 percent. The highest interest rate that regulated institutions can charge now is 28 percent, which applies to loans of up to USD 6,090. BOT spokesperson Chirathep Senivongs na Ayudhya reportedly stated, “Commercial banks have tried to extend to smaller branches but they have failed to reach customers with smaller financial needs. This has resulted in borrowers getting loans from outside the financial system where interest...is unregulated and there is no protection of the law.” November 18, 2014

MFI Assets Frozen by Azerbaijani Government

An anonymous source has informed MicroCapital that several microfinance institutions (MFIs) in Azerbaijan have had their bank assets frozen by the government in recent months. This reportedly followed statements by an unspecified NGO that the government deemed overly critical. The NGO is said to have regained access its assets after paying a “large” fine. Other MFIs, however, remain limited to operating on a cash basis. Further details have been withheld by this newspaper to avoid retaliation against the organizations. November 17, 2014

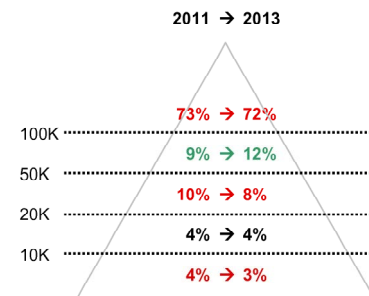
VisionFund Selling Credo of Georgia

VisionFund International, a subsidiary of US-based Christian NGO World Vision International, recently received approval from the National Bank of Georgia to sell its stake in Microfinance Organization Credo to Germany’s Access Microfinance Holding, Switzerland’s responsAbility Investments and Triodos Investment Management of the Netherlands. The terms of the deal, including the sum received by VisionFund and the sizes of the stakes to be held by the new owners, have not been made public. Credo, which does not accept deposits, reports total assets of USD 109 million, a gross loan portfolio of USD 96 million and 95,000 active borrowers. VisionFund has a loan portfolio of USD 390 million outstanding to 830,000 small businesses in 36 countries. November 7, 2014

INSIDE	Page
MicroCapital Briefs	2
Microfinance news	
Special Report	7
European Microfinance Week	
Field Notes	8
“One-stop Shopping” Boosts Value	
Market Indicators	9
Courtesy of MIX	
Upcoming Events	10
Industry conferences	
Paper Wrap-ups	11
Latest research and reports	
Subscribe to the Monitor	11



LATIN AMERICA & THE CARIBBEAN PERCENT OF MFIS IN MARKET BY SIZE



MARKET INDICATORS: PAGE 9



MICROCAPITAL BRIEFS

Credit Suisse to Fund Opportunity's Loans for Schools, Students

Credit Suisse, a Swiss firm offering financial services in 50 countries, has agreed to donate an undisclosed sum to Opportunity International, a US-based nonprofit providing microfinance in 22 countries, to launch a three-year program intended to help educate 530,000 children in 10 countries through new initiatives in Colombia and Tanzania as well as existing ones in the Dominican Republic, Ghana, India, Kenya, Malawi, the Philippines, Rwanda and Uganda. This is to include 2,200 loans to owners of private schools to improve education access and quality as well as 52,000 loans to parents for school fees. The effort will also include programs to teach young people workplace skills, offer saving accounts and financial education for youth, and test the feasibility of EduSave, a free insurance program covering the schooling costs of children whose parents become disabled or die. December 11, 2014

EFSE Loans \$6.2m to Alter Modus for MSEs in Montenegro

The European Fund for Southeast Europe (EFSE), a Luxembourg-based microfinance investment vehicle, recently issued a senior loan equivalent to USD 6.2 million to Alter Modus, a microlender in Montenegro, for on-lending to micro- and small enterprises. While Alter Modus has made loans of up to USD 12,300 in the past, the new funding is intended to enable loans of up to USD 37,000 with unspecified "longer" maturities. EFSE Board Chair Monika Beck said that over the past 15 years, "Alter Modus has consistently proved able to cope with challenging circumstances as well as adapt to a changing environment, and thus become a close and trusted partner to the EFSE." Alter Modus reports assets totaling USD 21 million, a gross loan portfolio of USD 19 million and 11,000 active clients. December 9, 2014

Tigo Tanzania Customers Receive \$1.8m in Profits

Millicom International Cellular, a Luxembourg-based telecommunications company with 53 million customers in Africa and Latin America, recently announced that its Tanzanian unit will distribute third quarter profits equivalent to USD 1.8 million to agents of its mobile money service Tigo Pesa and the 3.6 million customers of that service. This is Tigo Pesa's second round of profit distribution, following last quarter's payout of USD 8.6 million, an amount earned over 3.5 years. The organization plans to continue issuing similar distributions each quarter. December 9, 2014

Gates Foundation to Invest \$16m in Digital Finance in Pakistan

The US-based Bill and Melinda Gates Foundation recently agreed to donate USD 16 million over three years to create a digital financial services unit within Karandaaz Pakistan, a special purpose vehicle created by the UK government's Department for International Development in an effort to bolster entrepreneurship, microfinance and small business development in Pakistan. The new unit is intended to create "sustainable" digital finance institutions to bring active digital accounts to 60 percent of those in Pakistan earning less than USD 2 per day by 2024. December 8, 2014

Absolute's Vision Funds Invest \$11m in Asia, Latin America

Absolute Portfolio Management, an arm of Austria-based asset management group C-Quadrat, recently informed MicroCapital that it disbursed credits totaling USD 11 million from its two funds, the Dual Return Fund-Vision Microfinance and the Dual Return Fund-Vision Microfinance Local Currency, to unspecified microfinance institutions (MFIs) in Cambodia, Costa Rica, Ecuador, India, Kyrgyzstan and Mexico. Of the total, USD 1 million was disbursed to an MFI that was founded in 2005 in Oaxaca, Mexico, and now provides group loans, mainly to women, in eight Mexican states. Absolute reports total assets under management of USD 323 million. December 8, 2014

IFC to Invest \$67m in Equity in Bank Alfalah of Pakistan

The World Bank Group's International Finance Corporation (IFC) has announced that it will invest USD 67 million in equity in Pakistan's Bank Alfalah in conjunction with a recent "comprehensive advisory package" supporting Bank Alfalah in developing an "SME banking program." In addition to using the funding to expand its lending to small and medium-sized enterprises (SMEs), the bank expects to boost its financing of the agriculture and sustainable energy sectors. The size of the equity stake to be held by IFC has not been released. Bank Alfalah, which is owned by the UAE-based Abu Dhabi Group, operates 570 branches in five countries and reports total assets equivalent to USD 6 billion. December 7, 2014

Desjardins Fund Acquires Stake in Humo & Partners of Tajikistan

The Desjardins Fund for Inclusive Finance, a unit of Canada's Desjardins Group, recently acquired shares in Humo and Partners, a microfinance institution in Tajikistan, to support its expansion in rural areas. Neither the price nor the size of the stake has been made public. Humo reports a gross loan portfolio of USD 25 million and 29,400 borrowers. The institution also accepts deposits, but data on that service are not available. December 5, 2014

EFSE Loans \$5m to Muganbank of Azerbaijan for Rural MSMEs

The European Fund for Southeast Europe, a Luxembourg-based microfinance investment vehicle, recently announced that it will issue a senior loan of USD 5 million to Azerbaijan's Muganbank Open Joint Stock Company for on-lending to micro-, small and medium-sized enterprises in rural Azerbaijan. Muganbank reports total assets equivalent to USD 425 million, loans to customers of USD 278 million and liabilities to customers of USD 194 million. December 5, 2014

Egyptian Microfinance Law Intended to Support Microenterprises

The government of Egypt reportedly has issued its first microfinance law, which allows non-bank entities - both for-profit and nonprofit - to issue loans up to the equivalent of USD 14,000. A new unit will be established within the Egyptian Financial Supervisory Association to oversee and implement the law. The 16 Egyptian institutions reporting data to the US-based nonprofit Microfinance Information Exchange (MIX) between 2005 and 2012 served 1 million active borrowers with an aggregate microcredit portfolio of USD 266 million. None of these institutions accept deposits. December 3, 2014

Applications Available for \$62k Good Practices Award

Until February 1, 2015, Fondazione Giordano Dell'Amore, an Italian foundation that supports microfinance, and the 99-member European Microfinance Network are accepting applications for the seventh annual edition of the Microfinance Good Practices Europe Award, which is themed "Microfinance and Banks: Are we the right partners?". The winner will receive the euro-equivalent of USD 62,000 at the 10th European Microfinance Network Annual Conference in Ireland in June 2015. December 1, 2014

MicroCapital Monitor - © 2014 MicroCapital - ISSN 1935-505X
The MicroCapital Monitor is published monthly by MicroCapital

Editor Bob Summers

Editorial assistants Makai McClintock and Charlotte Newman
Writers Aliz Crowley, Nisha Koul, Ben Krupp, Simon Pfanner,
Emily Teleposky and Ananya Tiwari

For questions, comments or suggestions, please contact us via
info[at]microcapital.org or +1 617 648 0043, Boston, USA

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

Vittana to Wind Down Operations

Vittana, a US-based nonprofit that raised funds online from individuals for microfinance institutions to lend to students pursuing higher education in developing countries, recently announced that it will wind down its operations for lack of a “robust business model” that would allow it to be self-sustaining. Lenders can continue to access their Vittana accounts to withdraw credit balances. Many of Vittana’s partner microfinance lenders also will continue to fundraise for education loans through Kiva, a US-based NGO that raises money for microfinance institutions to on-lend for various purposes. During its five years of operation, Vittana lenders funded 20,000 students via 50 microfinance institutions. The NGO reported total assets of USD 2.4 million in 2012. December 1, 2014

ConnectMoney Payment Service to Launch in Zimbabwe

Mahindra Comviva, an Indian service provider to mobile operators, reportedly has partnered with the Zimbabwean arm of South Africa’s Econet Wireless to execute the first deployment of the “connectMoney Service Manager,” which will allow users of Econet’s EcoCash service to withdraw funds at automated teller machines and perform other financial transactions online. As part of the partnership, Econet also will issue MasterCard debit cards that are linked to EcoCash Wallets. Econet Wireless Zimbabwe serves 8.8 million subscribers, and Econet Wireless also operates in nine other countries. Mahindra Comviva is part of the Indian Mahindra Group, which has USD 16.5 billion in assets as of 2014. December 1, 2014

Triodos Sells 15% Equity Stake in K-rep Bank of Kenya

The Triodos Sustainable Finance Foundation, a unit of Netherlands-based Triodos Bank, recently sold its entire 14.5-percent equity stake in K-rep Bank of Kenya, a commercial bank founded in 1999 that serves people with low incomes. Existing shareholders Centum Investment Company, a private Kenyan firm, and K-rep Group, a holding company that also owns K-rep development agency and K-rep advisory services, purchased the shares for an undisclosed price. Other minority shareholders also recently sold their shares, but details on those transactions have not been released. Centum’s purchases give it a 67.5-percent stake in K-rep, which reports total assets equivalent to USD 161 million, a gross loan portfolio of USD 113 million, deposits of USD 6.7 million and USD 4 million in after-tax profits for the fiscal year 2013. November 29, 2014

Luxembourg Giving \$4.5m to MFIs in ACP

The government of Luxembourg recently agreed to donate the equivalent of USD 4.5 million to the EU’s European Investment Bank (EIB) to provide to unspecified microfinance institutions in Africa, the Caribbean and the Pacific. EIB President Werner Hoyer stated that the funding “will allow us to continue promoting responsible microfinance as a powerful tool in financial inclusion and sustainable economic development.” November 28, 2014

EBRD to Loan \$137m to Cut Energy Bills in Morocco, Jordan

The European Bank for Reconstruction and Development (EBRD), a UK-based multilateral financial institution, is considering establishing a “Sustainable Energy Financing Facility for Morocco” in the amount of USD 100 million to lend to financial institutions in Morocco to on-lend to corporations and individuals to finance sustainable energy investments such as “energy efficient and renewable energy technologies, appliances and equipment.” The project will be co-financed with unspecified amounts of funding from the EU’s European Investment Bank and the French and German governments. One disbursement would likely be a senior loan of USD 25 million to Banque Marocaine du Commerce Extérieur to serve households as well as small and medium-sized enterprises. EBRD is also considering establishing a similar fund for Jordan in the amount of USD 37 million. November 28, 2014

OPEC, IFAD Support Rural Finance in Armenia

The Austria-based OPEC (Organization of the Petroleum Exporting Countries) Fund for International Development has agreed to lend USD 25 million to the government of Armenia in support of its “Infrastructure and Rural Finance Support Programme,” which is intended to focus on “women-headed households” to create employment opportunities and boost incomes for 66,000 people in rural areas in “the business, financial and agricultural sectors.” The effort has a total budget of USD 53 million, including USD 11 million to be lent by the UN’s International Fund for Agricultural Development. November 27, 2014

FairTrade Access Fund Lending \$930k to Ecookim of Cote D'Ivoire

The FairTrade Access Fund, an affiliate of German NGO Fairtrade International that lends to farmers in developing countries, recently announced that it has issued a trade finance loan equivalent to USD 930,000 to Ecookim, a union of 23 cooperatives in Côte d’Ivoire, to support the purchase of cocoa beans from 3,700 local suppliers. Ecookim members serve 12,000 producers who tend 41,000 hectares of cocoa and 7,500 hectares of cashew. November 26, 2014

IIX Launches Social Enterprise Incubator in Philippines

Impact Investment Exchange Asia (IIX), a Singapore-based for-profit company that provides capital to social enterprises (SEs), recently launched an Impact Accelerator program in the Philippines to support four early-stage SEs with support services and an unspecified amount of funding. In order to be selected, enterprises must demonstrate that their business model has established “proof of concept,” and priority will go to those in the agricultural, education, energy, health and water sectors. Since its inception, IIX has facilitated the investment of USD 8.1 million in social enterprises, impacting 7.4 million people in Asia. November 25, 2014



**HBS-ACCION
PROGRAM ON STRATEGIC
LEADERSHIP FOR INCLUSIVE FINANCE**


Harvard Business School (HBS) and Accion invite you to apply for a high-level strategy and leadership course for those shaping the inclusive finance industry, including CEOs of leading institutions, investors, and regulators.

**APRIL 6-11, 2015
HARVARD BUSINESS SCHOOL, BOSTON, MA,
USA APPLY ONLINE AT WWW.ACCION.ORG/HBS
LAST CHANCE! APPLY BY DECEMBER 31, 2014**



**HARVARD
BUSINESS SCHOOL**
Executive Education

ACCION



MicroCapital Monitor

SINCE 2006

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

EIB Commits \$31m to East Africa

The EU's European Investment Bank (EIB) recently announced that it will lend the equivalent of USD 25 million to Cooperative Rural Development Bank (CRDB), a commercial bank in Tanzania, to support small firms in the agriculture, manufacturing and retail sectors. CRDB is also expected to benefit from EIB's agreement to provide USD 6.2 million in technical assistance to institutions across the East African Community. CRDB reports assets of USD 2.1 billion. November 24. 2014

IFC to Loan \$30m to Rizal of Philippines for Women-led, SMEs

The World Bank Group's International Finance Corporation recently approved a "medium-term" loan of up to USD 30 million to the Rizal Commercial Banking Corporation (RCBC), a commercial bank in the Philippines, with the intent of financing small and medium-sized enterprises and businesses led by women. RCBC CEO Lorenzo Tan said that "We consider this market segment instrumental to RCBC's lending growth, and [it] will continue to be a key focus area for the bank." RCBC reports total assets equivalent to USD 9.3 billion, 6.4 million customers, return on average assets of 1.4 percent and return on average capital funds of 12 percent. November 23. 2014

EIB Lends \$16m to Housing Finance Bank of Uganda for SMEs

The EU's European Investment Bank (EIB) recently agreed to provide a credit line equivalent to USD 16.4 million to Uganda's government-backed Housing Finance Bank for on-lending to small and medium-sized enterprises within the agricultural, tourism and manufacturing industries in the country. As part of the agreement, EIB also plans to provide technical support to Housing Finance Bank, which reports assets of USD 220 million. November 23. 2014

EBRD to Loan \$5m to Imon of Tajikistan

The UK-based European Bank for Reconstruction and Development (EBRD) has agreed to issue a four-year, senior, local-currency loan equivalent to USD 5 million to Imon International, a microfinance institution in Tajikistan. Imon CEO Sanavbar Sharipova said, "EBRD's financing will help us increase the supply of affordable credit to farmers, micro and small businesses, as well as female entrepreneurs.... We also plan to open additional branches...." In 2013, EBRD bought a one-eighth stake in Imon, which reports assets of USD 86 million, a gross loan portfolio of USD 69 million, return on assets of 5.9 percent, return on equity of 27 percent and 58,000 borrowers. November 22. 2014

Lok Capital Seeking \$100m for Third Fund

Lok Capital, a Mauritius-based venture capital fund that focuses on social businesses in India, reportedly is seeking to raise USD 100 million by April 2015 for a new fund that will focus on financial inclusion, with agriculture and energy as secondary areas of interest. Lok Capital raised USD 22 million for its first fund, Lok Capital I, in 2006 and USD 65 million for Lok Capital II in 2012. November 20. 2014

EIB to Loan \$31m to AccessBank Azerbaijan for SMEs

The EU's European Investment Bank recently announced that it is extending a senior loan worth the euro-equivalent of USD 31 million to AccessBank Azerbaijan for on-lending to small and medium-sized enterprises in the country. AccessBank is minority-held by Germany's Access Microfinance Holding, which also holds stakes in microbanks in Liberia, Madagascar, Nigeria, Tajikistan and Tanzania. AccessBank reports total assets of USD 834 million, a gross loan portfolio of USD 664 million outstanding to 167,000 active borrowers and deposits of USD 279 million from 332,000 depositors. November 18. 2014



Fern Software has specialised in providing affordable banking solutions since its incorporation in 1979. We now have over 400 sites in 40 countries and a network of offices and partners around the world with systems translated into several different languages to suit local needs.

TARGET CLIENTS

- Retail Banking - Savings - Current Accounts - Deposits - Loans - ATM - Cards/POS
- Development Banking
- Enterprise Development Agencies
- Islamic Banking
- Microfinance - Individual Lending - Group Lending - Grameen Model
- Credit Unions - Shares - Loans

www.fernsoftware.com

GSMA Launches Code of Conduct for Mobile Money Firms

The Global Systems for Mobile Association (GSMA), a UK-based association of 1,000 companies offering services related to mobile phones, recently launched a “Code of Conduct for Mobile Money Providers” to provide guidance to its members on best practices. The code offers standards for the fair treatment of customers, reducing the risk of money laundering and terrorism financing, ensuring the reliability of mobile money, creating secure networks and channels, and protecting customer funds. GSMA will offer training to those of its members that choose to adopt the code. November 18. 2014

Mozido Raises \$185m from MasterCard, Wellington, Others

Mozido, a US-based company whose services include payments and transfers via mobile phones, recently raised USD 185 million in Series-B financing to expand its services in Africa, Asia, Europe, Latin America and the Middle East. The equity was raised from MasterCard, a US-based payment and technology company; Wellington Management, a US-based investment company; and two individuals: His Royal Highness Sheikh Nahyan of UAE and Julian H Robertson Jr, the former CEO of US-based hedge fund Tiger Management. Neither the amounts paid nor the stakes acquired by each investor have been released. November 17. 2014

USAID to Support India's Banking, Energy, Water Sectors

The US Agency for International Development recently agreed to give up to USD 71 million to the government of India to support the country's banking, clean energy, and water and sanitation sectors as a follow-up to a September summit between Indian Prime Minister Narendra Modi and US President Barack Obama. Of the total, USD 10 million is earmarked to expand the Jan-Dhan initiative, which is intended to increase the availability of services such as credit, insurance, direct benefits transfers and electronic payments. November 17. 2014

EBRD Mulling \$200m Facility for MSMEs in Kazakhstan

The European Bank for Reconstruction and Development, a UK-based multilateral financial institution, recently announced that it is in the final stage of considering the establishment of a “Kazakhstan MSME Framework” with the equivalent of USD 200 million for on-lending to micro-, small and medium-sized enterprises in the country, primarily outside of major cities. If created, the framework would issue loans in Kazakhstani tenge, with terms of up to five years. November 17. 2014

EFSE Provides \$13m to Fibabanka of Turkey for SMEs

The European Fund for Southeast Europe, a Luxembourg-based microfinance investment vehicle, has committed to lending the equivalent of USD 12.5 million to Fibabanka, a Turkish commercial bank. Bekir Dildar, Fibabanka's general manager, stated that, “This medium-term funding will enhance our finance capacity and enable us to reach out to new [small and medium-sized enterprise] clients.” Fibabanka reports total assets of USD 245 million. November 14. 2014

Accion Launches Africa Board Fellowship

Accion, a US-based nonprofit that offers microenterprise loans and business training in 32 countries; The MasterCard Foundation, a Canadian nonprofit that promotes financial inclusion and education in emerging markets; and Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO), a Dutch development bank, recently partnered to launch the Accion Africa Board Fellowship in an effort to improve corporate governance and risk management in financial institutions serving people with low incomes. The MasterCard Foundation and FMO contributed USD 6.18 million and the equivalent of USD 310,000, respectively. The fellows will meet at a series of seminars during 2015 and be offered seats at the Harvard Business School-Accion Program on Strategic Leadership for Inclusive Finance in April. November 14. 2014

CARD to Help Bring Healthcare to 600k Filipino Women

The Center for Agriculture and Rural Development Mutually Reinforcing Institutions (CARD MRI), a group of organizations in the Philippines that includes CARD Bank; the Microcredit Summit Campaign, a program of the US-based, nonprofit Results Educational Fund; and Freedom from Hunger, a US-based NGO that offers financial and health services in 23 countries, recently launched the “Healthy Mothers, Healthy Babies” program, which is expected to provide maternal health services to 600,000 Filipino women. The program, which is supported by US-based personal care products firm Johnson & Johnson, will deliver health education to women who are clients of microcredit organizations. As part of the project, 1,700 pregnant women so far have attended a two-day health fair at which they were offered gynecological examinations and ultrasounds. November 11. 2014

Dianrong.com, Bank of Suzhou Partner in China

The Bank of Suzhou, a Chinese commercial bank with 128 branches, recently announced that it will work with Dianrong.com, a Chinese peer-to-peer lending platform, to build a website to intermediate loans from individuals to micro- and small enterprises. November 11. 2014

UNCDF Raises \$25m for “Mobile Money for the Poor”

The MasterCard Foundation, a Canadian nonprofit that aims to promote youth learning and financial inclusion, primarily in Africa, has committed to donate USD 25 million over five years to the UN Capital Development Fund's (UNCDF's) Mobile Money for the Poor (MM4P) program. The new funding is intended to bring regular access to mobile financial services to at least 10 percent of the populations of Benin, Senegal and Zambia. According to Tillman Bruett, the program manager of UNCDF-MM4P, “This new partnership will...also bring in a range of new research and measurement tools that will help ‘prove the case’ as to how funders and governments can successfully promote digital finance to reach the poor.” November 11. 2014

The global information exchange
for the microfinance industry



www.themix.org



MicroCapital Monitor
SINCE 2006

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

2.5 billion adults lack access to formal financial services.



We invest in the solution.



Developing World Markets is a leading investment management firm linking inclusive financial institutions in the developing world to the international capital markets.

- 10+ years of experience structuring and advising social impact investments
- Financed 150+ inclusive financial institutions in 40+ countries

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

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

Investing for Impact.

DWM Asset Management LLC

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



Vision Microfinance: Social Impact Investing

Vision Microfinance is an appeal to combat poverty in a meaningful and sustainable way. So far 444 m USD have been distributed in the form of 458 promissory notes to 184 microfinance institutions in 37 countries. Thanks to our investors the lives of over 1 m people in developing countries have been transformed.

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

www.visionmicrofinance.com



absolute⁷
portfolio management

Absolute Portfolio Management GmbH, Stubenring 2, 1010 Vienna | Phone: +43 1 533 59 76 | www.absolutepm.at



SPECIAL REPORT: European Microfinance Week

These selections are from our coverage of November's European Microfinance Week at <http://www.microcapital.org/category/european-microfinance-week/>, which is sponsored by the European Microfinance Platform (e-MFP), a 130-member network located in Luxembourg.

Youth Borrowers Are Less of a Risk?

Countering the perception that youth are riskier borrowers than older clients, Maria Perdomo, the manager of the UN Capital Development Fund's YouthStart program, presented data from seven African microfinance institutions (MFIs) showing that all but one have lower rates of portfolio at risk within the youth segments of their portfolios than organization-wide. Nonetheless, she noted, youth often make up a disproportionately small share of an MFI's customer base because loan officers *believe* youth are less likely than others to repay, which would threaten the client-repayment bonus that many loan officers can earn.

Jules Théoneste Ndahayo, the CEO of Rwanda's Union des Coopecs Umutanguha (UCU), described how his staff observed that lack of collateral kept youth from borrowing, so UCU responded by developing leasing products for young people. The idea came from training centers at which youth learned jobs such as welding or carpentry and then needed a way to purchase tools upon graduation to begin to generate income.

Regarding financial education, UCU had trouble with attempts to partner with an external NGO, so the organization tried other tactics and eventually found success with peer-to-peer learning sessions.

Marital Strife in Rural Lending

At the meeting of e-MFP's Rural Outreach & Innovation Action Group, Joost de la Rive Box, the Secretary of the Board of Directors of the Netherlands' Nedworc Foundation, explained one way that spousal relations can complicate lending. He cited a trend of men taking out loans for agricultural efforts but leaving their wives to repay the loans from their trading work. As a result, some lenders began asking both spouses to sign loan documents, but the women often refused because they didn't want the burden of repaying loans whose proceeds their husbands had spent.

Kompanion of Kyrgyzstan Wins \$125k European Microfinance Award for Pasture Management Training

Her Royal Highness The Grand Duchess of Luxembourg presented the Fifth European Microfinance Award to Olesya Paukova, who was representing Kompanion Financial Group, a microfinance institution in Kyrgyzstan. The award, which includes a cash prize equivalent to USD 125,000, was themed "Microfinance and the Environment" for 2015. Kompanion was recognized for its Pasture Land Management Training Initiative, which involves the disbursement of "Credit for Conservation" loans to livestock herders. The herders also receive training on land management to minimize the over-grazing that has damaged the ability of nearby land to sustain grasses. According to e-MFP, "more than 24,000 farmers have participated in the trainings, increasing their incomes by 30 percent and decreasing their costs by around 15 percent."

Distinguishing Multiple Lending from Over-indebtedness

"Multiple borrowing was endemic," in Bangladesh as of 2008, according to Shameran Abed, the director of microfinance at Bangladesh-based BRAC International, "but we didn't know if this was bad." In the past, he explained, members of borrowing groups were good at letting BRAC staff know who was a good credit risk. As the market was getting saturated, "Groups became less cohesive, so we couldn't totally rely on them to tell us if individuals were becoming over-indebted."

Daniel Rozas, the senior microfinance expert at e-MFP, cited recent research from Mexico showing that, in one sample, most microcredit borrowing was by clients holding four or more loans at the same time. Fernando Fernandez, the general manager of the Mexican arm of nonprofit Pro Mujer, stated that, "There are hardly any clients that work with only one lender...so our goal is to be their primary lender, not the only one." Proposing a distinction from over-indebtedness within consumer lending, he added, "We are certain there is over-indebtedness, but we are not certain of the scope of this; it is not clear if it has contaminated productive microcredit."

Mr Abed said, "We weren't naïve enough to think that multi-lending necessarily was over-indebtedness." When his team asked its clients why they had multiple loans and whether larger loan sizes would reduce this need, their answer was no, because they need money at different times throughout the year. At that time, BRAC and its competitors were highly focused on one-year loan terms. Clients also said they liked borrowing from multiple sources, so they wouldn't risk getting shut out by their only lender if they missed a few payments. As a result, BRAC began making its loans more flexible, allowing refinancing as well as the option to take out a second loan before the first is repaid fully.

Regarding today's market in Mexico, Mr Fernandez added, "We haven't come to agree that we can destroy the market if we don't care for clients. [But] the leaders in the market have a high appetite for risk; this is making the authorities think."

Supporting Microbusiness in Conflict Zones

Adeeb Sharaf, the internal audit manager of the First Microfinance Institution Syria, reported that the conflict in that country has reduced both client income and lending in some regions. However, all branches of the institution, which is affiliated with Switzerland's Aga Khan Development Network, remain open.

Michael Knaute, the CEO of the Oxus Development Network, which is controlled by French NGO ACTED, argued that deciding which regions to serve within a conflict zone is critical. He stated that only five of more than 20 microfinance institutions (MFIs) that existed in Afghanistan five years ago are still operating. Rather than success depending on institutional characteristics such as nonprofit versus commercial status, all of the surviving MFIs are in Kabul and the northern provinces, which are more stable than other regions.

Asked whether borrowers in conflict zones are more likely to relocate and thus default, Mr Knaute replied that city-dwellers are less likely to move than those in rural areas and that many microfinance borrowers are simply too poor to move. In contrast, the owners of small and medium-sized enterprises are more likely to have the connections and money to leave the country and thus default on their obligations.

Bart de Bruyne, a consultant based in Germany, cited the example of an MFI in Mali that served rural areas of that country leading up to the time of the 2012 coup. When many of its clients relocated to the city of Bamako, the MFI survived by opening its first branch there, from which it was able to continue serving the same customers. ■

FIELD NOTES

“One-stop Shopping” Boosts the Value of Microfinance

I am just back from Kingston, Jamaica, where I was challenged with two key issues: (1) the differentiation of “microfinance” from payday loans or consumer credit; and (2) how Jamaica’s nascent microfinance industry might leapfrog some of the “phases” that other markets have weathered to create a stronger, more dynamic, more competitive industry. This brought to mind a conversation I had in Mexico a couple of weeks ago with a talented young professional, Jana Smith, the Director of Health Services at Pro Mujer International. For nine years, Jana has been with Pro Mujer, a women’s development NGO with offices in five countries in Latin America as well as New York. Throughout this time, the institution has been struggling with similar questions regarding its own role in providing value for low-income financial service consumers. I have asked Jana to share some thoughts on how Pro Mujer has been working to meet these challenges. I hope that her comments can inspire all of us to improve the microfinance value proposition through innovation, hard work and long-term thinking. **-Barbara**

Jana Smith: As an industry, we talk a lot about our close relationships with clients, but in Latin America we are confronted by rapid penetration of “fast and convenient” loans, sometimes offered by text message and often three times the size of a person’s current loan from a traditional microfinance institution (MFI). As long as increased risk and write-offs can be offset by high interest rates, the easy money model can be viable and profitable, in the short term. While challenging, these new players provide traditional MFIs with opportunities to innovate and create more value for our clients. The business case becomes more complex and challenges us to work harder, but we believe that it exists.

At Pro Mujer, since the 1990s, we have been running a “one-stop shop model” in which your family physician and neighborhood bank share one space and work together as a powerful - if unusual - team to give you tools to get ahead. Our clients are our essence. They often describe

Pro Mujer as their second home. As credit becomes a commodity, we have been looking to glean insights from alternative, successful business models that can allow us to continue to create value for clients while staying true to our mission. As “superstores” pop up across low- and middle-income countries to serve the base of the pyramid, it is clear that convenience is a critical part of a successful value proposition. To respond to client demands while promoting behavior change, which is so critical to our ability to positively impact health, we have started to pilot an approach akin to a warm and welcoming “mini-mall for women.”

Visit us in Moquegua, Peru, and you will find that our branch not only offers meeting rooms for loan repayment, a teller’s window, and physician’s and dentist’s offices but also an exercise area with aerobics videos, a kiosk from which a Pro Mujer client offers healthy food and drinks, and a children’s corner with *Sesame Street*’s educational materials on tablets. In this space, women can ask a physician or credit officer about their blood pressure or loans, respectively, without worrying about their young children, who are busy learning about the benefits of tooth brushing and eating vegetables.

I am especially excited about the potential of this idea for transforming behavior. When we began, sales from the food kiosk floundered because clients came looking for candy and soda, not healthy alternatives. After we offered our client guidance on marketing healthy products, not only have sales increased, but she recently invested in a refrigerator to expand into prepared foods. This “mini-mall” is a small pilot, but it offers a clue as to how our value proposition can evolve to stand out in an increasingly commoditized financial services market.

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](#).



Your Core Financing Partner

We provide tailor-made financing solutions, making the following benefits available to you:

- Reliable, stable and growing source of financing
- Long-term partnership with the leading private player in the industry
- Lean and efficient processes and swift decision-making
- Well-established networks and strong ties to the investor community
- In-depth expertise in the areas of capital markets, hedging and structuring

responsAbility Investments AG
 Josefstrasse 59, 8005 Zurich, Switzerland
 Phone +41 44 250 99 30, Fax +41 44 250 99 31
www.responsAbility.com, proposal@responsAbility.com

responsAbility

MICROCAPITAL MARKET INDICATORS LATIN AMERICA AND THE CARIBBEAN

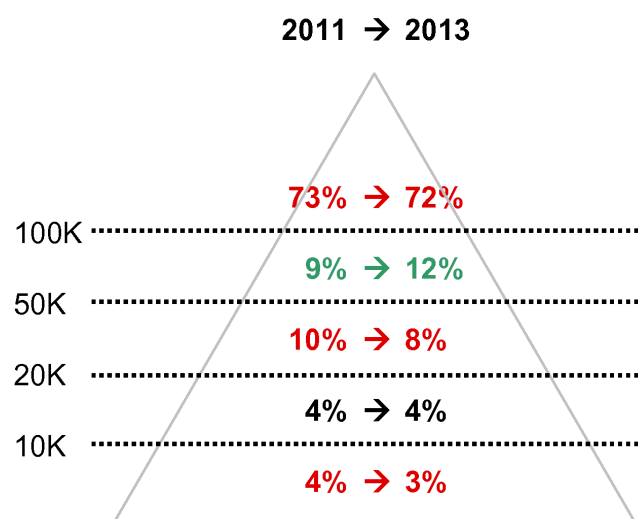


284 MICROFINANCE INSTITUTIONS (MFIs) REPORTING¹

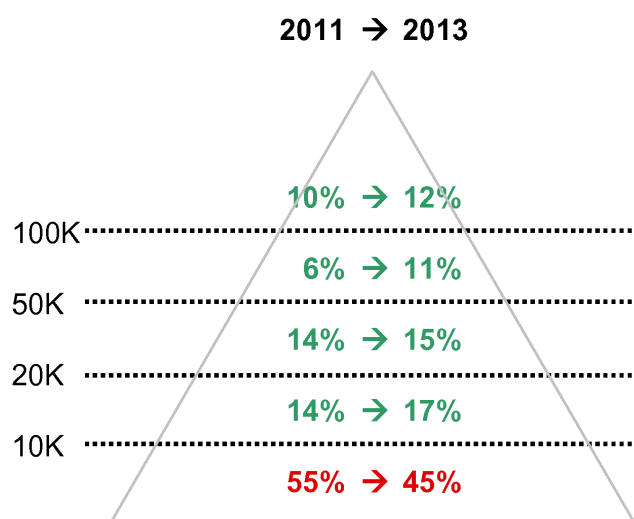
TOP 10 MFIs BY GROWTH IN GROSS LOAN PORTFOLIO: CHANGE IN USD

MFI NAME	COUNTRY	AVERAGE ANNUAL USD INCREASE	AVERAGE ANNUAL % INCREASE	2011	2013
Banco Caja Social	Colombia	563,539,786	17%	2,964,697,626	4,091,777,198
Pichincha Microfinanzas	Ecuador	239,741,587	43%	453,568,284	933,051,458
Financiera Edyficar	Peru	215,615,671	36%	506,045,556	937,276,898
Banco FIE	Bolivia	171,431,471	26%	582,305,173	925,168,115
BancoSol	Bolivia	170,966,857	26%	585,550,127	927,483,841
CrediAmigo	Brazil	159,804,146	23%	615,527,739	935,136,032
Financiera Confianza	Peru	152,964,918	68%	167,964,444	473,894,280
Caja Municipal de Ahorro y Credito Arequipa	Peru	134,403,128	17%	748,675,926	1,017,482,183
BancoEstado	Chile	117,969,486	7%	1,604,486,297	1,840,425,269
Banco Solidario	Ecuador	110,602,100	30%	324,569,800	545,774,000

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 2011 and 2013 to the Microfinance Information Exchange (MIX) Market

UPCOMING EVENTS

Financial Inclusion: The Next Move Forward

January 19, 2015; London, United Kingdom

This event will cover topics such as technology, education and regulation relating to financial inclusion in the UK and worldwide. The fee to attend is GBP 595, with discounts available for government and NGO representatives. More details are available from Martin Price via +44 (0)1483 479331 or [mprice\[at\]cityandfinancial.com](mailto:mprice[at]cityandfinancial.com). The event website is <http://www.cityandfinancialconferences.com/d/84qtl1>.

Mobile Money and Digital Payments Asia

January 20 - January 22, 2015; Jakarta, Indonesia

This conference will address payments, interoperability, customer retention, regulatory issues and other topics. The cost to attend is USD 2,399, with various discounts available, including for those registering by December 16 and a **reduction of 20 percent for readers of MicroCapital** available via the code ASIA15MIC. For additional details, you may contact Michael Seaman at +44 (0) 20 7384 7986 or [michael.seaman\[at\]clarionevents.com](mailto:michael.seaman[at]clarionevents.com), or you may visit <http://www.mobile-money-asia.com/>.

TBLI Conference @Booth/Kellogg

January 23, 2015; Chicago, Illinois, USA

This "triple bottom-line investing" session will include panels on green technology, structuring deals, impact measurement and challenges specific to working in emerging markets. The fee to attend is USD 700, with discounts offered to investors, NGO representatives and others. More details are available from Iris Bune via +31 (0)20 428 6752 or [conference\[at\]tbligroup.com](mailto:conference[at]tbligroup.com). The event web address is <http://www.tbligroup.com/tblconference/boothkellogg2015.html>.

Sankalp Africa Summit

February 5 - February 6, 2015; Nairobi, Kenya

Themed "accelerating innovation and entrepreneurship towards an inclusive Africa," this event will include the presentation of awards to 10 social businesses working within the continent. Sankalp is a program of Intellectap, an Indian firm that supports social businesses. The fee to attend is USD 500, with half-price admission offered to entrepreneurs. More details may be sought from Kanika Kumar via +91 22 61952750 or [kanika.kumar\[at\]intellectap.net](mailto:kanika.kumar[at]intellectap.net). The event website address is <http://www.sankalpforum.com/summit/sankalp-africa-summit-2015/>.

Foro Latinoamericano de Inversion de Impacto

February 24 - February 26, 2015; Merida, Mexico

This forum will focus on social investing in the education, financial services, housing and sustainable agriculture sectors through lenses such as recent history, technology and case studies. The price to register is USD 900, with half-price admission available for those committing by December 19. For additional information, you may visit <http://www.inversiondeimpacto.org/>, call +52 55 56 04 55 55 or email [contact\[at\]inversiondeimpacto.org](mailto:contact[at]inversiondeimpacto.org).

Microfinance and Microentrepreneurship: A Paradigm Shift for Skill Development

February 27 - February 28, 2015; New Delhi, India

Through January 20, 2015, researchers interested in presenting at this event may submit papers to [2015onepat\[at\]gmail.com](mailto:2015onepat[at]gmail.com) under categories such as microcredit, social entrepreneurship, microinsurance, micro-guarantees, remittances, financing "slow food," crowdfunding for microlenders, mobile banking, software for microbanks and client skills training. The fee for Indian authors to attend is INR 5,000, and the price is USD 250 for authors from other countries, with various discounts available. The fee for the general public has not yet been released. More details are available from Dr Surender Mor at +91 1263 283036 or [surendermor71\[at\]gmail.com](mailto:surendermor71[at]gmail.com), or you may download this document: <http://www.bpswomenuniversity.ac.in/pdfnews/d0ab1ae1-55f9-4ace-ae11-98f517e700d6.pdf>. No website for the event has been published.

MORE DETAILS COMING SOON ON...

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

March 2 - March 3, 2015; Lusaka, Zambia

Mobile World Congress 2015

March 2 - March 5, 2015; Barcelona, Spain

African Conference on Remittances and Postal Networks

March 4 - March 5, 2015; Cape Town, South Africa

Institutional and Technological Environments of Microfinance

March 17 - March 19, 2015; Lyon, France

6th Latin America Microinsurance Summit

March 23 - March 26, 2015; Miami, Florida, USA

HBS-Accion Program on Strategic Leadership for Inclusive Finance

April 6 - April 11, 2015; Boston, Massachusetts, USA

TBLI Conference Asia 2015

April 29 - April 30, 2015; Singapore

4th European Research Conference on Microfinance

June 1 - June 3, 2015; Geneva, Switzerland

Global Forum on Remittances and Development 2015

June 16 - June 19, 2015; Milan, Italy

12th European Microfinance Network Annual Conference 2015

June 18 - June 19, 2015; Dublin, Ireland

European Microfinance Week

November 18 - November 20, 2015, Luxembourg 🇱🇺



MicroCapital Monitor

SINCE 2006

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



Andares

Mujeres para las Microfinanzas

Súmense a nuestra red de mujeres profesionales
en microfinanzas de Latinoamérica y el Caribe



Grupo Andares - Mujeres para las Microfinanzas



andaresmujeres.blogspot.com

Liderazgo
Aprendizaje
Intercambio
Mentoría

PAPER WRAP-UPS

Female Leadership, Performance, and Governance in Microfinance Institutions

By Reidar Øystein Strom, Bert D'Espallier and Roy Mersland; published by Elsevier; 2014; 16 pages; available for purchase at <http://sciencedirect.com/science/article/pii/S0378426614000284>

This report examines the relationship between the performance of microfinance institutions (MFIs) and whether women occupy high management positions, including CEO, chair or director, in those MFIs. Based on data from rating agencies on 329 MFIs in 73 countries collected from 1998 to 2008, the authors draw three main conclusions:

1. Women are more likely to be leading MFIs that seek to provide financial services predominantly to women and less likely to be heading MFIs affiliated with organizations based in high-income countries.
2. Female leadership is correlated with weaker corporate governance, which is reflected in areas such as having less frequent board meetings and internal audits.
3. Female-led MFIs are more likely to experience better financial performance.

SUBSCRIBE TO THE MICROCAPITAL MONITOR

The MicroCapital Monitor is available only by paid subscription. Subscribe today to support a representative voice for impact investors and investees at MicroCapital.org or by calling +1 617 648 0043. Subscriptions include 12 monthly issues and access to all back issues.

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

Estimating the Impact of Microcredit on Those Who Take It Up: Evidence from a Randomized Experiment in Morocco

By Bruno Crépon, Florencia Devoto, Esther Duflo and William Pariente; published by the Massachusetts Institute of Technology; May 2014; 53 pages; available at <http://economics.mit.edu/files/6659>

The chief conclusion of this research is that among households that were identified prior to being offered a loan as being more likely to accept one, microcredit led to increased profit through higher investment in “self-employment activities,” mainly agriculture. However, relatively few people seek loans to increase self-employment because it is more stressful than other types of employment and micro-enterprise investments are relatively risky.

The Universal Standards for Social Performance Management Implementation Guide

By Leah Wardle, published by Social Performance Task Force, 212 pages, available at http://www.spf.info/images/usspm%20implementation%20guide_english_revised.pdf

This guide outlines six “universal standards” for social performance management and offers mechanisms for implementing them, including resources to assist institutions with educating employees about social performance. The standards include the definition and measurement of social goals, the responsible treatment of clients and employees, balancing social and financial performance, and designing products that meet client needs. 📄



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

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

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

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



Microfinance



Microinsurance



SME finance



Health & other non-financial services

Strategic planning

Increasing operational efficiencies

Identifying market gaps & opportunities

Credit and Financial risk

Data mining, segmentation & analysis

Client-centered research

Product development

Donor strategies

Gender inclusion

Program monitoring & evaluation

Visit us on the web at www.eac-global.com
Phone: +1-212-734-6461 email: contactus@eac-global.com



EA Consultants
Access to Finance, Markets and Social Protection