

## MICROCAPITAL BRIEFS | TOP STORIES

### EFSE to Fund 5-year Loans to Armenian MSEs via Araratbank

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

### FINCA Raises \$30m in Debt in 9 Local Currencies

The Foundation for International Community Assistance (FINCA International), a US-based nonprofit microfinance network, recently raised debt funding equivalent to USD 30 million in nine local currencies from unspecified investors through its Local Currency Microfinance Note III. The funds have been on-lent as senior, unsecured loans to subsidiaries of FINCA in Azerbaijan, Georgia, Guatemala, Jordan, Kyrgyzstan, Mexico, Nicaragua, Tanzania and Uganda. FINCA International reports total assets of USD 1 billion and 1 million clients served by 22 subsidiaries in Africa, Eurasia, Latin America and the Middle East. July 1, 2014

### Nepali Board Sidestepping Cabinet to Allow Traditional Firms into Microinsurance

Beema Samiti, the regulator of the insurance market in Nepal, reportedly has approved the issuance of microinsurance by Nepalese insurance companies after waiting fruitlessly for the country’s Cabinet to approve a similar proposal submitted in 2013. The move allows insurance companies to offer life and accident insurance coverage of up to the equivalent of USD 260 and health insurance up to USD 365. Such insurance is already available from cooperatives, microfinance institutions and NGOs. Insurance companies may also employ NGOs and other community groups as agents. According to a statement attributed to Sriman Karki, the director of Beema Samiti, “[a] lot of promotional work will have to be done to ensure that lower-income people understand the importance of micro-insurance.” June 26, 2014

### IFC Loans \$18m to Financiera Confianza of Peru

The International Finance Corporation (IFC), the private-investment arm of the World Bank Group, has announced that it is loaning USD 18 million to Financiera Confianza, a Peruvian microbank. The loan is intended to support the expansion of the firm’s operations in low-income and rural areas. Confianza is one of the eight entities associated with Fundacion Microfinanzas BBVA, an NGO founded by the Banco Bilbao Vizcaya Argentaria (BBVA) Group of Spain. IFC holds a 13.1-percent stake in Confianza, which reports total assets of USD 635 million, a gross loan portfolio of USD 517 million outstanding to 97,000 borrowers, USD 200 million in deposits from 46,000 depositors and 150 branches. June 16, 2014

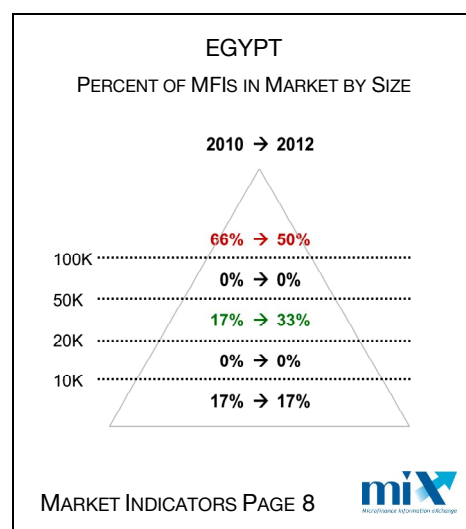
### India’s Vistaar Finance Raises \$27m in Equity

Elevor Equity, which invests in “disconnected communities” from offices in India and the US; Omidyar Network, a US-based investor in “socially responsible” efforts; Saama Capital, an India-focused venture capital fund; and WestBridge Capital, an India-based investment company, reportedly have invested a local-currency total equivalent to USD 27 million in India’s Vistaar Finance to fund enterprise loans of up to USD 1,600 each. June 10, 2014

### Tigo, Airtel, Zantel Link Mobile Money Systems in Tanzania

Millicom International Cellular, a Luxembourg-based telecommunications company that owns the brand name Tigo; the Tanzanian subsidiary of Indian telecom Bharti Airtel; and Zantel Tanzania, a telecom owned by Etisalat of the United Arab Emirates, recently announced that they will allow their mobile money customers to send and receive money to and from users of all three systems. The firms are also cutting fees and dropping the requirement that users enter personal identification numbers to make withdrawals. Millicom has 50 million subscribers, including 2.7 million who use its mobile money service in Tanzania. Etisalat serves customers in 15 countries including 1 million in Tanzania. The number of Airtel’s 287 million subscribers that reside in Tanzania is not available. June 10, 2014

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## MICROCAPITAL BRIEFS

### Zimbabwe's Capital Bank Loses License, Owner Plans New MFI

The Reserve Bank of Zimbabwe reportedly has canceled the operating license of Capital Bank Corporation Limited due to insufficient liquidity. The capital requirement for commercial banks in Zimbabwe is USD 25 million. The National Social Security Authority (NSSA), the manager of pension, workers' compensation and other programs for Zimbabwe, purchased an 84-percent stake in the bank for USD 24 million in 2012. NSSA reportedly is seeking approval to establish a new microfinance institution, although details of these plans are not available. As of 2012, Capital Bank reported total assets of USD 63 million, loans of USD 26 million, deposits of USD 7.5 million, return on assets of 7.1 percent and return on equity of 28 percent. July 2. 2014

### BNP Paribas, Orange Offer Interoperability in Côte D'Ivoire

BNP Paribas, a French bank with operations in 84 countries, and Orange, a French telecommunications provider, have announced that their customers in Côte D'Ivoire will now be able to transfer money between BNP bank accounts and Orange Money, Orange's mobile money service. BNP and Orange plan to extend this new interoperability to Senegal by December. Previously, customers in Côte d'Ivoire were required to visit agents to upload fund to their Orange Money accounts. BNP Paribas reported total assets of USD 2.7 trillion as of 2011, the most recent date for which such information is available. Orange serves 239 million customers in 27 countries. July 1. 2014

### Absolute's Vision Funds Loan \$9m in Asia, Peru, Tanzania

Absolute Portfolio Management, an arm of Austrian asset group C-Quadrat, recently informed MicroCapital that it distributed credits worth USD 9.4 million through its two Vision Microfinance funds to unspecified microfinance institutions in Armenia, India, Kazakhstan, Kyrgyzstan, Mongolia, Peru, Sri Lanka and Tanzania. Of this amount, USD 2 million went to an institution in Rajagiriya, Sri Lanka, that was established in 2008 to serve rural areas. The Dual Return Fund-Vision Microfinance and Dual Return Fund-Vision Microfinance Local Currency hold combined assets of USD 323 million. June 30. 2014

### Match Maker Launches "SME Impact Fund" in Tanzania

Match Maker Fund Management, a member of Tanzanian consulting and financial services provider Match Maker Group, recently conducted the public launch of its SME Impact Fund, a loan facility serving small and medium-sized agricultural businesses in Tanzania. The fund offers loans ranging in size from the equivalent of USD 60,000 to USD 600,000, which are paired with consultation services on improving business practices. Since its quiet launch in July 2013, the fund has disbursed USD 1.9 million to 15 enterprises. June 27. 2014

### IFC Loans \$48m to Garanti Bank Romania, Mostly for Women

The International Finance Corporation, the private-investment arm of the World Bank Group, has loaned the equivalent of USD 48 million to Garanti Bank Romania, an arm of Turkey's Garanti Bank, to support on-lending to small and medium-sized enterprises. This amount includes loans totaling USD 27 million earmarked for companies owned or managed by women. Garanti Bank reports total assets of USD 103 billion, deposits of USD 56 billion and a network of correspondent banks in 160 countries. Garanti Romania reports consolidated assets of USD 2.6 billion and 78 branches. June 25. 2014

### JPMorgan Chase Commits \$30m to "Financial Solutions Lab"

JPMorgan Chase, a US-based financial firm with assets of USD 2.4 trillion, has committed USD 30 million to establish a "Financial Solutions Lab," in collaboration with the US-based nonprofit Center for Financial Services Innovation. The lab will host social-entrepreneurship competitions and seek to boost "financial capability" - tools and education for building assets and managing credit. June 24. 2014

### Silatech, ARC Back Kaah's Move into Microcredit in Somalia

Kaah Express, a US-based remittances company, reportedly has partnered with Silatech, a Qatar-based enterprise focused on assisting youth in the Middle East and North Africa, and US-based NGO American Refugee Committee to create Kaah Islamic Microfinance Services, a commercial microfinance institution in Somalia. It will focus on serving low-income youth and women and will operate through Kaah Express's 12 existing branches in the country. Its services are to include lending under Shariah law, whereby charging interest is replaced with models incorporating the sharing of profit and loss. Kaah Express has operations in eight countries. June 24. 2014

### IFMR of India Approved to Launch "FImpact" Fund

The Securities and Exchange Board of India has approved the launch of the "FImpact Investment Fund," which will be managed by IFMR Investment Managers Private Limited, a recently launched arm of the Indian nonprofit Institute for Financial Management and Research (IFMR) Trust Group. FImpact will seek to provide "long-term" debt funding to Indian microfinance institutions. Sucharita Mukherjee, the Chair of IFMR Investment, said, "This Fund is the first in the series of funds that we plan to launch in financial inclusion. Our subsequent funds will focus on other retail asset classes such as affordable housing and small enterprise financing...." IFMR Trust reports total assets equivalent to USD 26 billion. June 24. 2014

### Bank of Punjab, MasterCard Launch Government E-payments

The Bank of Punjab, which is owned by the government of the Pakistani province of Punjab, and MasterCard, a US-based firm with USD 14 billion in assets, recently announced a "Social Security Program" involving "millions of payment cards" through which individuals will receive wages as well as benefits in areas such as healthcare, pension, microlending and education. Upon usage at merchant locations, cardholders' identities will be verified via biometric data. June 23. 2014

### UN Transfers Microfinance Portfolio in Myanmar to Pact

The UN Development Program reportedly has transferred the portion of its microfinance portfolio that is placed in Myanmar to the US-based Pact Global Microfinance Fund, which disburses microcredit and offers business training in rural Myanmar. The UN began offering microfinance in Myanmar in 1997 in partnership with Pact. During 2012, Pact disbursed USD 141 million in loans to 670,000 borrowers, 98 percent of whom were women. The portion of this lending that was affiliated with the UN has not been disclosed. June 21. 2014

### World Bank: 4.5b Low-income People Spend \$5t Annually

The Global Consumption Database recently released by the World Bank Group indicates that the total annual spending of 4.5 billion poor people living in low- and middle-income countries exceeded USD 5 trillion in 2010, more than the combined spending of the middle- and high-income groups in the same 92 countries. Created from surveys completed by 1 million households, the database also offers information by country and expense categories such as housing, education, and health and water. June 20. 2014

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**HKL, ANZ Royal to Share Branches, ATMs in Cambodia**

Hattha Kaksekar Limited (HKL), a Cambodian microfinance institution, and ANZ Royal Bank, a joint venture between the Australia and New Zealand (ANZ) Banking Group and the Cambodian Royal Group, reportedly will each offer their services to clients of the other institution. For example, the firms' clients can use the companies' combined 100 branches and 180 automated teller machines in the country. According to a statement attributed to ANZ Royal CEO Grant Knuckey, the move will benefit ANZ Royal by giving the bank "a greater presence outside cities." ANZ Group reports assets of USD 703 billion, and HKL reports assets of USD 123 million. June 20, 2014

**Egypt Legalizes For-profit, Non-bank MFIs**

The government of Egypt reportedly has passed a law enabling non-bank microfinance institutions to enter the formal microfinance sector, which had been restricted to banks and NGOs, under the supervision of a new unit of the Egyptian Financial Supervisory Authority. Loans up to the equivalent of USD 14,000 may be considered microloans, and the Cabinet may raise this limit by up to 5 percent per year. June 19, 2014

**EIF to Guarantee \$9m for Romania's Libra Internet Bank**

The European Progress Microfinance Facility, which is funded by the EU's European Commission and managed by the European Investment Fund, has agreed to guarantee 75 percent of losses suffered by Libra Internet Bank, a Romanian bank, on a group of 400 microloans totaling the equivalent of USD 9.3 million. Cristina Dumitrescu, a microfinance investment manager at Progress Microfinance, reportedly stated, "I am convinced that this finance will help to benefit micro-enterprises, in particular young entrepreneurs willing to establish their own company and contribute to the economic growth and social inclusion in Romania." Libra has 35 branches and reports total assets of USD 370 million. June 18, 2014

**Indonesia Allows Big Banks to Offer Mobile Money via Agents**

Bank Indonesia, the country's central bank, reportedly has amended its electronic money regulations to allow the four banks in the country with the equivalent of over USD 2.6 billion in core capital to offer mobile money services, with the option to use third-party agents to serve customers in rural areas. According to a statement attributed to Eny Panggabean, the director of Bank Indonesia's financial access development department, this change "will enable people to carry out financial transactions with their cell phones. If things go smoothly, we hope this will reduce financial inequality." One of the four banks, Bank Rakyat Indonesia, reportedly plans to engage 5,000 agents during 2014 under the new rules. June 18, 2014

**Bandhan of India Plans IPO Within 3 Years**

Bandhan Financial Services, an Indian microfinance institution that recently received a provisional banking license, reportedly is planning to launch an initial public offering within the next three years. Bandhan has total capital equivalent to USD 204 million, 5.5 million borrowers, a gross loan portfolio of USD 967 million, return on assets of 4.7 percent and return on equity of 26 percent. June 17, 2014

**IFC, MasterCard Foundation, Tigo to Boost Mobile Money in Ghana**

The World Bank Group's International Finance Corporation and the MasterCard Foundation, a Canadian nonprofit founded by US-based payment processing company MasterCard, recently agreed to provide USD 2 million in advisory services to support Tigo Ghana, a unit of Luxembourg-based Millicom International Cellular, "to develop and expand mobile financial services in support of wider financial inclusion" in Ghana. Over three years, the program will focus on customer education, agent network management, business development and customer profiling. Millicom reports 50 million mobile subscribers in 41 countries in Africa and Latin America. June 17, 2014

## MicroCapital Deal of the Month

### EFSE to Fund 5-year Loans to Armenian MSEs via Araratbank

The European Fund for Southeast Europe (EFSE), a Luxembourg-based microfinance investment vehicle, has announced that it is loaning USD 12 million to Araratbank Open Joint Stock Corporation, an Armenian provider of financial services to micro- and small enterprises. The loan will support sub-loans to be disbursed by Araratbank with annual interest rates of 10 to 11 percent and terms of five years. Simultaneously, Araratbank has begun offering interest rates as low as 9 percent per year for borrowers active in selected sectors, such as jewelry production. Araratbank reports total assets of USD 320 million and has 47 branches. EFSE has an investment portfolio equivalent to USD 1 billion.

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**GCAMF Invests \$2.5m in Equity, Loans in Cambodia, Palestine**

The Luxembourg-based Grameen Crédit Agricole Microfinance Foundation recently informed MicroCapital that it has disbursed a euro-denominated, three-year loan equivalent to USD 2 million to Angkor Mikroheranhvatho Kampuchea Company Limited (AMK), a microfinance institution in Cambodia. The foundation also invested USD 550,000 in the Arab Center for Agricultural Development (ACAD), a nonprofit microlender in Palestine, in exchange for an equity stake of undisclosed size. AMK, which primarily serves women working in agriculture, has 27 branches, 325,000 active clients, a loan portfolio of USD 84 million, a voluntary savings balance of USD 24 million, return on assets of 2.8 percent and return on equity of 14 percent. ACAD, which offers training and "community empowerment" services - as well as wholesale, retail and Islamic loans - has seven branches, a loan portfolio of USD 5.3 million and 3,300 active customers. June 17, 2014

**3 Kenyan Mobile Money Providers Licensed to Use Airtel Network**

The Communications Authority of Kenya reportedly has granted mobile virtual network operator licenses to Kenyan mobile money transfer service providers Finserve Africa Limited, Zioncell Kenya Limited and Tangaza Mobile Pay Limited. The firms plan to operate via the network owned by the Kenyan subsidiary of Indian telecommunications firm Bharti Airtel, which has 4 million subscribers in Kenya and 283 million in 19 other countries. While the numbers of customers of the mobile money firms are not available, Equity Bank, a Kenyan deposit-taking microfinance institution that operates in three countries with assets of USD 2.7 billion, is the parent company of Finserve Africa. Airtel Kenya's services include Airtel Money, a money transfer service; prepaid and postpaid wireless plans; and Internet access. June 13, 2014

### MicroEnsure Raises \$10m in Equity

MicroEnsure, a for-profit microinsurer founded in the UK by US-based NGO Opportunity International, recently raised a total of USD 10.4 million from six investors including some of the company's past investors: Opportunity International; the World Bank Group's International Finance Corporation; Omidyar Network, a US-based social investment firm; and Telenor Group, a Norwegian telecommunications firm. In addition to its cash investment, Telenor "has taken equity in the MicroEnsure Group through a conversion of debt and by merging its 51-percent shareholding in the 'MicroEnsure Asia' Joint Venture with MicroEnsure Holdings Ltd." The new investors in the firm are AXA, a Belgian asset manager, and Sanlam Emerging Markets, a financial firm in South Africa. MicroEnsure insures 10 million clients in Africa, Asia and the Caribbean. June 13. 2014

### Rebtel's Sendly App to Reach 50 New Countries via TransferTo

Swedish telecommunications company RebTel recently partnered with Singapore-based TransferTo, which offers international transfers of mobile phone airtime, to expand by 50 the number of countries in which it offers remote "top-up" of mobile-phone credit to users of its app, Sendly. As a result, Sendly can be used on Android and Apple mobile phones to add airtime to prepaid mobile phones in 100 countries via TransferTo's network of 350 mobile network providers. June 12. 2014

### Australia Donates \$13m to Pacific Financial Inclusion Program

The Australian Department of Foreign Affairs and Trade reportedly will give the equivalent of USD 13 million over three years to support the Pacific Financial Inclusion Program (PFIP), a UN effort to "bring more people into the financial sector and raise financial competency in the region." Between 2009 and 2014, PFIP reached 600,000 Pacific Islanders, 50 percent of whom were women, with support from the EU and the governments of Australia and New Zealand. June 12. 2014

### IFC Invests in AB Bank Rwanda, Urwego Opportunity Bank

The International Finance Corporation, the private-investment arm of the World Bank Group, reportedly has purchased equity stakes of undisclosed size in two microbanks in Rwanda: (1) AB Bank Rwanda, which is affiliated with Access Microfinance Holding of Germany, for USD 2.5 million; and (2) Urwego Opportunity Bank, which is owned by four North American NGOs, for USD 2.4 million. AB Bank, which was founded in 2013, plans to use the funds to serve 25,000 micro-, small and medium-sized enterprises by 2019. Access Holding has stakes in seven microbanks in Africa and Asia with combined assets equivalent to USD 1.3 billion. Urwego, which is expected to use the funds to expand financing options for farmers, female entrepreneurs and start-up businesses, reports total assets of USD 22 million, a gross loan portfolio of USD 14 million and 39,300 active borrowers. June 11. 2014

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### GAWFA Uses Towerplane Software to Enable Doorstep Banking

The Gambia Women's Finance Association (GAWFA), a nonprofit microbank with 49,000 members, reportedly has adopted software developed by Towerplane, a Spanish software company, that allows the provision of services outside of branches using mobile devices. The system includes functionality that allows GAWFA staff to enter client information without an Internet connection to be reconciled at a later time. As of 2011, GAWFA reported total assets of USD 662,000, a gross loan portfolio USD 193,000 outstanding to 3,600 active borrowers and deposits of USD 132,000 collected from 6,000 depositors. June 11. 2014

### CoopCentral of Colombia Authorized to Convert into Bank

CoopCentral, a Colombian financial cooperative with assets equivalent to USD 321 million, reportedly has received approval to convert into a cooperative banking institution, a status that brings stricter government oversight as well as allowing CoopCentral to use the national clearing-house for transferring funds among domestic banks. June 11. 2014

### Grameen Crédit Agricole Lends \$1.2m in Burkina Faso, Cameroon

Grameen Crédit Agricole Microfinance Foundation, a Luxembourg-based investor, recently informed MicroCapital that it has granted a three-year, euro-denominated loan worth USD 1 million to the microbank Première Agence de Microfinance au Burkina Faso and USD 240,000 to Biotropical, a Cameroon-based fruit exporter that offers small farmers technical support and "fair" prices. Première has a gross loan portfolio of USD 3.4 million, deposits of USD 2.3 million, 8,500 customers and five branches. Financial information for Biotropical is not available. July 9. 2014

### LuxFLAG Launches ESG Label for Investment Vehicles

The Luxembourg Fund Labeling Agency (LuxFLAG), a nonprofit that certifies the operations of investment vehicles that support microfinance and environmental initiatives, recently began offering a third category of fund label for investment funds that integrate environment, social and governance principles into their investment strategies. Twenty-seven microfinance investment vehicles hold the annual LuxFLAG Microfinance Label, representing total assets of USD 4 billion, and 10 funds hold its annual Environment Label, representing USD 713 million in assets. June 7. 2014

### MicroVentures Invests \$13m in Equity in Grameen Koota of India

Grameen Financial Services Private Limited, an Indian microfinance institution also known as Grameen Koota, reportedly has raised USD 13.5 million in equity from Italian private equity firm MicroVentures. With this investment, MicroVentures has increased its total stake in Grameen Koota from 62 percent to 64.8 percent. Grameen Koota reports total assets of USD 175 million, a gross loan portfolio of USD 134 million and 504,000 active borrowers. The institution does not accept deposits. As of 2008, the most recent year for which financial information on MicroVentures is available, that firm reported total fund assets equivalent to USD 28 million. June 7. 2014

### Borrowers' Trust Sells Most of 12% Stake in SKS Microfinance

SKS Trust Advisors Private Limited, the trustee of five mutual benefit trusts serving borrowers of Indian for-profit microfinance institution SKS Microfinance Limited, reportedly has sold a 7.6-percent stake in SKS to unspecified buyers. SKS Trust retains stock totaling 4.8 percent of the firm's equity. Based on the stock's June 5 closing value on India's National Stock Exchange, SKS is valued at the equivalent of USD 522 million. As of December 2013, SKS reported a gross loan portfolio of USD 431 million and 4.7 million active borrowers. As of March 2013, it reported return on assets of -16 percent and return on equity of -73 percent. SKS does not accept deposits. June 5. 2014



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## FIELD NOTES

### Over-indebtedness: Inoculation vs. Treatment

I spent some time in the Bed-Stuy neighborhood of Brooklyn, New York, last week speaking to people who have been down on their luck. An interesting and quite relevant fact about Bed-Stuy is that its median household income is about 30 percent lower than New York City's average, yet home prices are right about average thanks to the rows of gorgeous townhomes dating from the mid-1800s that have been bought by speculative buyers and rented out at high prices. While home purchase and rental prices rise, many local residents are still in low-paid jobs, and the unemployment rate is twice that of the city as a whole.

High housing prices coupled with unstable employment are bad enough, but adding high levels of debt into the mix can be a recipe for severe household instability. I spoke to one woman who is working on repaying past-due loans while she lives in a homeless shelter with her young child. She was overwhelmed and spent more time regretting her past mistakes than thinking about the future she has little control over. I spoke to another who talked about eating ramen noodles and plain spaghetti for three years while struggling to repay student loans with low-paying jobs. One might say that she is "cured" from her financial crisis today, yet she is fearful about falling back into debt.

In most of the countries where we work, when people are over-indebted, they struggle with their own version of "ramen noodles" at best. At worst, they are cut off from their housing, communities and the financial system indefinitely, with no homeless shelters to fall back on. Concern about borrower over-indebtedness has caught the attention of microfinance institutions (MFIs), donors and investors worldwide: how it can be prevented, identified, monitored and reduced. The

"prescription" is not simple, and the cure is slow and hardly linear. "Inoculation" seems like a good place to start. In medicine, it's generally a cheap way to save lives.

Responsible lending is one inoculation that can prevent over-indebtedness. Our recent research suggests that targeting only those businesses that could grow with new investments could reduce over-indebtedness among MFI clients dramatically. However, financial institutions make money lending, not on holding back, so this idea can be somewhat difficult to implement. Last month in the Dominican Republic at REDCAMIF's biannual Central American and Caribbean Microfinance Conference, our panel on over-indebtedness filled the house. MFI managers listened attentively but got prickly when they were told that the answer may be curtailing lending growth. A second inoculation should focus on giving clients tools and information to make their own good choices about when, how much and from what organization to borrow. Although costly, financial education seems a necessary "injection," since the alternative could threaten the very structure of the household.

P.S. I will be leading a workshop on this topic and more at the MasterCard Foundation Symposium on Financial Inclusion 2014 in Turin, Italy, this month. If you plan to be there, please join us!

*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](https://twitter.com/BarbaraatEA).*



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## MICROCAPITAL MARKET INDICATORS EGYPT



7 MICROFINANCE INSTITUTIONS (MFIs) REPORTING<sup>1</sup>

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

MFI NAME	AVERAGE ANNUAL USD INCREASE	AVERAGE ANNUAL % INCREASE	2010	2012
Alexandria Business Association	2,881,809	5	55,165,430	60,929,048
Assiut Business Women's Association	1,181,464	35	2,918,593	5,281,522
Coptic Evangelical Organization for Social Services	747,788	10	7,279,267	8,774,845
Sharkia Businessmen's Association for Community Development	574,408	5	11,453,229	12,602,047
Dakahlya Businessmen's Association for Community Development	321,325	1	25,947,235	26,589,887
Lead Foundation	-3,064,661	-12	27,788,981	21,659,657
Al Tadamun Microfinance Foundation	-4,137,745	-38	13,481,704	5,206,214

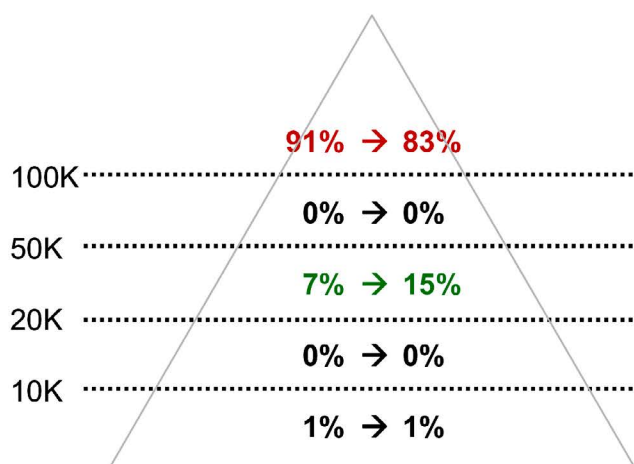
### PERCENT OF MFIs IN MARKET BY SIZE (NUMBER OF ACTIVE BORROWERS)

2010 → 2012



### MARKET SHARE BY MFI SIZE (NUMBER OF ACTIVE BORROWERS)

2010 → 2012



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

Source: MIX, June 2014



## UPCOMING EVENTS

### AITEC Banking & Mobile Money West Africa

July 9 - July 10, 2014; Accra, Ghana

July 15 - July 16, 2014; Lagos, Nigeria

These similar events will cover Islamic banking, microfinance, mobile money, regulation and other topics. The fee to attend each is USD 590, with group discounts available. More information may be sought via [info\[at\]aitecafrica.com](mailto:info[at]aitecafrica.com) or +44 (0)148 088 0774, or you may visit <http://aitecafrica.com/event>.

### G20 Young Entrepreneurs' Alliance Summit 2014

July 18 - July 22, 2014; Sydney, Australia

This summit seeks to encourage youth entrepreneurship as a mechanism for "economic renewal, job creation, innovation and social change." A registration rate of AUD 1,100 applies to entrepreneurs up to 40 years of age, and others may observe for AUD 1,500. For additional information, you may contact [info\[at\]g20yeasummit.mci-group.com](mailto:info[at]g20yeasummit.mci-group.com), +61 2 9213 4078 or <http://g20yeasummit.com/>.

### Second West Africa Microfinance Conference

July 23 - July 24, 2014; Accra, Ghana

Organized by the African Centre for Peace Building, this conference is themed "Reducing Extreme Poverty Through Microfinance." Registration is due by July 10, and the fee to attend is USD 250, with a rate of GHS 350 offered for Ghanaian participants. More information is available via +233 209 85 3013, [info\[at\]enyoglobal.com](mailto:info[at]enyoglobal.com) or <http://wamic.afcopb.org/>.

### Asia Microfinance Forum 2014

August 4 - August 8, 2014; Shanghai, China

This event will address: the role of microfinance in developing small and medium-sized enterprises, creating demand-driven microfinance products, the opportunities and challenges of investing in Asia, the role of state-owned banks in financial inclusion, leveraging remittances for development and advancing youth entrepreneurship. Admission to the forum costs USD 565 for the general public, USD 465 for representatives of NGOs, and USD 265 for students and members of the Banking With the Poor Network. For additional information, you may contact Cheryl Qian by telephone at +86 (21) 2312 3576 or email at [Cheryl.Qian\[at\]mci-group.com](mailto:Cheryl.Qian[at]mci-group.com). The event website may be found at <http://www.bwtp.org/amf2014.html>.

### Social Capital Markets: SOCAP14

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

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

### 17th Microcredit Summit

September 3 - September 5, 2014; Merida, Mexico

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

### Seventh Convergences 2015 World Forum

September 8 - September 10, 2014; Paris, France

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

### Alliance for Financial Inclusion Global Policy Forum

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

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

### Small Enterprise Education & Promotion Network Conference

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

This event is slated to focus on how technology can support "pro-poor" markets and financial systems; delivering energy, water, sanitation and health care in low-income areas; sustainable development; and scaling up successes. The "Member Day" on September 22 is free. The standard fee to attend the events on September 23 and 24 is USD 1,020. Registration for the "Global Network Summit" of microfinance associations on September 25 is USD 510. A range of discounts is available including for registrations received by August 1. For more details, you may email [annualconference\[at\]seepnetwork.org](mailto:annualconference[at]seepnetwork.org), visit <http://www.seepnetwork.org/annual-conference-pages-20008.php> or call +1 202 534 1400.

## MORE DETAILS COMING SOON ON...

### 5th Toronto International Microfinance Summit

October 4, 2014; Toronto, Canada

### Global Youth Economic Opportunities Conference 2014

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

### Columbia Business School Social Enterprise Conference

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

### XVII Foro Interamericano de la Microempresa

November 4 - November 6, 2014; Guayaquil, Ecuador

### Sustainable, Responsible, Impact Investing

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

### 10th International Microinsurance Conference

November 11 - November 13, 2014; Mexico City, Mexico

### European Microfinance Week

November 12 - November 14, 2014; Luxembourg

### African Microfinance Week

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

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

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

## PAPER WRAP-UPS

### Financial Inclusion and Development: Recent Impact Evidence

*By Robert Cull, Tilman Ehrbeck and Nina Holle; published by CGAP (Consultative Group to Assist the Poor); April 2014; 12 pages; available at <http://www.cgap.org/sites/default/files/FocusNote-Financial-Inclusion-and-Development-April-2014.pdf>*

The authors of this document argue that “financial inclusion is an important development priority” that helps poor people around the world improve their lives. They review evidence of the positive impact of financial inclusion and summarize evaluations of various interventions at the local, micro- and macroeconomic levels.

The authors begin by establishing that “a vast majority of poor households live and work in the informal economy” and cite statistics indicating that the portion of participants in the global informal economy “var[ies] between 50 percent and 60 percent” of the world’s population. In addition, “half of all working-age adults are excluded from formal financial services,” resulting in reliance on informal

financial mechanisms to smooth consumption patterns: saving and borrowing from multiple, informal financial service providers.

The study refers to 25 research projects that used randomized evaluations to understand how financial inclusion impacts poor households. In general, the projects conclude that “small businesses do benefit from access to credit while the linkage to broader welfare is less clear.” The findings do indicate that, at the microeconomic level, the impact of savings is normally positive because savings tend to help with smoothing consumption patterns and accumulating working capital.

Some of the studies that were reviewed confirm that insurance decreases the vulnerability of poor households. Nonetheless, liquidity constraints and lack of trust limit the prevalence of microinsurance. Evaluations of mobile money services indicate that these services may decrease the cost of transactions and probably improve poor households’ ability to manage risk. One study found that there is “an increased willingness to send remittances as a result of access to mobile money.” However, the authors state that robust evidence is not yet available regarding the

impact of mobile money services on the welfare of poor people.

Despite the limited impact on households, financial access invigorates local economic activity, according to the studies reviewed in this paper. One research project concluded that the availability of credit from formal financial institutions boosted nationwide income levels in Mexico. The same paper found that when formal credit is available, poor households tend to rely less on their savings to smooth fluctuations in their income.

The authors refer to “the well-established literature” showing that the degree of financial intermediation at the macroeconomic level is generally correlated with economic growth and a higher rate of employment. This is enabled through lower transaction costs and more equal distribution of capital and risk. Improved access to formal deposit services may also create a higher degree of financial stability.

In closing, the authors argue that - in addition to direct economic benefits - financial inclusion has other advantages such as increased efficiency in the execution of social policies and increased business innovation.



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## Technical Guide: Performance and Social Indicators for Microfinance Institutions

By Sebastian von Stauffenberg, Damian von Stauffenberg, Maritza Rodriguez, Rebecca Spradlin and Antonio Bryant; published by MicroRate; 2014; 64 pages; available at [http://www.microrate.com/media/downloads/2014/05/MicroRate\\_Technical-Guide-20142.pdf](http://www.microrate.com/media/downloads/2014/05/MicroRate_Technical-Guide-20142.pdf)

This guide provides an outline of how to assess the quality of microfinance institutions (MFIs). The authors present and evaluate 14 commonly used indicators of financial performance and introduce four others that measure social performance. The 18 indicators fall into five groups: portfolio quality, efficiency and productivity, financial management, profitability and social performance.

The authors state that the most widely accepted gauge of portfolio quality is the portfolio-at-risk ratio. This is calculated by dividing the sum of restructured loans and the outstanding balance of loans that are 30 or more days overdue by the gross loan portfolio. This indicator gives a conservative measure of risk for an institution and - as of 2012 - it ranged globally from 0.7 percent in South Asia to 4.5 percent in Latin America. In addition, the authors present write-off, risk-coverage and impairment-expense ratios as alternative indicators of portfolio quality.

Efficiency and productivity indicators measure the quality of an MFI's operations. Productivity is measured as the output per unit of input, and efficiency is measured based on the cost of inputs relative to the price of outputs. According to the authors, the most accurate indicator of efficiency is the operating-expense ratio, which is calculated by dividing operating expenses by average annual gross loan portfolio. The other measure of efficiency discussed is the cost-per-borrower ratio, and the two indicators of productivity cited are the personnel-productivity ratio and the loan-officer-productivity ratio.

The section of the paper on financial management addresses how to assess the

liquidity of an MFI - the likelihood that it will be able to continue distributing loans to borrowers while repaying its wholesale debt. The authors present three indicators in this category: financial-expense ratio, cost-of-funds ratio and debt-to-equity ratio. The financial-expense ratio is calculated by dividing expenses on liabilities by average gross loan portfolio. This indicator gauges the cost of funding an MFI's loan portfolio, and it can be used to establish a minimum lending rate that the MFI must charge to cover its expenses.

Profitability indicators, which offer a summary of the overall performance of an institution, include return on assets (ROA), return on equity (ROE) and portfolio yield. ROE is calculated by dividing net income by average equity, and it can be used to assess the profitability of investments in an MFI. ROA is calculated by dividing net income by average assets, yielding an indicator of an MFI's profit margin. As of 2012, MFIs around the world maintained an average ROE of 13.4 percent and an ROA of 3 percent.

The authors note that social performance, or the amount of positive social impact an MFI has on its customers, is not traditionally included in assessments of MFIs, but that there "has been a growing demand for transparency on the social performance of MFIs." Four possible metrics for measuring an MFI's social performance are: national-loan-size ratio, borrower-retention ratio, staff-turnover ratio and social-efficiency index. National-loan-size

ratio is calculated by dividing the size of the average loan disbursed by the per-capita gross domestic product of the country in which the MFI operates. This indicator gives context for the loan size as a percentage of the average wealth of the country. Smaller loan sizes are generally considered to indicate that an institution is doing a better job of serving people whose needs are not met by traditional financial services providers.

## Resilience: The State of the Microcredit Summit Campaign Report, 2014

Published by RESULTS Educational Fund, 2014, 68 pages, available in web format at <http://stateofthecampaign.org/2014-report-executive-summary/> or for purchase as a pdf or in print form at <http://www.scribd.com/doc/229959504/Resilience-The-State-of-the-Microcredit-Summit-Campaign-Report-2014>

This report indicates that participating microfinance institutions (MFIs) worldwide saw a continued increase in overall clients to 204 million in 2012, but a drop in the number of the poorest clients: from 138 million in 2010 to 116 million in 2012. The report promotes two strategies to improve the lives of the poorest people. The first is to combine education with financial assistance programs. The second is the formation of partnerships among different types of organizations to improve client service, for example MFIs, mobile network operators and healthcare organizations. 📌

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