

MICROCAPITAL BRIEFS | TOP STORIES

CCF of Sri Lanka Sells 25% Equity Stake to Creation for \$12m

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

India Unfixes Microloan Rate Cap to Vary Based on Cost of Funds

The Reserve Bank of India (RBI) has announced that it is removing the 26-percent annual interest rate cap established in 2011 on loans extended by microfinance institutions (MFIs). Instead, MFIs will have the flexibility to charge interest rates as high as the sum of their cost of funds plus the lower of: (1) 2.75 times the average “base rate” of the five Indian commercial banks with the largest asset levels; or (2) a 10-percent margin for MFIs with loan portfolios exceeding the equivalent of USD 16 million or a 12-percent margin for smaller MFIs. The base rate reportedly is approximately 10 percent. According to a statement attributed to Chairman Chandra Shekhar Ghosh of Indian MFI Bandhan Financial Services, “[The removal of the cap] is good news for the MFI sector. The RBI’s decision will particularly help those with higher cost of borrowing.” March 7, 2014

Central Bank of Nigeria Announces Closure of 83 MFBs

The Central Bank of Nigeria (CBN) has rescinded the licenses of 83 microfinance banks (MFBs) in the country. While details on grounds for the closures have not been announced, the quasi-governmental Nigeria Deposit Insurance Corporation has been tasked with the liquidation of the MFBs. CBN also has announced that reports suggesting the shutdown of additional 600 MFBs in the country are inaccurate. Some news outlets had reported that the larger group was being closed due to the MFBs’ inability to comply with capitalization requirements established in 2011. March 3, 2014

EFSE Loans \$20m to ProCredit Bank Serbia for SMEs

The European Fund for Southeast Europe (EFSE), a Luxembourg-based microfinance investment vehicle, has disbursed a euro-denominated loan equivalent to USD 20.4 million to ProCredit Bank Serbia, which is majority-owned by Germany’s ProCredit Holding, for on-lending to small and medium-sized enterprises (SMEs). ProCredit Serbia, whose operations are roughly balanced between providing microfinance and serving SMEs, reports total assets of USD 796 million, return on equity of 17 percent and return on assets of 2.8 percent. ProCredit Holding reports that its 21 subsidiaries hold total assets of USD 7.6 billion, a gross loan portfolio of USD 5.6 billion and customer deposits of USD 4.7 billion. EFSE has an investment portfolio of USD 1 billion. February 27, 2014

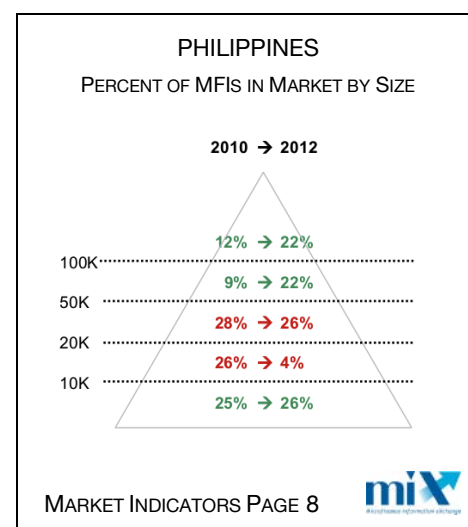
IDB, MasterCard Partner on E-payments in Latin America, Caribbean

The Inter-American Development Bank, a US-based multilateral financial institution, has entered a five-year partnership with MasterCard Incorporated, a US-based payments company with operations in approximately 200 countries, to expand electronic payment systems in Latin America and the Caribbean with the aim of boosting government transparency and enabling financial institutions to reach more people. February 25, 2014

Switzerland Commits \$9m to Sanad for MSMEs in the Middle East, North Africa

Switzerland’s State Secretariat for Economic Affairs, which is known by the German acronym SECO, reportedly has invested the euro-equivalent of USD 7.4 million in the Sanad Fund for Micro-, Small and Medium Enterprises (MSMEs), a Luxembourg-based entity that funds MSMEs via retail financial institutions in the Middle East and North Africa. SECO has also donated USD 2 million to the Technical Assistance Facility through which Sanad provides consulting services to its investees. Sanad intends to use SECO’s investment to fund loans to 1,500 MSMEs. Sanad, which primarily invests in Egypt and Tunisia, has raised investor commitments of USD 61 million. February 17, 2014

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MICROCAPITAL BRIEFS

Absolute Loans \$4m to MFIs in Armenia, Honduras, Tajikistan

Absolute Portfolio Management, an Austrian firm that invests in microfinance and other sectors, recently informed MicroCapital that it has disbursed loans totaling USD 4 million to microfinance institutions (MFIs) in Armenia, Honduras and Tajikistan through its funds Dual Return Fund-Vision Microfinance and Dual Return Fund-Vision Microfinance Local Currency. While the names of the investees and the sizes of each investment have not been disclosed, the investee in Honduras is a cooperative that was founded in 1986 and provides 15,000 women with loans and financial advice. The Dual Return Funds reported combined assets of USD 280 million. March 13, 2014

Belgazprombank of Belarus to Borrow \$41m from EBRD, EFSE

Belgazprombank, a commercial bank in Belarus that is owned by Russian energy firm Gazprom and its affiliate Gazprombank, has agreed to accept a five-year loan equivalent to USD 41 million that was syndicated by the European Bank for Reconstruction and Development (EBRD), a UK-based multilateral financial institution. EBRD is providing one third of the funding, with the remainder provided by the European Fund for Southeast Europe, a Luxembourg-based microfinance investment vehicle. Belgazprombank, which intends to use the funds for on-lending to micro-, small and medium-sized enterprises, reports total assets of USD 1.1 billion, return on equity of 24 percent and return on assets of 3.8 percent. March 12, 2014

BG Kazakhstan, EBRD to Train Women, Youth

BG Kazakhstan, a subsidiary of UK-based energy company BG Group, has agreed to provide the euro-equivalent of USD 290,000 to add a second year to a program in partnership with the UK-based European Bank for Reconstruction and Development that provides women and young entrepreneurs in the Burlinskiy district of Kazakhstan with business-skills training, support in accessing microfinance, tours of area businesses and subsidized consultancy services. March 12, 2014

Goldman Sachs, IFC Commit \$132m to Fund Women's SMEs

The International Finance Corporation (IFC), the private-investment arm of the World Bank Group, and US-based investment bank Goldman Sachs Group recently announced the establishment of the "Women Entrepreneurs Opportunity Facility," which is intended to raise USD 600 million to loan to small and medium-sized enterprises owned by women in emerging economies. The initiative is part of Goldman's "10,000 Women" program that was launched in 2008 and is intended to provide services including business and management training to 10,000 women. IFC has pledged USD 100 million as an initial deposit, and Goldman has agreed to invest USD 32 million in the fund, which will be managed by IFC. Goldman reports total assets of USD 912 billion from operations in 23 countries. March 11, 2014

India's Intellegrow Raises \$4.6m from Omidyar, Dell Foundation

Intellegrow, an Indian lender to small and medium-sized enterprises (SMEs), recently announced that it raised the rupee-equivalent of USD 4.1 million from Omidyar Network, a US-based social investment firm, and USD 500,000 from the US-based Michael and Susan Dell Foundation in return for stakes of undisclosed size. Intellegrow intends to use the funds to extend loans to 250 enterprises that have been operating for at least a year and have revenues of up to USD 8 million. Intellegrow was founded in 2012 by India's Intelicap Capital Advisory Services with support from the Shell Foundation, a UK-based promoter of social investment that was founded by energy firm Royal Dutch Shell. Since 2012, Intellegrow has disbursed 60 loans totaling USD 10 million to SMEs operating in sectors such as energy, agriculture, sanitation, healthcare, education and financial inclusion. March 11, 2014

EBRD, EU, Turkey Provide \$469m for Female Entrepreneurs

The UK-based European Bank for Reconstruction and Development (EBRD), in partnership with the EU and the Republic of Turkey, is launching a "Women in Business Programme" to provide financial and technical support services to female entrepreneurs in Turkey. EBRD will loan USD 416 million to unspecified Turkish commercial banks for on-lending to women-led businesses. The EU and Turkey's Ministry of Labour and Social Security will jointly grant USD 53 million for credit and technical assistance. March 10, 2014

Airtel Zambia to Include Life Insurance in Mobile Plans

Airtel Zambia, a subsidiary of Indian telecommunications company Airtel, in partnership with Zambia's Focus General Insurance and the UK's MicroEnsure, now is providing free life insurance coverage for subscribers who pay the equivalent of USD 1.77 or more per month for their phone service. Enrollment is automatic, with coverage ranging from USD 270 to USD 1,800 depending on the amount of airtime purchased during the prior month. While the number of Airtel Zambia customers is not available, Airtel serves 287 million subscribers in 20 countries in Asia and Africa. Focus expects its customer base to hit 2 million people as a result of this partnership. MicroEnsure insures 3.5 million clients in Africa, Asia and the Caribbean. March 10, 2014

Zimbabwe Lets Mobile Money Agents Work with Multiple Services

The Reserve Bank of Zimbabwe recently issued a directive limiting telecommunications providers' ability to enter into exclusive service agreements with mobile money agents. The move is meant to prevent providers such as Telecel Zimbabwe, Econet Wireless Zimbabwe and NetOne from restricting mobile money agents with which they form partnerships from offering their rivals' services. While mobile money services allow users to transfer funds via their mobile phones, agents facilitate services such as uploading and withdrawing cash. March 9, 2014

India May Relax Capital Requirements for New Bank Licenses

The Committee on Comprehensive Financial Services for Small Businesses and Low Income Households, which was convened by the Reserve Bank of India, reportedly has recommended relaxing the capitalization requirements for banks seeking new bank licenses from the equivalent of USD 81 million to USD 8.1 million. The committee also recommended issuing banking licenses to nonbank institutions such as mobile phone companies and retailers. The body further recommended phasing out other requirements regarding institutions' minimum service offerings, hours of operation and ownership structure. March 8, 2014

Thierry Tanoh Stepping Down as CEO of Togo-based EcoBank

CEO Thierry Tanoh of Togo-based EcoBank Transnational has stepped down under pressure from the bank's executive team and South Africa's Public Investment Corporation, which owns an 18-percent stake in EcoBank. With USD 20 billion in assets, EcoBank has operations in 29 countries including microbanks in Cameroon and Ghana founded with US-based NGO Accion and the World Bank Group's International Finance Corporation. March 5 and March 11, 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!

Mobile Telecom, MobiPay to Launch “MTC Money” in Namibia

Mobile Telecommunications Limited (MTC), a Namibia-based mobile network operator controlled by the government-owned Namibia Post and Telecommunications Holdings and privately-owned Portugal Telecom, reportedly has partnered with the mobile payment service MobiPay to launch MTC Money. MTC Money allows MTC subscribers to upload money and make withdrawals from their MTC Money accounts as well as transfer money to and from other users of MobiPay, which is a service of the Bank of Namibia, the country's central bank. MTC Money also allows subscribers to make point-of-sale retail payments, pay utility bills and buy mobile airtime. MTC serves 2 million customers in Namibia. March 6, 2014

ADB Approves \$600k in Technical Assistance for MF in Azerbaijan

The Asian Development Bank (ADB), a 67-member multilateral finance institution based in the Philippines, has agreed to expend USD 600,000 for technical assistance to develop the microfinance sector in Azerbaijan. ADB will assist Azerbaijan's financial bodies, including the Central Bank of Azerbaijan, in seeking to expand access to banking services for low-income individuals and small enterprises. It will also help develop a framework for regulating the microfinance sector. The effort is also intended to attract investments in financial services such as microinsurance and branchless banking. March 5, 2014

Omidyar Invests in Third Impact Fund from India's Elevar

Elevar Equity, an Indian private equity fund focused on “impact investing,” is seeking to raise USD 75 million for its third fund by December. Elevar reportedly has received commitments of unspecified amounts from US-based investment firm Omidyar Network and another unidentified investor. Founded in 2006, Elevar manages two private equity funds with assets totaling USD 94 million, placed primarily in India and Latin America. In 2008, Elevar stopped investing in microfinance in favor of supporting other types of firms that seek to reduce poverty. Omidyar reports assets of USD 255 million. March 4, 2014

Silatech Joins PlaNet to Back Youth in Egypt, Lebanon, Palestine

Silatech, a Qatar-based social enterprise that serves young people in the Middle East and North Africa, has agreed to support the Youth Entrepreneurship Project, which was founded by French NGO PlaNet Finance and is funded by the EU to empower young people through three microfinance institutions (MFIs): Alexandria Businessmen's Association of Egypt, Lebanese Association for Development (Al Majmoua) of Lebanon and Palestine's Arab Center for Agricultural Development. Silatech and PlaNet Finance will partner to offer technical assistance to the MFIs, including assisting in the development of youth-focused loan products. Silatech will provide support services such as mentoring to young entrepreneurs, while PlaNet Finance will provide training to MFI staff. Launched in 2013, the program is slated to benefit 3,000 young people over three years. March 4, 2014

Orange, Banco Popular Launch M-Peso Mobile Payments in DR

Orange Dominicana, a subsidiary of Orange of France that offers prepaid mobile services in the Dominican Republic, and Banco Popular Dominicano, a commercial bank in the Dominican Republic, reportedly have launched the M-Peso mobile wallet and payment service in the Dominican Republic. M-Peso allows mobile customers to make payments, purchase airtime, pay bills, transfer money and access bank accounts and credit cards using mobile phones. GCS International, a Dominican Republic-based mobile payments systems provider, designed and implemented the service. Banco Popular Dominicano reports total assets of USD 5.3 billion. Orange Dominicana has 3.4 million customers, and Orange has 232 million customers in 166 countries. In 2013, Orange was bought by Altice, a France-based telecommunications provider. March 4, 2014

MicroCapital Deal of the Month

Commercial Credit and Finance of Sri Lanka Sells 25% Stake to Creation for \$12m

Commercial Credit and Finance (CCF) of Sri Lanka recently agreed to issue new shares amounting to a 25.15-percent stake in the firm for the equivalent of USD 12.4 million to Creation Investments Social Ventures Fund II, a private equity fund managed by US-based Creation Investments Capital Management. CCF plans to use the proceeds of the transaction, which remains subject to shareholder approval, to enhance its capital position, branch network and client base. CCF reports total assets of USD 140 million and loans of USD 70 million, of which USD 40 million are classified as microloans. Founded in 1982, CCF serves 535,000 customers with auto leases, education loans, microsavings and Islamic banking. Creation manages both the Social Ventures Funds I and II, which are worth USD 32 million and USD 75 million, respectively.

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Zimbabwe Gives MFIs 6 Years to Boost Capitalization Levels

The Reserve Bank of Zimbabwe has issued new capitalization requirements for microfinance institutions (MFIs) that will become effective in 2020, increasing the minimum capital required to USD 10 million for deposit-taking MFIs and USD 50,000 for credit-only MFIs. Until then, deposit-taking and credit-only MFIs must maintain the existing capital requirements of USD 5 million and USD 20,000, respectively. March 3, 2014

Safaricom, Changmka to Offer Mobile Health Coverage in Kenya

Safaricom, a telecommunications provider in Kenya, reportedly will partner with two other Kenyan firms, investment firm Britam and health insurer Changmka Microinsurance, to offer mobile health microinsurance. Following on a pilot program that attracted 8,000 customers during 2013, the companies aim to attract 1 million customers during 2014. Medical coverage worth the equivalent of USD 3,400 is offered for USD 140 per year, with premiums payable via Safaricom's M-Pesa mobile money service. Although financial information on Changmka is not available, Britam has assets of USD 27 million, and Safaricom has 17 million subscribers. March 3, 2014

Myanmar Caps Microloans at \$510, Rates at 2.5% per Month

The Microfinance Supervisory Committee of Myanmar has set a limit equivalent to USD 510 on the size of loans issued by microfinance institutions (MFIs). There had previously been no limit, and the average microloan size was reported to be between USD 150 and USD 300. The new regulations also cap interest rates at 2.5 percent per month and 30 percent per year. It is reported that multiple MFIs will seek to have the limits overturned. March 3, 2014

Crowdfunders Kiva, Vittana Partner on Student Lending

US-based nonprofit crowdfunder Kiva Microfunds, which raises money for microfinance institutions (MFIs) to on-lend for various purposes, has agreed to take on fundraising responsibilities for Vittana, which raises money for MFIs to on-lend for higher education. Kiva, which solicits interest-free loans online in amounts as small as USD 25, will add borrowers from Vittana's partner MFIs to its library of online profiles. Vittana will discontinue its online lending platform in favor of providing technical assistance and product development to its partner MFIs. As of 2012, Kiva has raised funds for loans totaling USD 383 million that have been disbursed by 173 retail lenders in 64 countries. With total assets of USD 2.4 million, Vittana partnered with 18 microfinance institutions in Africa, Asia and South America during 2012 to fund loans to 6,000 students. March 3, 2014

Bandhan of India Borrows \$26m from IFC

Bandhan Financial Services, an Indian firm that offers microloans for health emergencies and microenterprise, reportedly has borrowed the equivalent of USD 26 million from the International Finance Corporation (IFC), the private investment arm of the World Bank Group, and is seeking to raise an additional USD 16 million from an unidentified Swiss investor. The seven-year subordinated loan from IFC allows Bandhan to repay the principal in a single installment at maturity. Bandhan's interest rate for both the IFC and the prospective loans is estimated to be approximately 15 percent per year. Bandhan, in which IFC holds an 11-percent stake, reports total assets of USD 983 million, a gross loan portfolio of USD 815 million, 4.4 million active borrowers, return on assets of 6.4 percent and return on equity of 38 percent. March 2, 2014

Acleda to Open 12 New Branches in Myanmar, 4 in Laos

Acleda Bank, a microbank based in Cambodia, reportedly plans to expand its footprint in Myanmar and Laos. By the end of 2014, it intends to boost its network from six to 18 branches in Myanmar and from 41 to 45 branches in Laos. The bank also aspires to increase its outstanding loan total in Myanmar to USD 11 million. Acleda Microfinance Institution Myanmar has outstanding loans of USD 3.2 million and total deposits of USD 4.8 million, while Acleda Bank Laos reports outstanding loans of USD 89 million and deposits of USD 72 million. From its Cambodian operations, Acleda reports a gross loan portfolio of USD 1.2 billion and deposits of USD 1.5 billion. March 1, 2014

Mobile Money Transfer Agents Association of Zimbabwe Formed

The Mobile Money Transfer Agents Association of Zimbabwe (MMTAAZ), a trade union representing handlers of in-person e-money transactions, reportedly has been formed to address the concerns of contractors to Econet Wireless Zimbabwe, a subsidiary of South Africa-based telecommunications provider Econet Wireless Group; Telecel Zimbabwe, a joint venture of Egypt-based telecommunications provider Global Telecom Holding and Zimbabwean business consortium Empowerment Corporation; and NetOne, a mobile services provider owned by the government of Zimbabwe. The union is seeking higher returns for agents in addition to more agent participation in corporate policy making. Membership in MMTAAZ entails a monthly fee of USD 2. While mobile money services allow customers to perform services such as transferring funds via their mobile phones, agents offer cash uploads and withdrawals. The number of customers served by NetOne is unavailable, but Econet Wireless and Telecel report serving a combined total of 10.5 million customers. February 28, 2014



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Philippines Offers \$20m for Microlending to Farmers, Fishermen

The government of the Philippines has instituted a credit facility of USD 20 million intended to provide microloans to “small-scale” farmers and fishermen. The funds will be disbursed through People’s Credit and Finance Corporation (PCFC), a subsidiary of the state-owned Land Bank of the Philippines that offers wholesale loans to microfinance institutions (MFIs). The end-borrowers must be listed in the Registry System of Basic Services in Agriculture, an electronic database of Filipino farmers, farm laborers and fishermen. The maximum amount that can be borrowed by each individual has been set at USD 7,000. PCFC reports partnering with 111 MFIs serving 2.4 million clients. February 26, 2014

Telecel Zimbabwe Offers Debit Cards, Remittances Via Telecash

Telecel Zimbabwe, a telecommunications company affiliated with Egypt-based Global Telecom Holding, has begun offering debit cards and incoming international remittances via its Telecash mobile money service. The cards may be used to pay for services and conduct bank transactions at point-of-sale devices in 4,500 retail stores in Zimbabwe. The firm plans to deploy 1,600 agents to facilitate adoption of the new services. Since 2011, Telecel customers in Zimbabwe have been able to deposit, withdraw and transfer funds via their mobile phones. Each transaction is limited to USD 500, with a daily maximum of USD 1,000 and a monthly ceiling of USD 5,000. Telecel Zimbabwe, which reports 2.5 million customers in the country, is a joint venture of Empowerment Corporation, a consortium of Zimbabwean companies, and Global Telecom, which has 83 million subscribers in Africa, Canada and South Asia. Global Telecom Holding is controlled by Egypt’s Orascom Group, which also has subsidiaries in construction and other sectors. February 25, 2014

MFx Solutions, FPM to Provide Technical Assistance in DR Congo

MFx Solutions, a US-based provider of currency-hedging solutions for microfinance institutions (MFIs) and microfinance investment vehicles, recently announced a two-year technical assistance partnership with Fonds pour l’inclusion financière en république démocratique Congo, a nonprofit microlender in the Democratic Republic of Congo that is also known by its English acronym FPM. The partners will seek to help Congolese banks and MFIs augment their asset-liability management practices by providing training sessions and tools, including the Comprehensive Asset/Liability Management (CALM) tool, which was designed by MFx Solutions to assist in managing risks associated with sudden economic shocks. The collaboration is supported by the World Bank Group’s International Finance Corporation and the Canadian International Development Agency. MFx Solutions reports an active swaps and forwards portfolio of USD 240 million. FPM reports a gross loan portfolio of USD 6 million. February 24, 2014

Khushhali, “Smart and Renewable” Partner on Solar in Pakistan

Khushhali Bank, a microfinance institution in Pakistan, has entered into an agreement with Smart and Renewable Energy Solutions (SRE), a Pakistan-based firm that offers solar energy products, to finance retail purchases of Solar Magic Boxes, which are manufactured and sold by SRE to generate electricity from the sun. While details of the financing options have not been made available, SRE has previously offered the device with a partial upfront payment and monthly installments thereafter. Khushhali reports 370,000 borrowers and 460,000 depositors. Financial information on SRE, which was founded in 2010 by entrepreneurs from the US state of California, is not available. February 24, 2014



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SKS of India Completes \$36m Securitization

SKS Microfinance, a publicly traded Indian microlender, recently completed a securitization worth the rupee-equivalent of USD 36 million whereby receivables from loans to 300,000 rural, female entrepreneurs were purchased by an unnamed public bank. The transaction is the sixth such deal completed by SKS since April 2013, for a total of USD 154 million. As of March 2013, SKS reported a gross loan portfolio of USD 434 million, 4.3 million borrowers, return on assets of -16 percent and return on equity of -73 percent. February 22, 2014

GIIF Donating \$4m to Syngenta for Index Insurance in Africa

The World Bank Group's International Finance Corporation (IFC) has approved grants totaling USD 3.9 million to Switzerland's Syngenta Foundation for Sustainable Agriculture to provide index-based insurance to farmers in Kenya, Rwanda and Tanzania. Index insurance pays benefits based on deviations from predetermined ranges of weather conditions, minimizing the need to examine individual claims. The grants were issued by the Global Index Insurance Facility, which is managed by IFC and was funded by the EU, Japan, the Netherlands and the World Bank. Syngenta plans to use the money to reach 600,000 "small-scale" farmers in Kenya and Rwanda by December as well as to launch operations in Tanzania. February 21, 2014

Philippines Chamber Partners with AGFUND on Eighth Ibdad Bank

The Arab Gulf Program for Development (AGFUND) of Saudi Arabia and the 35,000-member Philippines Chamber of Commerce and Industry have agreed to launch an iteration of the Ibdad Microfinance Bank to serve poor people and micro-, small and medium-sized enterprises in the Philippines with initial capital of USD 5 million. The institution will be the eighth such bank set up under AGFUND in Africa and Asia. Its offerings will include services that are compliant with Islamic law (Sharia), which disallows the charging of interest in favor of structures such as profit sharing. February 20, 2014

AGF Facilitates \$25m in Lending by Nigeria's Diamond Bank

The African Guarantee Fund (AGF), which supports commercial bank lending to small and medium-sized enterprises (SMEs), reportedly has agreed to guarantee half of USD 25 million to be loaned to micro- and SMEs by Nigeria's Diamond Bank via its affiliates in Benin, Cote d'Ivoire, Nigeria, Senegal and Togo. Diamond reports assets equivalent to USD 8.4 billion, return on assets of 2.0 percent and return on equity of 20 percent. With offices in nine African countries, AGF was founded in 2012 with capital sufficient to issue USD 50 million in partial loan guarantees. February 19, 2014

Bank Rakyat Indonesia to Add 570 Rural Branches

Government-owned Bank Rakyat Indonesia (BRI) reportedly will add 570 branches to its network of 9,800 in the country. The purpose of the expansion is to gain market share in remote, underbanked areas of Indonesia, including through increased lending to micro-, small and medium-sized enterprises. In some of the areas slated for new branches, services are typically limited to periodic visits by bank representatives traveling by foot or carrying automated teller machines on boats. The bank is also looking to expand its agricultural lending by spending up to the equivalent of USD 300 million to acquire an unnamed agricultural bank. BRI reports total assets of USD 62 billion. February 18, 2014

Bank of Uganda Issues Mobile Money Guidelines

The Bank of Uganda (BoU), the country's central bank, has issued a set of mobile money guidelines aimed at limiting fraud and increasing the efficiency of services in light of reports of scams and money laundering via mobile money. Under the guidelines, all mobile money service providers must be licensed with BoU or partnering with such an institution. Service providers will have to make records of every transaction available for auditing by BoU. During 2013, 12 million mobile money customers in Uganda completed transactions totaling the equivalent of USD 6 billion. February 16, 2014

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FIELD NOTES

Announcing a Network for Women Leaders in Microfinance

Four years ago, I called a friend at BancoSol in Bolivia to invite him speak at a microinsurance conference in Panama. I learned he had left the bank, and I was connected to a young woman who knew a lot about BancoSol's microinsurance program, but refused to come and speak. She had never spoken in public, was nervous and couldn't see herself in that type of situation. This would be a huge missed opportunity, not only for her, but also for the conference participants...so I did not accept her "no." Eventually, she agreed to speak, and everyone at the conference was impressed.

Three years ago, after a training we conducted at a microfinance institution (MFI) in Nicaragua, the MFI's project coordinator and I were reading the participants' evaluations. We came across two reviews that were mean-spirited, using inappropriate language about the coordinator's direct and authoritative management style. I then learned that two colleagues were consistently undermining her authority with personal attacks and petty tactics. I went to the CEO and explained that by failing to support the coordinator by addressing these inappropriate attacks, he was risking the loss of an effective, committed leader.

Two years ago, at an MFI in Honduras, I was told by senior management that women were not interested in loan officer jobs, which required riding motorcycles on rough roads for long hours. Instead, management believed that women preferred to be cashiers and operations support staff. So I asked the cashiers and operations support staff, and they said that in fact they would prefer the loan officer job. It paid more, and - apparently - motorcycles are not that hard to ride.

At many of the MFIs I visit in Latin America, women play important roles. They are administrators, loan officers and managers. While many of my own role models are female CEOs and senior managers in the

region, most of these roles are taken by men. The lack of women in these positions cannot be attributed to a lack of skills and qualifications alone. This is not a new sector, and many of the women in these organizations easily have 10 or 15 years of experience. What may be keeping them from advancing is something recently discussed in a *Harvard Business Review* article by Ibarra, Ely and Kolb: second-generation bias. "Becoming a leader involves much more than being put in a leadership role, acquiring new skills, and adapting one's style to the requirements of that role. It involves a fundamental identity shift." What is missing for women, they posit, includes (1) role models; (2) promotions linked to leadership qualities such as collaboration and avoiding crises rather than more "male" traits such as risk-taking and heroism; and (3) access to women's networks and sponsors.

Last year, in a cafe in La Paz, Patricia Rojas (the woman from BancoSol I described earlier) and I decided that we ought to tackle these issues by creating a women's professional network for sharing, learning and mentorship within microfinance. This month, with Mariana Martínez of CGAP's Portal de Microfinanzas, Patricia and I are launching Andares Women for Microfinance with the aim of expanding the contribution of Latin American women to microfinance, including its customers who are often low-income women. These customers need our ears, they need our skills, they need our commitment to their wellbeing and they need our leadership. Join us, support us, print this out and share it with a colleague, and visit <http://andaresmujeres.blogspot.com/>. Thank you!

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



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MICROCAPITAL MARKET INDICATORS PHILIPPINES

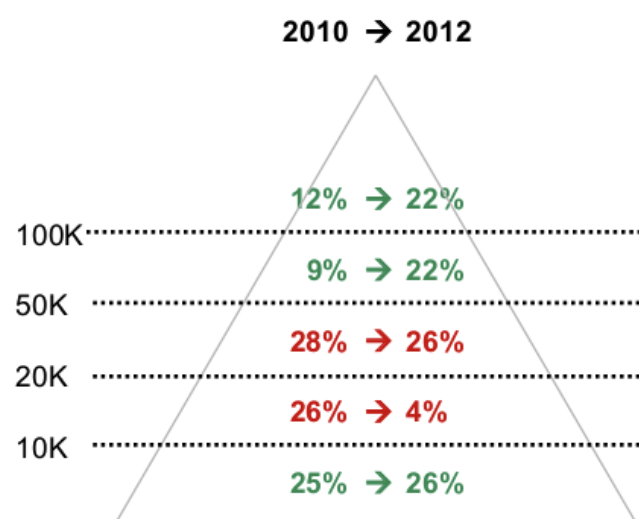


23 MICROFINANCE INSTITUTIONS (MFIs) REPORTING¹

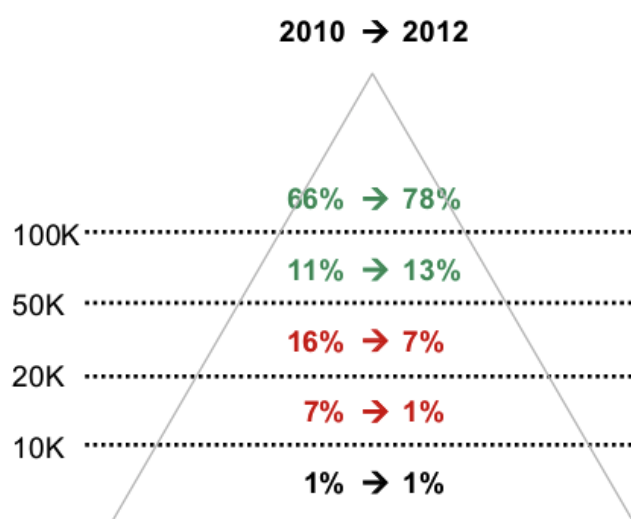
TOP MFIs BY GROWTH IN GROSS LOAN PORTFOLIO: CHANGE IN USD

MFI NAME	AVERAGE ANNUAL USD INCREASE	AVERAGE ANNUAL % INCREASE	2010	2012
First Valley Bank	23,219,932	30%	66,351,842	112,791,708
Center for Agriculture and Rural Development Bank	14,316,485	28%	44,713,330	73,346,301
ASA Philippines	13,952,816	46%	24,452,394	52,358,027
Patnongon	11,928,171	379%	2,515,086	26,371,428
Alalay Sa Kaunlaran, Incorporated	11,048,426	65%	13,611,876	35,708,730
Center for Agriculture and Rural Development NGO	8,568,420	12%	66,808,377	83,945,218
Tulay Sa Pag-unlad, Incorporated	6,027,752	17%	34,044,299	46,099,805
Cantilan Bank	4,570,400	24%	17,091,594	26,232,394
GM Bank of Luzon	4,034,066	12%	31,863,820	39,931,953
Negros Women for Tomorrow Foundation	3,837,776	30%	11,135,340	18,810,893

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, March 2014

UPCOMING EVENTS

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 sought 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. 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 costs INR 7,200. For more information or to inquire about group discounts, you may contact Rahel Chakola at +91 22 61952748 or [sankalpafrica\[at\]intellectcap.com](mailto:sankalpafrica[at]intellectcap.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, growing new products, and maximizing profitability and customer loyalty in the realm of digital payments. The full price to attend is GBP 1,499 with an add-on workshop and discounts available, including for those booking by 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.

Association of the Luxembourg Fund Industry Impact & Microfinance Conference

May 27, 2014; Luxembourg

The theme of the conference is "Is a good project also a good investment?". Topics will include: factors that make impact investments attractive for investors, operational requirements for successful impact investing and best practices in deal structuring for impact investments. Admission to the event costs EUR 350 with various discounts available, including for registrations completed prior to April 13. More details may be acquired via [registration\[at\]parthen.nl](mailto:registration[at]parthen.nl), +31 20 5727301 or <http://www.alfi.lu/node/2618>.

Microfinance Centre Annual Conference

May 27 - May 28, 2014; Istanbul, Turkey

Themed "The New World of Financial Inclusion: What Role for Microfinance?", this conference will explore topics such as financial inclusion, technology, sustainable agriculture and climate change. The fee to attend is USD 724 with various discounts available, including for advance registration. For additional information, you may email [mfc\[at\]guarant.cz](mailto:mfc[at]guarant.cz), telephone +420 284 001 444 or visit <http://www.mfc2014.com/>.

MORE DETAILS COMING SOON ON...

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

AITEC Banking & Mobile Money West Africa - NEW DATES

July 15 - July 16, 2014; Lagos, Nigeria

Asia Microfinance Forum 2014

August 4 - August 8, 2014; Shanghai, China

Social Capital Markets: SOCAP14

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

Global Youth Economic Opportunities Conference 2014

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

SRI: The Conference on Sustainable, Responsible, Impact Investing

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

European Microfinance Week

November 12 - November 14, 2014; Luxembourg



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PAPER WRAP-UPS

Using Subsidies for Inclusive Insurance: Lessons from Agriculture and Health

By Ruth Vargas Hill, Gissele Gajate-Garrido, Caroline Phily and Aparna Dalal; published by the International Labour Organization; January 2014; 55 pages; available at <http://www.microinsurancefacility.org/publications/mp29>

This report analyzes nine case studies of subsidized insurance schemes to explore the dynamics of using public subsidies to support inclusive insurance products in the healthcare and agriculture sectors in developing countries.

Insurance, according to the authors, lies at the intersection of governments' efforts to promote financial inclusion and social protection. Thus well-developed insurance markets can contribute to a number of health and farm policy objectives, including promoting economic development, access to healthcare, food security and the development of agricultural systems adapted to the challenges of climate change. The authors argue that health insurance schemes are essential in promoting equitable access to basic healthcare coverage and promoting the general wellbeing and productivity of a society. Agricultural insurance schemes can smooth the income effects of variations in supply and demand, volatile input prices and climate-related externalities that are inherent to the sector. Increased stability in the agro-food industry can boost not only food security, but also improve the livelihoods of rural farmers, who often make up a considerable portion of the labor force in developing countries.

Having offered a public policy-based rationale for the use of subsidies, the authors provide guidance for the development of "smart" subsidies to maximize social benefits while minimizing market distortions. These subsidies should be tailored to a specific social concern or a market failure, account for negative impacts on market efficiencies and incentive structures, include a long-term financing plan and delineate a clear exit strategy. Furthermore, a system of monitoring and

evaluation should be in place to track performance.

After defining potential subsidy structures, the authors offer two categories of recommendations for implementing insurance schemes based on their anticipated ultimate effect: (1) overcoming market inefficiencies; and (2) promoting equitable coverage. The authors suggest that universal mandatory insurance can be effective at addressing common market distortions such as adverse selection and asymmetric information. Furthermore, investment in publicly funded care can alleviate some of the complications of externalities in healthcare markets such as communicable diseases. Price incentives and insurance literacy programs can play a crucial role as well, as long as they incentivize purchasing insurance within a short time frame. Finally, the development of robust information systems, start-up cost recovery mechanisms and reinsurance can further encourage the development of a functional insurance market.

To promote equitable coverage, the authors argue that governments accepting donor financing for subsidies must have a long-term plan for additional financing to offset the short-term nature of donor funds. The use of cross-subsidies - the practice of using revenues collected from more profitable customers in order to reduce premium prices for more risky individuals - can be effective under certain conditions, such as when there is a large and diverse risk pool and a significant portion of the labor force working in the formal sector.

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The authors underscore the need to have well targeted, actuarially determined premiums. They also suggest that proportional premium subsidies are more effective than premium caps in agricultural insurance schemes because they encourage the procurement of better information about the underlying crops. The authors also recommend that governments and donors go beyond merely providing financing mechanisms to supporting capacity building through targeted communication campaigns and user-friendly registration processes as well as by creating a conducive environment for investment in technology and information systems.

CRISIL Inclusix: An index to measure India's progress on Financial Inclusion

Published by Credit Rating Information Services of India Limited, June 2013, 101 pages, available at <http://crisil.com/pdf/corporate/CRISIL-Inclusix.pdf>

Based on data from 2009 through 2011, this report gives an overview of the findings of the CRISIL Inclusix index, a tool for measuring progress in financial inclusion in India. The index measures financial inclusion based on the penetration of branches, deposits and credit. Based on 200,000 data points from 165 banks, the results suggest that while there are clear signs of progress at all levels, there is an under-penetration of formal banking services in many parts of the country. The authors recommend that stakeholders should focus on expanding branch networks and credit penetration to encourage the continued growth in financial inclusion in India. 📄

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