

MICROCAPITAL BRIEFS | TOP STORIES

Peru's ACP Sells 61% Stake in Mibanco to Credicorp's Edyficar for \$179m

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

ResponsAbility Loans \$20m to Enda Inter-Arabe of Tunisia

ResponsAbility Investments, a Swiss investor in microfinance and other sectors, recently notified MicroCapital that it has disbursed a euro-denominated loan worth USD 20 million to Enda Inter-Arabe, the Tunisian microlending affiliate of Senegal-based NGO Enda Third-World. Enda Inter-Arabe reports a gross loan portfolio of USD 106 million and 230,000 active clients. Enda Third-World is active in various development efforts in 14 countries in Africa, Eurasia and Latin America. February 12. 2014

Danish Microfinance Partners Buys 15% of MicroCred for \$11m

MicroCred Holding, a French microfinance investment company that was created by French NGO PlaNet Finance, has raised the euro-equivalent of USD 11.4 million in equity by issuing new shares amounting to 15 percent of the firm to Danish Microfinance Partners, an investment fund that supports micro-, small and medium-sized enterprises. With operations in China, Cote d'Ivoire, Madagascar, Nigeria and Senegal, MicroCred Group reports an outstanding loan portfolio of USD 218 million, deposits of USD 83 million and 230,000 clients. Danish Microfinance is managed by Maj Invest, a Danish manager of USD 8 billion in assets. February 8. 2014

Zimbabwe Imposes 5% Tax on Mobile Money Services

The Central Bank of Zimbabwe reportedly has imposed a 5-percent tax on the fees charged to effect mobile money transactions such as cash transfers, cellular phone payments and utility bill payments. The move follows a lobbying effort by the 21-member Bankers Association of Zimbabwe that is said to have been a response to the refusal of Econet Wireless of South Africa to integrate its mobile money platform, EcoCash, into Zimbabwe's banking system. The new regulation subjects mobile money to the same level of tax charged on automated teller machine and point-of-sale transactions. Econet has operations in Africa, Eurasia and South America; and EcoCash has 3 million subscribers. January 28. 2014

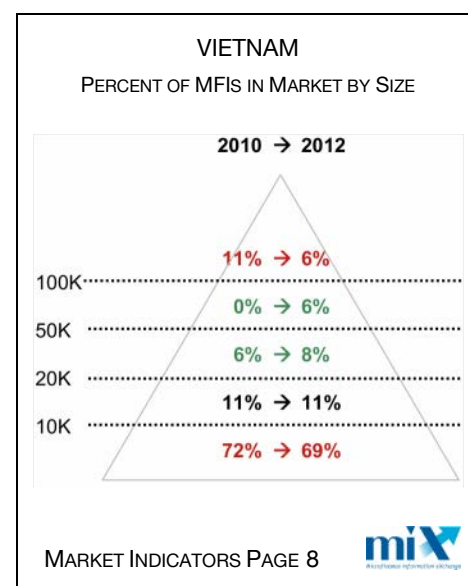
Trident, Basix' Bhartiya Samruddhi of India May Fail

Trident Microfin Private Limited, a microfinance institution (MFI) in India, reportedly may shut down after a forum of 21 lenders operating in the Indian state of Andhra Pradesh declined to provide Trident with additional funding or a one-time loan write-down that would have allowed the MFI to pay 18 percent of its outstanding loans. Bhartiya Samruddhi Finance Limited, an MFI member of India-based Basix Group, allegedly is facing closure as well after failing to meet a 2013 deadline to raise an unspecified amount of equity. Trident reports total assets of USD 24 million, a gross loan portfolio of USD 21 million and 200,000 active borrowers. Bhartiya Samruddhi reports total assets of USD 40 million, a gross loan portfolio of USD 47 million and 377,000 active borrowers. Neither institution accepts deposits. January 28. 2014

Citigroup, OPIC Lend \$10m to Bank of Georgia for MSEs

Citigroup, a US-based financial services corporation operating in 140 countries, and the US government's Overseas Private Investment Corporation have announced a term loan of USD 10 million to Bank of Georgia, a commercial bank owned by UK-based Bank of Georgia Holdings. The intent of the loan is to support the financial inclusion of micro- and small businesses in Georgia. Bank of Georgia reports total assets equivalent to USD 3.2 billion, 1 million client accounts and 164 branches, all in Georgia. January 27. 2014

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MICROCAPITAL BRIEFS

Oberthur, Mobilemate Launch Mobile Money in Myanmar

Myanmar Mobile Money, a subsidiary of France-based Oberthur Technologies, recently partnered with Mobilemate Telecommunications of Singapore to launch mobile money services in Myanmar. Based on Oberthur's MoreMagic e-wallet, the service allows customers to use mobile phones to transfer cash among bank accounts, pay for purchases, and receive money transfers and salary disbursements. Although financial data on Mobilemate are not available, Oberthur reports total assets of USD 1 billion. February 13, 2014

EcoBank to Offer MasterCard in 23 African Countries

MasterCard, a US-based payments company with operations in approximately 200 countries, reportedly has signed a deal with Togo-based EcoBank Transnational to offer MasterCard credit, debit and prepaid cards to EcoBank's customers in 23 African countries. EcoBank has USD 20 billion in assets and 14 million customers in 29 African countries. MasterCard reports total assets of USD 14 billion and 1.2 billion payment cards in circulation. February 13, 2014

EFSE to Loan \$6.8m to Intesa Leasing Belgrade

The European Fund for Southeast Europe (EFSE), an EU-backed microfinance investment vehicle, recently announced a new partnership with Intesa Leasing Belgrade, an arm of Serbia's Banca Intesa Belgrade, which is owned by the Italian banking group Intesa Sanpaolo. EFSE will extend a euro-denominated senior loan equivalent to USD 6.8 million to Intesa Leasing, which intends to use the funds to increase its lease financing activity by targeting micro- and small enterprises. Intesa Leasing reports total assets in local currency equivalent to USD 80 million, return on assets of 1.7 percent and return on equity of 8.8 percent. Intesa Sanpaolo has operations in 12 European countries. February 12, 2014

Indian Court Rules Against SMILE Founder, DWM Retains Control

An Indian court has denied a petition from Dr N Sethuraman, the co-founder of Semam Microfinance Investment Literacy and Empowerment (SMILE Microfinance), leaving control of the Indian microlender unchanged in the hands of Developing World Markets (DWM), a US-based investment company that has owned roughly two thirds of SMILE since 2010. The convoluted case involves a demand that SMILE pay an amount equivalent to USD 800,000 to a software company managed by Dr Sethuraman's daughter, Dr S Brathibha. Dr Sethuraman also allegedly argued that, "foreign investors are trying to take control of the company, and looking to sell their stake to a third company." Explaining the ruling in favor of DWM, the judge cited Dr Sethuraman's decision to leave the company in 2011 and not to seek legal action until recently. SMILE reports assets of USD 60 million, and DWM manages USD 765 million in assets. Despite the dispute, DWM tells MicroCapital that it, "appreciates the role of Dr Sethuraman in founding SMILE." February 12, 2014

EFSE Loans \$15m to AccessBank of Azerbaijan

The European Fund for Southeast Europe, a Luxembourg-based microfinance investment vehicle, reportedly has provided a senior loan of USD 15 million to AccessBank, a microfinance institution (MFI) in Azerbaijan. AccessBank plans to use the funds for on-lending to 7,000 microfinance clients in rural areas. Access Microfinance Holding, a German company that invests in MFIs, is a minority shareholder in AccessBank and also holds stakes in similar institutions in Tajikistan and four African countries. AccessBank reports USD 656 million in assets, deposits of USD 240 million, a gross loan portfolio of USD 581 million and 140,000 customers. February 11, 2014

IFC Loans \$4m to Grooming Centre of Nigeria

The International Finance Corporation, a member of the US-based World Bank Group, recently announced that it will loan the local-currency equivalent of USD 4 million to Grooming Centre, a Nigerian microfinance institution, to assist in expanding its reach to a total of 780,000 existing small businesses by 2018, including by boosting its coverage in rural areas. Grooming Centre has 248 branches and 300,000 active clients, who may borrow as little as USD 200. Financial information on the institution is not available. February 11, 2014

EFSE Loans \$4m to Komercijalna Banka Banja Luka of BiH

The European Fund for Southeast Europe, a Luxembourg-based microfinance investment vehicle, has disbursed a senior loan equivalent to USD 4.1 million to Komercijalna Banka (KB) Banja Luka, a financial institution owned by Serbia-based commercial bank KB Beograd. KB Banja Luka, which has equity capital of USD 42 million, intends to use the funds to expand its lending to micro- and small enterprises. KB Beograd reports total assets of USD 3.8 billion and return on assets of 1.5 percent with 290 branches and sub-branches in Bosnia and Herzegovina, Montenegro and Serbia. KB Beograd is majority-held by the government of Serbia and the UK-based European Bank for Reconstruction and Development. February 11, 2014

Triodos Revealed as Source of Orix's Shares of Cambodia's Acleda

Triodos Investment Management, a subsidiary of Netherlands-based Triodos Bank, has announced that it is the source of a 6-percent equity stake in Cambodian commercial bank Acleda that was purchased for an undisclosed price by Orix Corporation, a Japanese financial services group with operations in 34 countries. The deal was reported in the January 2014 issue of this newspaper when it was still pending, before Triodos had been named as the seller. Triodos will maintain a stake of 6.25 percent in Acleda, which also has operations in Laos and Myanmar. From its operations in Cambodia, Acleda reports assets of USD 1.9 billion, a gross loan portfolio of USD 1.2 billion, deposits of USD 1.5 billion and return on equity of 25 percent. February 10, 2014

Saudi Fund for Development Gives \$4m to Al-Amal of Yemen

Al-Amal Microfinance Bank of Yemen has received a donation of USD 4.2 million from the Saudi Fund for Development, the international aid agency of the Saudi government. The bank is expected to use the grant to expand its network in rural areas and undertake rural development projects intended to lead to job creation. The funding is one of three grants totaling USD 114 million provided by the Saudi Fund to support rural Yemen. The other two have been awarded to a sewage project in the province of al-Hodeidah and the Social Fund for Development of Yemen, a government-backed organization that will receive USD 100 million for rural development and "labor intensive" infrastructure programmes. Al-Amal reports total assets of USD 31 million and is majority-held by the Yemeni government and the Arab Gulf Program for United Nations Development Organizations. February 9, 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!

Sanad Fund for MSME Loans \$500k to Reef Finance of Palestine

The Sanad Fund for MSME, a Luxembourg-based investor in financial institutions serving micro-, small and medium-sized enterprises (MSMEs) in the Middle East and North Africa, has agreed to issue a senior loan of USD 500,000 to Reef Finance, a nonprofit microlender in the Palestinian Territories of West Bank and Gaza. Reef intends to use the loan to serve rural clients, including farmers and small-business owners. Reef reports USD 8.6 million in outstanding loans. February 7. 2014

ResponsAbility Participations Raises \$26m

ResponsAbility Participations, a Swiss investment company, reportedly has completed a capital increase in an amount equivalent to USD 26 million, bringing the company's total equity to USD 48 million. The funds will be used to expand investments in institutions that provide financial services to "low-income households as well as micro, small and medium-sized enterprises" in developing countries. Founded in 2012, ResponsAbility Participations is managed by Switzerland's ResponsAbility Investments, which reports total assets under management of USD 1.4 billion. The source or sources of the funds newly invested in ResponsAbility Participations have not been named publicly, but its previous shareholders include German development bank Kreditanstalt für Wiederaufbau and unspecified pension funds and Swiss banks. February 7. 2014

India Post, Bharat Sanchar Nigam to Offer Mobile Money

The Indian postal department, India Post, reportedly is partnering with Bharat Sanchar Nigam Limited, a telecommunications company owned by the Indian government, to provide instant money transfers through cellular phones. Customers will be able to transfer amounts equivalent to USD 16 to USD 800 by depositing money at a post office. Recipients will be able to claim funds at other participating post office branches upon showing valid identification and a unique personal identification number that will be provided through short message service, also known as SMS or text messaging. The fee will be 5 percent of the transferred amount, which is the same that India Post charges for money orders. Bharat Sanchar Nigam has 101 million mobile users. February 7. 2014

IFC Loans \$20m to Attawfiq Micro-Finance of Morocco

The International Finance Corporation, a member of the US-based World Bank Group, recently loaned USD 20 million to Attawfiq Micro-Finance, a nonprofit microlender based in Casablanca, Morocco, for on-lending to microenterprises. IFC also will assist Attawfiq in developing new products to assist it in reaching more clients. Attawfiq, which was founded by Morocco's Groupe Banque Centrale Populaire, reports total assets of USD 224 million, a gross loan portfolio of USD 190 million and 221,000 borrowers. February 6. 2014

Alibaba, Baidu Offer Savings in China via Yu'e Bao, Baifa

Internet companies in China reportedly are increasing financial inclusion through services such as Yu'e Bao, an online savings and investment product of e-commerce player Alibaba Group, and Baifa, an online "wealth management" product launched by Baidu, which is known for its Internet search engine. Yu'e Bao, which was launched in June 2013 as part of Alibaba's Microfinance Services Group, accepts deposits as small as USD 0.17 and offers interest that has averaged an annual rate of 5 percent. With 43 million clients and deposits of USD 30 billion, Yu'e Bao reportedly plans to begin offering microloans to small and medium-sized enterprises. While financial data on Baifa are not available, the service offers an annual interest rate of 8 percent on deposits, and it reportedly raised USD 165 million from 120,000 customers on the day it launched in October 2013. February 5. 2014

MicroCapital Deal of the Month

Credicorp Unit to Pay \$179m for 61% of Peru's Mibanco

Financiera Edyficar, a microbank owned by Peru's Credicorp, recently agreed to pay USD 179 million to acquire nonprofit Grupo Accion Comunitaria del Peru's (ACP's) majority stake in Peruvian microbank Mibanco. With control of a range of financial services firms, Credicorp reports USD 41 billion in assets. Mibanco reports total assets of USD 2.2 billion, return on assets of -0.10 percent and return on equity of -0.89 percent as of 2012. According to Hugh Sinclair, a microfinance industry consultant, the lackluster performance of Mibanco and ACP's 2013 breach of a covenant on USD 85 million corporate bond are symptomatic of broader challenges facing the microfinance sector in Peru, including borrower over-indebtedness, high default rates and decreasing profitability. ACP owns assets equivalent to USD 2.5 billion, including majority stakes in 23 companies that provide financial services in 10 Latin American countries.

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EBRD Lends \$14m to Societe Generale Montenegro for Housing

The London-based European Bank for Reconstruction and Development is lending the equivalent of USD 14 million to Societe Generale Banka Montenegro, a subsidiary of French banking group Societe Generale, for on-lending to individuals to finance long-term residential mortgages in Montenegro. Societe Generale Banka Montenegro has 20 branches, and Societe Generale reports total assets equivalent to USD 1.7 trillion. February 5. 2014

"Month of Microfinance" to Focus on Client-centered Services

The Student Microfinance Movement, a US-based network of student organizations, will celebrate its annual "Month of Microfinance" during April 2014. The series of events aims to promote awareness, dialogue and collaboration relating to client-centered microfinance worldwide. The organization will sponsor fundraisers, essay and video competitions, and a series of narratives called "Autobiographies of Microfinance." For more details or to participate, you may contact Shawn Humphrey at +1 540 654 1487 or MofMFI[at]gmail.com, or you may visit <http://monthofmicrofinance.org/>. February 3. 2014

EBRD to Loan \$25m to BelVEB for MSMEs in Belarus

The London-based European Bank for Reconstruction and Development recently announced that it will extend a five-year loan of USD 25 million to Belynesheconombank (BelVEB), a Belarus-based bank owned by government entities within Russia and Belarus. BelVEB intends to use the funds to extend USD-denominated loans to micro-, small and medium-sized enterprises. BelVEB operates 25 branches in Belarus and reports the equivalent of USD 1.9 billion in total assets and negligible returns on assets and equity. February 2. 2014

Absolute's Dual Return Funds Loan \$19m in Asia, Latin America

Absolute Portfolio Management, an Austrian firm that invests in microfinance and other sectors, recently disbursed loans totaling USD 18.5 million to microfinance institutions (MFIs) in Armenia, Azerbaijan, Ecuador, El Salvador, Georgia, India, Peru, Sri Lanka and Tajikistan. The loans were made through two microfinance funds: Dual Return Fund-Vision Microfinance and Dual Return Fund-Vision Microfinance Local Currency. The names of the investees, apart from Ecuador's Cooperativa de Ahorro y Credito Riobamba, and the sizes of each investment have not been disclosed. Riobamba, which offers microenterprise loans, savings, money transfers and payment services, reports total assets of USD 180 million, a loan portfolio of USD 135 million, deposits of USD 140 million, return on assets of 1.1 percent, return on equity of 8.2 percent and 25,000 clients. February 2, 2014

Triodos Loans \$1m each to Advans Banque Congo, Vitas Jordan

Triodos Investment Management, a subsidiary of Netherlands-based Triodos Bank, reportedly has loaned USD 1 million to Advans Banque Congo, a commercial bank, through its Fair Share and Microfinance Funds. Triodos' Sustainable Finance Foundation, the fund that succeeded the Triodos-Doen Foundation, also loaned the local-currency equivalent of USD 1 million to Amman-based microlender Vitas Jordan. Founded as the Middle East Micro Credit Company in 1998, for-profit Vitas Jordan reports a gross loan portfolio of USD 34 million and 24,000 borrowers served by 15 branches. Advans Congo provides loans and deposit services to 27,000 micro-, small and medium-sized enterprises via six branches. With a loan portfolio of USD 21 million and deposits of USD 7.4 million, Advans Congo is majority-owned by Advans SA, a Luxembourg-based venture capital company that has invested in similar institutions in seven countries. February 2, 2014

EBRD to Loan \$14m to Rosbank Leasing for Russian SMEs

The UK-based European Bank for Reconstruction and Development recently announced that it will extend a five-year, local-currency senior loan worth USD 14 million to Rosbank Leasing, a subsidiary of Russia's Rosbank, to build up the provision of equipment, transportation and vendor financing services to small and medium-sized enterprises. Rosbank Leasing reports assets of USD 185 million generated through 100 retail outlets. Rosbank reports USD 23 billion in assets, return on assets of 1.0 percent and return on equity of 7.3 percent. February 1, 2014

LeapFrog Buys 25% Stake in Ghanaian Pension Firm Petra Trust

LeapFrog Investments, a private equity fund based in Mauritius, has purchased a 25-percent stake in Petra Trust, a Ghanaian pension-trustee firm, for an undisclosed price. Formed in 2008, Petra offers pension-trustee services to Ghanaian employers and individuals, including clients working in the informal sector. Financial information for Petra is not available. LeapFrog Investments focuses on ventures in Africa and Asia and reports a total fund size of USD 135 million. January 31, 2014

EBRD to Loan \$65m to Banque Tuniso-Kowetienne of Tunisia

The London-based European Bank for Reconstruction and Development (EBRD) recently announced that it will loan the equivalent of USD 55 million to Banque Tuniso-Kowetienne (BTK), a Tunisia-based commercial bank, for on-lending to micro-, small and medium-sized enterprises. EBRD also agreed to issue BTK a revolving credit facility of USD 10 million to support its financing of imports and exports, along with related technical assistance. With 21 branches in Tunisia and USD 815 million in total assets, BTK is owned by the French banking group Banque Populaire Caisses d'Epargne; the Tunisian government; and the Kuwaiti sovereign wealth fund, Kuwait Investment Authority. January 31, 2014



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Triodos Lends \$10m in India, Indonesia

Triodos Investment Management, a subsidiary of Dutch Triodos Bank, recently disbursed local-currency loans totaling the equivalent of USD 9.6 million to Grameen Financial Services Private Limited (Grameen Koota), an Indian microlender, and Koperasi Mitra Dhuafa (Komida), an Indonesian microbank. Grameen Koota will receive USD 8.2 million through the issue of secured, redeemable, non-convertible debentures to the Triodos Fair Share and Microfinance Funds. Komida will receive USD 1.4 million from Hivos-Triodos Fund, a collaboration between Triodos and the Netherlands-based Hivos Foundation. Grameen Koota reports a gross loan portfolio of USD 97 million and 347,000 active borrowers. As of 2013, Komida had an outstanding loan portfolio of USD 11 million, all loaned to 128,000 women. As of 2011, it held deposits of USD 531,000. January 31, 2014

Bank of Ghana to Limit Number of MFI Licenses

Bank of Ghana (BoG), the country's central banking authority, has announced plans to limit to an unspecified level the number of licenses it will grant to microfinance institutions (MFIs). BoG reportedly has issued approximately 340 MFI licenses since 2011, with approximately 600 applications pending approval. In response to the rapid growth of the local industry in recent years, BoG has established an Other Financial Institutions Supervisory Department to monitor MFIs. Raymond Amanfu, the head of the new unit, was quoted as saying, "... we are tightening the controls so that the people who come in will have the capacity, the know-how and capital to manage the business." The charging of usurious interest rates and operation of fraudulent investment schemes reportedly are common in the country. January 30, 2014

IDBI Introduces Kiosk Banking in Rural India

The government-owned Industrial Development Bank of India (IDBI) reportedly has installed kiosks in three rural villages in the Indian state of Maharashtra to provide unspecified banking services using biometric devices for authentication. Founded in 1956, Mumbai-based IDBI has total assets of USD 41 billion and serves retail and corporate clients through a network of 1,159 branches. January 30, 2014

EBRD to Loan \$34m to European Fund for Southeast Europe

The UK-based European Bank for Reconstruction and Development recently announced that it will extend a loan equivalent to USD 34 million to the Luxembourg-based European Fund for Southeast Europe (EFSE), which was initiated by German development bank Kreditanstalt für Wiederaufbau Entwicklungsbank with the financial support of the German development ministry Bundesministerium für Wirtschaftliche Zusammenarbeit und Entwicklung and the EU's European Commission. EFSE, which will be able to draw down the funds in EUR as well as USD, intends to use the liquidity to extend loans to retail institutions to fund 4,000 new loans to micro- and small enterprises. EFSE has an outstanding investment portfolio of USD 1 billion, which is placed in southeastern Europe and central Asia. January 30, 2014

Kompanion of Kyrgyzstan Borrows \$12m from EBRD, FMO

The UK-based European Bank for Reconstruction and Development (EBRD) has announced its arrangement of a three-year syndicated loan in local currency equivalent to USD 12 million for Kompanion Financial Group, a microlender in Kyrgyzstan. Dutch development bank Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden has committed USD 8 million to the transaction, while EBRD will be providing the remainder. The loan is intended to support lending to micro-, small and medium-sized enterprises. Kompanion reports total assets of USD 78 million, a gross loan portfolio of USD 55 million, return on assets of 0.64 percent, return on equity of 3.3 percent and 117,000 active borrowers. January 29, 2014

EBRD Lends \$47m to Russia's Orient Express Bank

The European Bank for Reconstruction and Development (EBRD), a UK-based multilateral financial institution, recently disbursed three loans in local currency equivalent to USD 47 million to Orient Express Bank, a private commercial bank in Russia. Of this, USD 37 million was disbursed under EBRD's Russian Sustainable Energy and Carbon Finance Facility, which is to be used to improve the energy efficiency of residential, industrial and commercial buildings. The remainder is earmarked for on-lending to family-owned and small-scale farms. Orient Express reports total assets of USD 6.4 billion, 3 million clients and 586 branches. January 28, 2014

IFC to Loan \$150m to India's Yes Bank for Women-owned MSMEs

The International Finance Corporation, a member of the US-based World Bank Group, plans to loan USD 150 million to Yes Bank, a commercial bank in India, for on-lending to women-owned micro-, small and medium-sized enterprises. Yes reports the equivalent of USD 16 billion in assets, return on assets of 1.5 percent and return on equity of 25 percent. January 27, 2014

Utkarsh Raises \$12m in NCDs from UTI, MEF, Symbiotics

India's Utkarsh Micro Finance reportedly has raised the local-currency equivalent of USD 12 million through the issue of non-convertible debentures (NCDs) in unspecified proportions to Mauritius-based Unit Trust of India (UTI) International Wealth Creator 4, a fund of India's UTI Asset Management; the Microfinance Enhancement Facility, an investment vehicle founded by the World Bank's International Finance Corporation and German development bank Kreditanstalt für Wiederaufbau; and AAV Sarl, a fund structured by Switzerland's Symbiotics to deploy investments belonging to that firm's clients. The name "AAV" is based on the idea of an "Asian Access Vehicle." NCDs are financial instruments that raise funds through the acquisition of collateral-free debt. Founded in 2009, Utkarsh serves 273,000 borrowers via 120 branches in the northern states of Bihar, Madhya Pradesh and Uttar Pradesh. The institution, which does not accept deposits, reports a loan portfolio of USD 44 million. January 26, 2014



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MicroVest to Manage Calvert's \$50m Microfinance Portfolio

Calvert Foundation, a US-based nonprofit specializing in social impact investment, recently announced that MicroVest Capital Management, a US-based microfinance investment firm, is managing its USD 50 million microfinance investment portfolio as of January 1. As Calvert's loans mature, the proceeds are being reinvested into MicroVest's five funds. Calvert has a total of USD 180 million invested in 200 community organizations. MicroVest has USD 222 million in assets under management. January 26. 2014

EBRD Buys \$60m in Bonds from Banque Marocaine for MSMEs

The London-based European Bank for Reconstruction and Development recently invested USD 60 million in a 5-year, senior, unsecured bond issue of USD 300 million by Moroccan bank Banque Marocaine du Commerce Extérieur. Banque Marocaine plans to use the proceeds from this, its debut bond issue, to expand its lending to micro-, small and medium-sized enterprises. The identities of the other bond purchasers have not been announced. Banque Marocaine reports the equivalent of USD 28 billion in assets and net income of USD 140 million from operations in 28 countries in Africa and Eurasia. January 25. 2014

Tata Docomo to Expand Mobile Money in India

Tata Docomo, a telecommunications joint venture of Indian conglomerate Tata Group and Japan's Nippon Telegraph and Telephone (NTT) Docomo, reportedly will expand mRupee, its Indian money transfer and payments service, to 15 additional cities. In advance of the move, mRupee serves 130,000 customers via 1,700 retail outlets in 11 cities. mRupee can be managed via platforms including the Internet, a mobile phone application and phone-based voice control. Tata Group reported 2012 sales of USD 98 billion, and NTT Docomo reports assets equivalent to USD 81 billion. January 25. 2014

EBRD Loans \$68m to Garanti Leasing of Turkey for MSMEs

The London-based European Bank for Reconstruction and Development has opened a euro-denominated credit line equivalent to USD 68 million for Garanti Leasing, a subsidiary of Turkey's Garanti Bank, to be on-lent to micro-, small and medium-sized enterprises in the country. Garanti Leasing will provide funding and expertise to assist such firms in "underserved regions" to finance long-term leasing of machinery and equipment. Garanti Bank reports assets of USD 106 billion. January 24. 2014

Airtel, Nico to Offer Mobile Insurance in Zambia

Bharti Airtel, an India-based telecommunications provider, reportedly is adding insurance to the range of services that users in Zambia can purchase via its "Airtel Money" mobile money service. Airtel's 1.8 million customers in the country will now be able to purchase insurance policies from Nico Insurance Zambia, a subsidiary of Malawi-based Nico Holdings. Nico Insurance will be offering such customers a discount of an undisclosed level. Airtel customers in Zambia already can use their mobile phones to transfer money to other Airtel accounts, pay utility bills and purchase airline tickets. Airtel currently offers similar services in seven other African countries through Togo-based EcoBank. Airtel serves 261 million subscribers in 150 countries, and Nico Holdings operates in six African countries. January 22. 2014

UK's CDC Group Leads \$36m Investment in Equitas

The UK government's CDC Group, formerly known as the Commonwealth Development Corporation, has made an equity investment of USD 16 million in India's Equitas Holdings Private Limited as part of a financing package worth the equivalent of USD 36 million. While not all of the investors have been named, Dutch development bank Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden is participating with a loan in local currency equivalent to USD 9.3 million for Equitas Vehicle Finance. These investments are intended to help Equitas Vehicle and the other two subsidiaries of Equitas, Equitas Micro Finance and Equitas Housing Finance, grow their collective customer base and loan portfolio while extending their network from 350 to 825 branches by 2018. Equitas Holdings reports assets of USD 301 million. January 17. 2014

India's Kotak Mahindra Sets Up E-payments for Dairy Farmers

Kotak Mahindra Bank, a private bank in India, has launched a financial inclusion programme in the Indian state of West Bengal that is intended to serve 8,000 members of cooperatives that supply milk to Amul, the brand owned by the Gujarat Cooperative Milk Marketing Federation, which is a federation of 17 cooperative unions with a combined membership of 3 million. Under the programme, "Kotak Samriddhi," farmers will receive same-day payments for their milk supply through direct transfers to their banks or payment cards rather than in cash. Kotak Mahindra has partnered with the National Payments Corporation of India, a public company, to issue payment cards to the participants, who will be able to use automated teller machines to access cash. The bank will use a network of business correspondents to help farmers enroll in the programme. Kotak Mahindra reports total assets equivalent to USD 14 billion and 503 branches. January 15. 2014

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FIELD NOTES

Saving Through Lottery Tickets in Brazil - The Price of Fun!

I have just returned from a rather intense week in Brazil, where fun is in the air ahead of Carnival, which starts on February 28, and the World Cup, which starts in June. Without trivializing the popular discontent over a hike in transport fares and growing inflation, coupled with a sense that the economy is due for some cooling, Brazil is a fun place to be. Perhaps this is why capitalization titles or “capitalização” are so popular. These products, which are sold as lottery tickets, allow people to buy a chance at a cash prize, but redeem some of their initial capital whether or not they win. In some cases, they are one-shot deals. In other cases, they involve a process that looks a lot like commitment savings. Consumers buy a ticket for a fixed amount each month, each ticket increasing their chances to win a prize draw. At the end of 18 months or more, they receive most of their money back - less “administrative costs.”

Unlike a savings account, the return is negative even before taking inflation into account. But in exchange, consumers gain three important benefits: (1) a convenient way to save money and avoid the temptation to spend it (early redemption is complicated and involves penalty fees); (2) a product that encourages the “discipline” of monthly savings (through access to more draws and sometimes automatic debits from bank accounts); and (3) the hope of winning big. Most of the marketing for these products focuses on the third aspect. This is a game, but one closely linked to the aspirations of a growing lower-middle class that feels stuck.

This is no small experiment in “financial inclusion.” The first firm to offer capitalization titles was registered in Brazil in the 1920s. Today, the USD 8 billion industry has about 34 million clients, according FenaCap,

the National Federation for Capitalization, a private trade group. The industry raffles off an enticing USD 1.6 million in prizes each day.

Half of capitalization “tickets” are sold through banks, many of which have their own companies that specialize in the practice. Advocates proudly point to the fact that US-based Citibank offers these products as validation, but the top three players in this market are Brazilian, led by Brasilcap with 29 percent of the market. As with many lotteries in the US and elsewhere, Brasilcap is majority-held by a publicly owned entity: Banco do Brasil owns Brasilcap.

So why do I walk away from these products feeling uncomfortable? The answer is in the very presentation we received from FenaCap, which states: “These products stimulate consumers to make a good decision for the wrong reason.” Mixing fun and behavioral incentives work: if you have time, visit Volkswagen’s new website <http://TheFunTheory.com> for some innovative ways to use “fun” to encourage recycling, walking up stairs and putting trash into bins. But I still don’t like the idea of “us” deciding how “they” should save. I’d much rather leave it to the free and rational choice of each consumer. After all, with a negative rate of interest and no deposit insurance, capitalization titles may not seem for long to be the best savings option in town. Instead, we should work to ensure that consumers have the tools that motivate them to make the right choice for the *right* reasons.

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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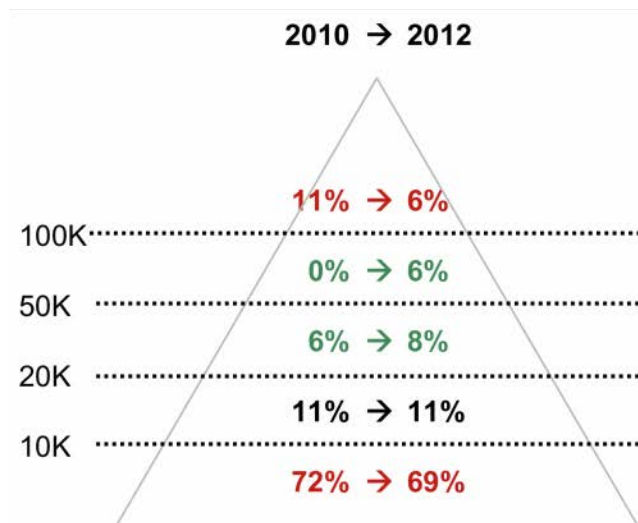


18 MICROFINANCE INSTITUTIONS (MFIs) REPORTING¹

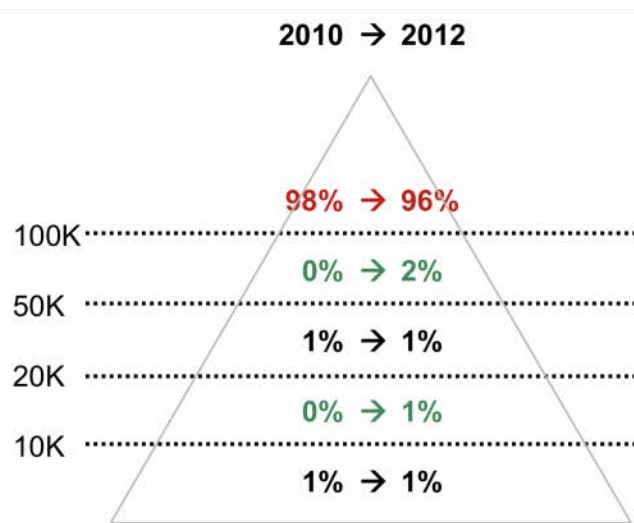
TOP MFIs BY GROWTH IN GROSS LOAN PORTFOLIO: CHANGE IN USD

MFI NAME	AVERAGE ANNUAL USD INCREASE	AVERAGE ANNUAL % INCREASE	2010	2012
Vietnam Bank for Social Policies	439,633,821	9%	4,588,944,353	5,468,211,994
Capital Aid Fund for Employment of the Poor	9,186,799	22%	37,098,278	55,471,876
Tinh Thuong Microfinance Institution	4,352,237	26%	14,533,709	23,238,183
Thanh Hoa Fund for Poor Women	655,962	49%	1,067,154	2,379,078
Dariu	467,450	24%	1,748,718	2,683,617
M7 Uong bi	273,761	28%	855,513	1,403,035
Capital Aid Fund for Poor Employees and Civil Servants of Ba Ria – Vung Tau	272,503	19%	1,335,634	1,880,640
Ha Tinh Women Development Fund	270,298	11%	2,237,833	2,778,429
M7 Dong Trieu	263,591	19%	1,255,052	1,782,234

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

Source: MIX, February 2014

UPCOMING EVENTS

Foro Latinoamericano de Inversion de Impacto

February 18 - February 20, 2014; Merida, Mexico

This forum on impact investment in Latin America will cover topics such as: investing via early-stage ventures, empowering indigenous populations, technology, agricultural finance and opportunities for regional collaboration. Admission costs USD 800 with various discounts available and an additional fee charged to visit a Mayan community on February 21. More details are available via +55 5604 5555, [inversiondeimpacto\[at\]nvm.org.mx](mailto:inversiondeimpacto[at]nvm.org.mx) or <http://inversiondeimpacto.org/>.

Fifth Annual Microinsurance Summit

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

This event will cover topics such as distribution channels, product development and mobile strategy. The full price to attend is USD 2,589 with add-on workshops and a range of discounts available. More details are available via +44 (0)203 141 8700, +1 212 537 5898, [info\[at\]hansonwade.com](mailto:info[at]hansonwade.com) and <http://microinsurance-latin.com/>.

AITEC Banking & Mobile Money West Africa

March 12 - March 13, 2014; Lagos, Nigeria

The seventh iteration of this event will cover regulation, microfinance, Islamic banking and other topics. The fee to attend is USD 590, with group discounts available. More details may be sought via [info\[at\]aitecafrica.com](mailto:info[at]aitecafrica.com), +44 (0)148 088 0774 or <http://aitecafrica.com/event/view/105>.

Institutional and Technological Environment for Microfinance

March 18 - March 20, 2014; Casablanca, Morocco

The first day of this event entails a site visit to Attawfiq Micro-Finance, a nonprofit founded by Groupe Banque Centrale Populaire du Maroc. The other two days will address issues such as empowering women, over-indebtedness, business strategy and trends in interest rates. The fee to attend is EUR 250, with a student rate of EUR 50 available. More information may be received via [microfinancechair\[at\]escdijon.eu](mailto:microfinancechair[at]escdijon.eu), +33 380 725 900 or <http://item5.weebly.com/>.

10th Global Microfinance Forum

March 20 - March 21, 2014; Vienna, Austria

Themed "Evolving Towards a Real Positive Impact," this event will address regulation, product diversification, case studies and other topics. The fee to attend is EUR 990 plus 20 percent tax. More details are available via <http://www.uni-global.eu/en/event/2014-148>, +420 226 538 101 or [registration\[at\]uni-global.eu](mailto:registration[at]uni-global.eu).

Alleviating Poverty Through Entrepreneurship Summit

March 22, 2014; Columbus, Ohio, USA

This summit aims to address market-based solutions to combating poverty with a business case competition and speakers such as CEO Veronica D'Souza of Kenya's Ruby Cup and CEO Neil Bellefeuille of The Paradigm Project, which operates in Guatemala and Kenya. There is no charge to attend, but participants are asked to register via <https://apte-summit.squarespace.com/>. For more information, you may contact the organizers at +1 614 292 0330 or [info\[at\]APTEsummit.org](mailto:info[at]APTEsummit.org).

Mobile Money Americas Conference and Expo

April 7 - April 9, 2014; Mexico City, Mexico

The fifth iteration of this event will be held in concert with the Digital Payments Americas summit. The proceedings will cover consumer and government payments as well as microfinance, media and regulation. The fee to attend is USD 1,800 with discounts available for groups and for all attendees paying by February 28. More information may be sought via [mmt\[at\]clarionevents.com](mailto:mmt[at]clarionevents.com), +44 (0) 20 7384 7910 or <http://mobile-money-gateway.com/Americas>.

Sankalp Unconvention Summit

April 9 - April 11, 2014; Mumbai, India

This conference aims to bring together social entrepreneurs, investors, policymakers, academics and other stakeholders to discuss impact investing in India and witness the presentation of the Sankalp Social Enterprise Award. Admission to the summit, which was launched in 2009 by Indian social-sector advisory Intellectap, costs INR 7,200. For more information or to inquire about group discounts, you may contact Rahel Chakola at +91 22 61952748 or [sankalpafrica\[at\]intellectap.com](mailto:sankalpafrica[at]intellectap.com), or you may visit <http://www.sankalpforum.com/summit-1/>.

Harvard Business School-Accion Program on Strategic Leadership in Inclusive Finance

April 21 - April 26, 2014; Boston, Massachusetts, USA

Registration for this event has closed, but you may seek more information via <http://www.accion.org/get-involved/hbs>, [hbsaccion\[at\]accion.org](mailto:hbsaccion[at]accion.org) or +1 617 625 7080.

Mobile Money Africa

May 20 - May 22, 2014; Johannesburg, South Africa

The seventh iteration of this event will cover forming partnerships, launching and growing new products, and maximizing profitability and customer loyalty in the realm of digital payments. The full price to attend is GBP 1,499 with an add-on workshop available. Various discounts are offered such as for those attending from the region and those booking by March 7 and April 11. More details are available via <http://mobile-money-gateway.com/Africa>, [mmt\[at\]clarionevents.com](mailto:mmt[at]clarionevents.com) or +44 (0) 20 7384 7910.

MORE DETAILS COMING SOON ON...

ALFI Impact & Microfinance Conference

May 27, 2014; Luxembourg, Luxembourg

Microfinance Centre Annual Conference

May 27 - May 28, 2014; Istanbul, Turkey

Triple Bottom Line Investing Conference

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

Fifth Caribbean Microfinance Forum - NEW DATES & LOCATION

June 2 - June 5, 2014; Montego Bay, Jamaica

FT/IFC Transformational Business Conference and Awards

June 12, 2014; London, United Kingdom

EOSD Global Sustainable Finance Conference

June 12 - June 13, 2014; Karlsruhe, Germany

11th European Microfinance Network Annual Conference

June 19 - June 20, 2014; Lisbon, Portugal

AITEC Banking & Mobile Money West Africa

July 9 - July 10, 2014; Accra, Ghana

Social Capital Markets: SOCAP14

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

SRI: The Conference on Sustainable, Responsible, Impact Investing

November 9 - November 11, 2014; Colorado Springs, USA 🇺🇸

PAPER WRAP-UPS

A Guide to Responsible Investing

Published by MicroRate, December 2013, 7 pages, available at <http://www.microrate.com/a-guide-to-responsible-investing-a-microrate-white-paper>

MicroRate, a US-based, for-profit microfinance rating agency, has published a primer introducing the terminology and practices used by the “responsible” investing community. The report delineates three approaches to investing: financial investment, socially responsible investment (SRI) and impact investment.

Investing is the practice of maximizing financial returns on capital while limiting risk. While financial investing is focused on the “bottom line,” responsible investing, which includes SRI and impact investing, is different because it also seeks positive non-financial returns called “social returns.” These contribute toward improving the societal and environmental health of the community where the investment is placed. This can include contributing to the economic, social and educational health of a society as well as making eco-friendly improvements.

SRI is meant to maximize financial returns while avoiding investments that may have a harmful impact on society. As of 2012, SRI assets accounted for USD 14 trillion world-

wide, including USD 4 trillion from the US and USD 8 trillion from Europe. SRI operations often run a screening process that filters out investments deemed detrimental to public wellbeing, such as gambling and the production of weapons. Other managers seek to exclude those that do not comply with religious doctrines. These strategies, called negative screening, made up USD 8.3 trillion in assets as of 2012. Conversely, positive screening seeks out organizations with strong environmental, social and corporate governance (ESG) characteristics. This method accounted for USD 1 trillion in assets. SRI can also take the form of shareholder activism, which includes purchasing stock with the aim of using stockholder voting rights to direct corporate behavior toward investment practices deemed socially responsible. Investments used for shareholder activism accounted for USD 4.7 trillion in assets as of 2012.

Impact investing pursues financial returns alongside supporting community development. As of 2012, impact investing comprised assets of USD 89 billion, of which 85 percent is classified as microfinance. Microfinance institutions (MFIs) provide financial services, including loans and insurance, to low-income individuals for entrepreneurial activities.

Much of the industry is funded by investors' capital via microfinance investment vehicles, which channel funds to MFIs, which in turn

provide retail financial services. Globally, USD 8.5 billion in private assets was placed in microfinance as of 2012.

MFIs have faced problems stemming from irresponsible lending and poor business standards. The industry is seeking to rectify this by employing client protection practices such as those promoted by the Smart Campaign, which was launched by US-based nonprofit Accion in 2008.

The authors identify the following challenges in impact investing: (1) more available capital than there is demand; and (2) a lack of information that can be relied upon to identify sound investment options.

Results of FinScope South Africa 2013

Published by Finmark Trust, November 2013, 65 pages, available at <http://www.finmark.org.za/publication/results-of-finscope-south-africa-2013/>

This report indicates that while there has been a notable uptick in the number of South Africans applying for credit, banking and insurance products, there has been a slight decline in the number of people with savings accounts. The authors also find that more than one third of active borrowers have engaged in at least one of the following: applying for debt restructuring, being in arrears on debt payments, having wages garnished and considering either debt counseling or canceling an insurance policy to fund debt repayment.



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AMK Cambodia - Have AMK Loans Helped Its Clients Improve Their Overall Wellbeing?

Pending publication by Angkor Mikroheranhvatho Kampuchea, January 2014, 12 pages, available at https://www.incofin.com/sites/default/files/attachments/newsitems/Change%20Study_AMK_2014.pdf

This report explores the results of a five-year study of the effectiveness of Angkor Mikroheranhvatho Kampuchea, a Cambodian microfinance institution, in helping increase its clients' livelihoods through microcredit. Comparing survey results of client and non-client households undertaken between 2006 and 2012, the authors conclude that microfinance clients experienced an increase in their wellbeing as measured by the number of income earners in a household; the value of household assets; the number of children enrolled in school; and the ability to afford large expenses related to health, transportation and communication technology. The survey also indicates that, despite microfinance promoting income generation and consumption expenditures, both the microborrowers and the control group showed increased vulnerability to economic and weather-related shocks.

The study concludes that there is a positive correlation between the use of microcredit and increased wellbeing, although no causal relationship is proven.

Estudio de Caso Cooperativa San Miguel de los Bancos: Servicio de Captacion Movil

Published by Red Financiera Rural-Ecuador, 2013, 27 pages, available at http://www.mfc.org.pl/sites/mfc.org.pl/files/SP_Fund_San_Miguel_Es.pdf

This case study explores the effectiveness of mobile savings products in promoting savings in rural communities by reviewing the operating results of the Mobile Collections Service (Servicio de Captacion Movil) offered by San Miguel de los Bancos, a savings and credit cooperative in Ecuador.

Prior to implementation of the service, clients had to visit one of the three branches of the cooperative to perform savings transactions. The distance, travel costs, transaction duration and limited banking hours often discouraged the use of savings accounts.

After the implementation of the mobile savings product, the bank registered 700 new clients and a growth of 8 percent in the rate of activation of new client accounts. In addition, transaction times were reduced from 15 to 30 minutes in person to approximately 5 minutes via mobile, and the overall cost of transactions was reduced by an unspecified amount. However, the authors note challenges including security issues, mobile network connectivity, client distrust of mobile services and lack of client technological know-how.

The Emergence and Development of Agricultural Microinsurance

By Therese Sandmark, Jean-Christophe Debar and Clemence Tatin-Jaleran; published by Microinsurance Network; 2013; 80 pages; available at http://www.microinsurancenet.org/publication/fichier/Agriculture_Paper_Microinsurance_Network.pdf

This discussion paper is an overview of the state of the global agricultural insurance sector. The authors review the recent history of the sector, identify current trends and highlight emerging opportunities for agricultural insurance in the context of price volatility, food security and climate change. The discussion includes a comparative overview of agricultural insurance products, an exploration of the roles and responsibilities of stakeholders in agricultural insurance schemes, an analysis of strategic risk-management, and lessons learned from established and emerging agricultural insurance markets.

The authors conclude that the success of agricultural insurance schemes depends on making insurance products attractive to farmers on a cost-benefit basis through a combination of: (1) an enabling regulatory environment; (2) technological innovation allowing for increased actuarial accuracy and mobile information delivery; and (3) improved incentives, marketing and education.



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Global Financial Development Report 2014

Published by The World Bank, January 2014, 225 pages, available at <http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTGLOBALLFINREPORT/0,,menuPK:8816192~pagePK:64168176~piPK:64168140~theSitePK:8816097,00.html>

This report draws on research and analysis of the global financial services market to address the needs of low-income people that do not have access to financial services and recommends policies that the authors believe would increase financial inclusion. According to the report, 50 percent of adults around the world do not use formal financial services due to cost, distance and the inability to meet requirements for opening accounts. However, the authors argue that not all of these underserved people have demand for financial services, and policy efforts to provide them with such services can be counterproductive, leading to financial instability. Many financially excluded people could, however, benefit from financial services such as electronic payments, savings and insurance.

The authors also argue that government policy should address issues such as regulatory barriers and legal hurdles that prevent financial access by those that could benefit from such services. Additional recommended

measures include protecting creditor rights, regulating business conduct and protecting customers through transparency and financial education. Products such as index-based insurance can also be designed to address market failures and reduce customer risk. New technologies such as mobile payments, mobile banking and digital borrower identification can increase security and reduce the cost of financial services.

One of the most important keys to financial inclusion, according to the report, is financial education. Both the delivery mode and content of this education are important. The authors state that providing simple financial training has proven to be more effective than complex business management training programs.

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Trends in International Funding for Financial Inclusion

By Edlira Dashi, Estelle Lahaye and Ralitsa Rizvanolli; published by CGAP (Consultative Group to Assist the Poor); December 2013; 4 pages; available at <http://www.cgap.org/sites/default/files/Brief-Trends-in-International-Funding-for-Financial-Inclusion-Dec-2013.pdf>

This report indicates that nearly 70 percent of global funding allocated for financial inclusion comes from public sources, with this funding growing more quickly than private funding. The report further addresses regional trends in financing as well as the continued prevalence of debt financing as the instrument of choice for both public and private funders. 📄

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