

The Candid Voice for Microfinance Investment

## MICROCAPITAL BRIEFS

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### Top Stories:

#### Gates in Microfinance: Year Two Begins

The year 2006 marked the Gates Foundation's beginning to work in microfinance in earnest. This month, Gates increased its involvement heavily and began 2007 in encouraging fashion. Two financing packages totaling more than USD 50mn were made to CGAP, the leading research and policy outfit, and ProCredit Holding, the leading global microbank. These combined grants and loans are approximately 500% bigger than the average Gates microfinance transactions in 2006. With this capital, Gates signals its commitment to support the best and biggest institutions in microfinance. Elsewhere, the Gates Foundation is now publicly committing to a "sunset," whereby the whole endowment is spent down over 50 years. This best practice ensures we do not end up with an entrenched bureaucracy stretching into eternity. It also means that Gates needs partners with whom it can execute very large multi-year projects like CGAP's technology initiative or ProCredit's African training academy. Starting soon, and for decades to come, Gates will require big, capable partners who can effectively deploy hundreds of millions of dollars. 2007 is the year many of those partners will be vetted for even larger grants than these. *Continued on page 4...*

#### Nigerian Association Plans to Launch Microfinance Bank

The Nigerian Association of Small-Scale Industrialists (NASSI) will soon launch a microfinance bank with capital equivalent of about USD 1.62mn raised through a private placement. **January 26, 2007**

#### Yunus Urges Indian Government into Microfinance and Declares His Candidacy in Bangladesh

Mohammed Yunus, head of Grameen Bank and 2006 Nobel Peace Prize recipient, has lobbied Sonia Gandhi, India's Chief of Congress, to promote microfinance institutions for women in India and even for the Indian Congress to head such organizations. Ms. Gandhi has not officially agreed, but a positive reaction has been reported. Ms. Gandhi and her son Rahul are big supporters of the microfinance industry. Rahul Gandhi reportedly toured the southern Indian states to learn about women's self-help groups and microcredit financing in a drive to introduce similar institutions in the northern state of Uttar Pradesh. MIX market, the microfinance information clearinghouse, reports 50 microfinance institutions already operating within India; none are run by the government. Mr. Yunus has been very busy recently encouraging the Indian government to bankroll microfinance, operate microbanks, and become more involved overall. Most notably, he is calling for the Indian government to cap interest rates charged by microlenders. See next page for story on Mr. Yunus' candidacy for political office in Bangladesh. **February 5, 2007**

#### Kenya Regulates Microbanks

The government of Kenya passed the Finance and Microfinance Bill. The bill, drafted in 2000, requires all microfinance institutions (MFIs) to be open to audits from the Central Bank of Kenya (CBK), the authority that regulates the country's commercial banks. Kenyan President Mwai Kibaki supported the bill, citing the presence of bogus microfinance institutions in Kenya. Before the enactment of this bill, the MFIs operating in Kenya (over 200) were unregulated unless they opted to enter the Association for Microfinance Institutions (AMFI), which is based in Nairobi and funded by a USAID grant. Under this system, many MFIs nonetheless illegally accept deposits. CBK can now impose fines up to KES 1mn (equivalent to USD 14,376) for every guideline not followed. **January 24, 2007**

#### Top Story January: Prodem of Bolivia Bought by Venezuelan Government

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*Danamon Bank, Indonesia*

*BlueOrchard Microfinance Investment Managers, Switzerland*

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## Angolan Microbank KixiCredito Launches

Development Workshop Canada, a non-profit microcredit organization, launched KixiCredito as Angola's first commercial microfinance institution. Before establishing KixiCredito, its parent non-profit, Development Workshop, had been making loans averaging USD 100 since 1999. As of December 31, 2006, KixiCredito had 9,126 active borrowers. Development Workshop Canada was founded in 1973 to improve indigenous architecture and provide affordable shelter in the Middle East and North Africa. Development Workshop began its governance and microfinance projects in the 1990s. It has satellites in France, Vietnam, Burkina Faso and Angola. **February 15, 2007**

## Mohammed Yunus into Politics

Mohammed Yunus of the Grameen Bank announced that he would join the political process in Bangladesh. Mr. Yunus mentioned an election in the near future, suggesting entrance into the Parliamentary elections that have been postponed indefinitely since their originally scheduled date of 21 January 2007 and their rescheduled date of 22 January 2007. In an open letter to the citizens of Bangladesh, Mr. Yunus expressed his desire to enter the elections under his own political party. He asked for the honest opinions of his potential constituents regarding political issues as well as his transition into the political arena. The Indo Asian News Service reports that Yunus has also expressed a desire to push for the creation of a stronger union among the South Asian Association for Regional Cooperation (SAARC), similar to the European Union. According to the India Daily, Mohammed Yunus stated, "All SAARC country nationals should have a single passport," stressing the need for strengthened ties among all nations in the Indian subcontinent. **February 14, 2007**

## Two Biggest Microbank Rating Agencies Ally

MicroRate and M-CRIL - the two largest microfinance rating agencies in the world - announce the creation of a global alliance called, MicroRating International (MRI). The two agencies pioneered the rating of microfinance institutions (MFIs) and have evaluated over 400 MFIs globally. Together, they represent by far the largest pool of microfinance rating know-how in the world, covering over 70% of the microfinance ratings conducted globally. Ms Antonique Koning of the IDB-CGAP-EU-promoted Rating Fund for microfinance says, "We at the Rating Fund are very excited about the news.... This is surely a promising step in the consolidation of the microfinance rating industry." **February 12, 2007**

## World Bank Gives to National Bank of Ethiopia

The National Bank of Ethiopia (NBE) and the World Bank will collaborate on a USD 15mn financial sector-building project to improve the financial system and increase access to finance for the private sector in Ethiopia. The financial sector capacity building project will promote activities such as investing in skills training for bankers, insurers, leasing experts, mortgage specialists, securities brokers and issuers, accountants and auditors. It also aims to broaden access to housing finance, leasing finance, small and medium enterprise financing and other products. **February 12, 2007**

## Heavyweight HDFC Enters Microfinance

The Housing Development Finance Corporation Bank (HDFC) of India, a private banking corporation, launched its first branch devoted to providing funding to self-help microfinance groups, thus making its official entrance into the microfinance industry and expanding its commercial lending portfolio. Still early in its pilot program, HDFC has so far only lent the equivalent of USD 2,722 to each of its five member groups as seed funding. The bank plans to open six more such branches across India within the year and several more in the near future. HDFC Bank reported to Reuters as having the equivalent of USD 17.9bn in net assets in 2006. HDFC also functions as a wholesale bank, providing loans and transaction services to corporations and institutions, and as a treasury service, dealing in foreign exchange and derivatives trading. **February 9, 2007**

## IDB Grants to Regulator and Trade Associations

The Inter-American Development Bank's (IDB) Multilateral Investment Fund (MIF) plans to grant USD 1.4mn in Paraguay for a technical assistance program to strengthen the cooperative sector by improving compliance in the regulatory system. Under the Ministry of Finance, the project hopes to transfer knowledge to and train the cooperative sector in general by providing information on best practices to comply with new oversight regulations. Customers of these cooperatives number about 350,000. In addition, IDB also is also granting USD 1.1mn to the Association of Edpymes of Peru (ASEP, in Spanish) and the Association of Rural Savings and Loan Banks of Peru (ASOAJAS). **February 8, 2007**

## First Luxflag Private Labels Granted

The Luxembourg Fund Labeling Agency (LuxFLAG) announced its granting of the first LuxFLAG Microfinance labels to three funds: Dexia Micro-Credit Fund, European Fund for Southeast Europe and responsAbility Global Micro-Credit Fund. A LuxFLAG label certifies that funds meet a specific set of qualifications, a quality guarantee ensuring investors that they are actually investing in microfinance. One of the qualifications is that the fund invests at least half of its assets in microfinance. They must also demonstrate transparency and certain investor protections. The Luxembourg Round Table on Microfinance formed the LuxFLAG in 2005 to encourage private investment in microfinance funds. Its partners include the Luxembourg Stock Exchange, Luxembourg's international development bank Appui au Développement Autonome, the Luxembourg Bankers Association and others. **February 8, 2007**

## Zurich Partners with Swiss Agency

Zurich Financial Services Group plans to enter into a partnership with the Swiss Agency for Development and Cooperation (SDC), to implement a micro-insurance initiative. During the first three years of the partnership, Zurich and SDC hope to launch a series of projects in four countries. A pilot project will be launched in South Africa in 2007. In addition, through collaboration with the International Labor Organization (ILO), the SDC will also provide technical expertise. **February 7, 2007**

## Equity Bank Offering Internet Microbanking

Equity Bank Limited (EBL), a Kenyan commercial microfinance bank, has expanded into internet banking. EBL hopes to serve locals unable to access EBL's branches as well as thousands of the Kenyan diaspora by offering remote access to their accounts. EBL's internet platform will provide capabilities for monthly salary transfers, remittances, money transfers and foreign currency issuance. Equity Bank Limited began offering these services to Kenyans living abroad in a trial situation but has just recently expanded to include those living in Kenya. As of December 31, 2005, EBL had the equivalent of USD 138mn in loans and advances spread throughout 110,112 active borrowers with an average loan size of USD 738. MIX market also reports USD 158mn in total assets during the same period. EBL currently has an operating budget of the equivalent of USD 34.1mn. Equity Bank Limited Chief Executive Officer (CEO) James Mwangi is working to reduce foot traffic into banking centers to improve customer service with the new internet banking system, Equity's Point of Sale (PoS) enabled deposit-taking agents, ATM services and mobile banking. **February 2, 2007**

## FMO Invests USD 2.4mn in Bellwether

Bellwether Microfinance Fund (BW) recently received an investment amounting to USD 2.4mn from Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden NV (FMO, or Netherlands Development Finance Company). Bellwether, founded in 2005, invests in the equity of microfinance institutions (MFIs) in India. As of June 2006, Bellwether had total assets of USD 6mn. **February 2, 2007**

## The 500,000 Client Club

Swayam Krishi Sangam (SKS) Microfinance, founded in 1997 by Dr. Vikram Akula, has accomplished a landmark that many microfinance institutions long for. As of January 31, SKS has reached 500,000 clients throughout

India. Only a few microbanks in the world can claim a half million accounts. They include, Association for Social Advancement (ASA), Caja Popular Mexicana, Bangladesh Rural Advancement Committee (BRAC), Bank Rakyat Indonesia (BRI), Grameen Bank, ProCredit Holding, PROSHIKA (Bangladesh), SHARE Microfin Ltd. (India) and Spandana (India). As of March 2006, SKS had a gross loan portfolio of USD 20,596,150, total assets of 26,814,820, a return on assets of 2.80% and a debt to equity ratio of 636.06%. Micro-Credit Ratings International Limited (M-CRIL), the microfinance rating agency, gave SKS a rating of alpha for 2005. **February 1, 2007**

### **Canadian Mining Company Starts Microbank**

Gabriel Resources, a Canadian-based resource mining company, plans to open its first micro-financing company in Rosia Montana, Alba County, Romania. As of September 30, 2006, Gabriel Resources had USD 101.9mn in working capital. The microlender is called Rosia Montana Microcredit. **January 31, 2007**

### **High Water Women raises USD 800,000**

High Water Women, a New York-based philanthropic group comprised of wealthy female executives, raised USD 800,000 by organizing a casino night for hedge fund managers and Wall Street investors. This was High Water Women's second annual casino night, and the goal of the evening was to "promote the economic empowerment of underserved women in New York City and around the globe." Three microfinance organizations, ACCION International, the Grameen Foundation, and Women for Women International, were named as primary beneficiaries of the Casino Night event. High Water Women was founded in 2005. Since its creation, High Water Women has raised over USD 1mn for its charity groups. **January 31, 2007**

### **Unitus Partners with Credex and MBK Ventura**

Unitus, a Seattle-area nonprofit organization, will partner with Credex, a microbank in Mexico, and MBK Ventura, an Indonesian microbank formerly known as Ganesha. As of 2006, Unitus had 10 microbank partners worldwide, collectively serving 820,000 clients in India, Kenya, Mexico, Argentina, the Philippines and Indonesia. Credex, founded in 2002, has disbursed over 30,000 loans and currently serves close to 12,000 active borrowers with a USD 5mn loan portfolio. Credex does not report to the MIX Market, the microfinance information clearinghouse. Credex is Unitus' second microfinance partner in Mexico, along with Pro Mujer Mexico. In partnering with MBK Ventura, Unitus will provide financial support and consulting services to help MBK Ventura toward its goal of growing to 240,000 borrowers. As of September 2006, MBK has 25,623 active borrowers and a loan portfolio equivalent to about USD 1mn. Unitus will provide MBK Ventura with a USD 170,000 grant and will also take a seat on MBK Ventura's Board. MBK Ventura was founded in 2002 as Ganesha and has 15 branches. Its latest reported figures (September 2006) indicate a 99.39 percent loan repayment rate, down from the unbelievable 100 percent reported in 2005. **January 31, 2007 and January 26, 2007**

### **Uganda: Microfinance Formula Found?**

The following story was published by the Monitor, a Uganda newspaper. The authors are Mercy Nalugo and Agness Nandutu Kampala. "MICRO finance (bonna bagaggawale) cash will be channeled through groups at each sub-county rather than be given to individuals," President Museveni said on Saturday. He spoke during a thanks giving ceremony organised by woman MP for Wakiso District Rosemary Sseninde at her home in Kasangati on Saturday. "We have now agreed on the formula of handling micro-finance. We have been keeping that money for a long time to avoid mistakes of the past because the Shs 9bn for Ntandikwa was misused by your leaders," Mr Museveni said. "When they misused that money, you dealt with private micro-finance organizations, which extorted a lot of money from you, but now we have come with a way forward. We shall use the method of groups at each sub-county through which money will be channeled." Mr Museveni said the government has enough money to sustain the scheme. He said the government had put in place measures to ensure that the system is not abused again, and he encouraged people to

form groups in order to access the money. "The money will be given to circles at an interest rate of nine percent every annum and the cycle will lend to people at an interest rate of 13 percent per annum. You should now start planning what you are going to do with that money." He thanked the people for voting for him and the Movement. "Although some people create political fog in politics, the people are able to see through the fog and decide accurately. I thank you for having a political x-ray to see through the fog," Mr Museveni said. He encouraged people to unite if the scheme is to work. Parliamentary speaker Edward Ssekandi commended the President for ensuring that national programmes are implemented. Mr. Ssekandi thanked Ms. Sseninde for her excellent performance in both the seventh and eighth Parliament. Ms. Sseninde thanked her voters and warned them about the politics of intrigue." **January 25, 2007**

### **IFC Deliberates Microfinance in Lebanon**

The International Finance Corporation, the private sector arm of the World Bank Group, organized a roundtable entitled "Reconstruction Microfinance in a Post-Crisis Environment" to address the recovery efforts following the 2006 Israel-Lebanon conflict. Overall, participants agreed that steps such as maintaining good portfolio quality, planning for cost recovery and collaboration among various stakeholders to support the growth of microfinance in Lebanon should be implemented. Established in 1956, the IFC is the largest multilateral source of loan and equity financing for private sector projects in the developing world. It has syndicated USD 25bn for 3,531 companies in 140 developing countries. With the funding from donors, it has also provided more than USD 1bn in technical assistance and advisory services. **January 25, 2007**

### **Grameen-Jameel Lends to Fondation Zakoura**

Grameen-Jameel, the partnership of the Grameen Foundation and the Abdul Latif Jameel Group, a Saudi Arabian holding company, lent USD 10.6mn to Fondation Zakoura, a Moroccan microbank. The loan is being serviced by Société Générale Marocain de Banques (SGMB), a privately-held Moroccan bank, and secured by USD 5mn (USD 2.5mn each) in guarantees from the Grameen Foundation Growth Guarantee Program and the Mohammed Jameel Guarantee Fund. Fondation Zakoura was founded in 1995, currently has 300,000 borrowers and reported a gross loan portfolio equivalent to USD 29mn for 2005. In addition to microlenders, Zakoura provides workshops on legal rights, healthcare and environmental education. The Abdul Latif Jameel Group began its Mohammed Jameel Guarantee Fund in 2006 to provide guarantees for MFIs to receive local currency financing from local commercial banks. **January 25, 2007**

### **Banks in India Struggling at Microbanking?**

Banks in India are experiencing extremely high default rates – upwards of 40% – on their micro-loans in rural areas of the country, says a recent Business Standard article from Mumbai. The article did not mention any specific banks, and neither the article nor the authorities that were quoted quantified or substantiated their claims. According to R B Barman, Executive Director of the government's Reserve Bank of India, this phenomenon is occurring because "banks need to understand better their loan customers in rural areas to improve recovery rates." **January 24, 2007**

### **Microbanks in India Rush for New Licenses**

According to the India Times, An increasing number of microfinance institutions (MFIs) are seeking non-banking financial company (NBFC) status from the Reserve Bank of India (RBI) to get wide access to funding, including bank finance. In the last couple of months, the central bank has granted fresh licenses to approximately ten such organizations. MFIs such as Biswa in the East, Grameen Koota in Bangalore and Bandhan in West Bengal have already received NBFC licenses from the RBI, while start-up institutions like Ujjivan in Bangalore and Opportunity International in Chennai have also been granted approvals. Following the crisis in Andhra Pradesh, wherein the state government had asked local MFIs to close down operations, banks are becoming increasingly skeptical to lend to non-NBFC MFIs. **January 23, 2007**

## Vietnamese Social Policy Bank Begins Big

The Social Policy Bank of Vietnam concluded its inaugural year of microfinance operations by meeting its goals. By the end of 2006, it had lent the equivalent of USD 125mn to micro-businesses. In contrast, the two Vietnamese MFIs reporting to MIX market, the microfinance information clearinghouse, have gross loan portfolios totaling USD 12mn. **January 23, 2007**

## ICICI Director in New York

The Stern School of Business at New York University recently hosted Dr. Nachiket Mor, Deputy Managing Director and board member of ICICI Bank, as part of the South Asian Business Lecture Series. He is a Yale World Fellow, earned a PhD in Financial Economics from the University of Pennsylvania, and has an MBA from the Indian Institute of Management. Founded in 1994, ICICI Bank holds USD 56bn in total assets and earned after-tax profits of USD 569mn in 2006. Moody's Investment Services upgraded ICICI's financial strength rating from D+ to C- in 2006. Though the bank's primary source of income comes from traditional banking services tailored to the middle and upper classes, it has taken an aggressive approach with microfinance by attempting to partner with around 200 MFIs to increase its number of loan recipients from 3mn in March of 2006 to 25mn by 2010. **January 22, 2007**

## ICICI Lombard & State Bank Offer Microinsurance

Industrial Credit and Investment Corporation of India Lombard General Insurance (ICICI) signed an agreement with the Small Industries Development Bank of India (SIDBI), a state-run bank, pledging to provide non-life insurance products to the micro-, small and medium enterprises supported by SIDBI. ICICI Lombard will offer three categories of insurance products to SIDBI enterprises: creditors insurance for MFIs; asset insurance against fire and burglary of plant, machinery and other assets for small and medium enterprises and rural insurance for health and weather for small farmers. These products will be available through SIDBI's 59 branches in India as well as ICICI's 180 Indian branches. SIDBI was established in 1990 by the Indian Parliament and as of March 31, 2006, SIDBI's total credit portfolio was the equivalent of USD 3.12 bn with USD 77mn in micro-loans. **January 22, 2007**

## Barclays Buys Nile Bank to Enter Microfinance in Uganda

Barclays, a UK-based financial services group, has announced intentions to buy Nile Bank, pending approval from the Bank of Uganda, which is expected to follow shortly. The addition of former Nile Bank branches will extend Barclays' presence beyond Kampala into rural areas. In an effort to further reach out to customers, the bank plans on broadening its retail product range and venturing into small and medium enterprise (SME) banking, the mainstay of Nile Bank during its 19-year existence. **January 22, 2007**

## USAID Grants USD 9.9mn in Iraq

The United States Agency for International Development (USAID) awarded USD 9.9mn in microfinance grants in Iraq. USAID has supported microfinance lending in some parts of Iraq by co-founding small locally-owned and operated microfinance organizations. These microfinance corporations throughout Iraq currently report 17,000 active clients with a total loan portfolio of approximately USD 19mn. In addition, USAID supports Iraqi microfinance institutions in registering with the NGO office by awarding each a start-up grant of USD 250,000 in loan capital and other assistance. USAID is a US government organization that was created in 1961 to administer foreign economic assistance programs. **January 22, 2007**

## Small Success in Ghana

2,000 new micro-credit borrowers in Ghana now have access to funds thanks to the lending of USD 431,000, by Atwima-Mponua Rural Bank at Nyinahin. The head of the microfinance department Dominic Baah Ayim

asserts that an important component of successful micro-lending in Ghana is teaching people to avoid the "temptation of flamboyant lifestyles whenever their businesses begin to grow." The bank has also made charitable donations of cement, roofing, and painting supplies to communities in the area. The bank is reporting approximately USD 138,000 in before-tax profits for 2005. **January 22, 2007**

## CGAP-MIX Capital Markets February Newsletter Released

The CGAP-MIX Capital Markets bi-monthly newsletter is the single best source for information on investment deals in microfinance. Please sign up for this free newsletter at [capmarkets@cgap.org](mailto:capmarkets@cgap.org) and include your email address in the subject line. Below, we quote from the newsletter's deal section. Some of the transactions below are covered within this edition and others in past editions of the MicroCapital Monitor. Deals are listed by region and volume.

### EQUITY DEALS (Shares sold by MFIs)

\*Ixe Grupo Financiero, Mexico - 19% (USD 70 Mln) in common shares to IFC (10 Jan 2007)

\*ParaLife, Mexico - USD 3 Mln in preferred shares to MIF (11 Dec 2006)

\*Bellwether Microfinance Fund, India - USD 1.19 Mln to the Hivos-Triodos Fund (15 Dec 2006)

\*Accès Finance Madagascar S.A. - EUR 340,000 (USD 441,000) to Triodos-Doen (18 Jan 2007)

### DEBT DEALS (Loans received by MFIs)

Blue Orchard Loans for Development 2006 - USD 2.5 Mln from the responsAbility Global Microfinance Fund (8 Dec 2006)

### Sub-Saharan Africa Debt Deals (9 deals, USD 25.7 Mln)

\*ProCredit Congo - USD 20 Mln from the Gates Foundation (27 Jan 2007)

\*Pride Tanzania - TZS 1.5 Bln (USD 1.18 Mln) from the Hivos-Triodos Fund (15 Dec 2006)

\*Uganda Microfinance Limited - UGS 2 Bln (USD 1.17 Mln) from Oikocredit (13 Dec 2006)

\*MicroCred Madagascar - EUR 800,000 (USD 1.04 Mln) from the Bank of Africa - Madagascar (19 Dec 2006)

\*IMCEC, Senegal - XOF 327.9 Mln (USD 650, 400) from Oikocredit (22 Dec 2006)

\*Sinapi, Ghana - EUR 500,000 (USD 650,300) from Triodos-Doen (5 Dec 2006)

\*Marang Financial Services, South Africa - ZAR 4 Mln (USD 561,600) from the Hivos-Triodos Fund (1 Dec 2006)

\*Reliance Financial Services, The Gambia - USD 500,000, 250,000 from the Hivos-Triodos Fund (19 Dec 2006), USD 250,000 from ShoreCap (Dec 2006)

### Latin America Debt Deals (24 deals, USD 18.4 Mln)

\*ACODEP, Nicaragua - USD 2.5 Mln, USD 2 Mln from Oikocredit (29 November 2006), USD 500,000 from the responsAbility Global Microfinance Fund (8 December 2006)

\*D-MIRO, Ecuador - USD 2 Mln - syndicated loan from MicroVest, the Calvert Social Investment Fund, and the Dignity Fund. MicroVest served as the lead agent for this transaction. (21 Dec 2006)

\*ACCOVI, El Salvador - USD 2 Mln from Oikocredit (29 Nov 2006)

\*Financiera Desyfin, Costa Rica - USD 2 Mln from Oikocredit (29 Nov 2006)

\*CRECER, Bolivia - USD 1.5 Mln from Oikocredit (29 Nov 2006)

\*ODEF, Honduras - HLN 19 Mln (USD 1 Mln) from the Hivos-Triodos Fund (27 Dec 2006)

\*Union de Credito Monarca SA de C.V., Mexico - USD 1 Mln from Oikocredit (18 Dec 2006)

\*ProMujer, Bolivia - USD 1 Mln, USD 500,000 from the responsAbility Global Microfinance Fund (13 Dec 2006) and USD 500,000 from the Hivos-Triodos Fund (22 Dec 2006)

\*FODEM, Nicaragua - USD 800,000 from Oikocredit (27 Dec 2006)

\*Edpyme Nueva Vision, Peru - PEN 2 Mln (USD 638,000) from

Oikocredit (1 Dec 2006)

\*ProMujer, Peru - USD 600,000 from Banco de Credito de Peru. The deal was enhanced by a USD 300,000 Grameen Foundation guarantee. (3 Jan 2007)

\*Fundobem, Bolivia - USD 500,000 from Oikocredit (8 Jan 2007)

\*Fundeser, Nicaragua - USD 500,000 from the responsAbility Global Microfinance Fund (14 Dec 2006)

\*Corporación Financiera de Credito S.A., Nicaragua - USD 400,000 from Oikocredit (20 Nov 2006)

\*ASDIR, Guatemala - USD 400,000 from Oikocredit (15 Dec 2006)

\*FUDEMI, Nicaragua - USD 300,000 from Oikocredit (24 Nov 2006)

\*Fundación José Nieborowski, Nicaragua - USD 300,000 from the Hivos-Triodos Fund (2 Jan 2007)

\*Edpyme Credivision, Peru - PEN 800,000 (USD 255,000) from Oikocredit (21 Dec 2006)

\*Pana Pana, Nicaragua - USD 250,000 from Oikocredit (13 Dec 2006)

\*Prestanic, Nicaragua - USD 200,000 from the responsAbility Global Microfinance Fund (1 Dec 2006)

\*AMC de R.L., El Salvador - USD 100,000 from the responsAbility Global Microfinance Fund (8 Dec 2006)

\*Fundación Campo, El Salvador - USD 100,000 from the responsAbility Global Microfinance Fund (1 Dec 2006)

Middle East and North-Africa Debt Deals (4 deals, USD 13.8 Mln)

\*FONDEP, Morocco - USD 2.7 Mln from Attijarifawa Bank. The deal was backed by a USD 888,000 guarantee from the Grameen Foundation Growth Guarantees Program and the Mohammed Jameel Guarantee Fund (2 Jan 2007)

\*Microfund For Women, Jordan - USD 350,000 from the responsAbility Global Microfinance Fund (8 Jan 2007)

\*Al Karama, Morocco - MAD 1.32 Mln (USD 155, 700) from the responsAbility Global Microfinance Fund (19 Dec 2006)

\*Fondation Zakoura, Morocco - MAD 91.28 Mln (USD 10.6 Mln) from the Société Générale Marocaine de Banques (SGMB). The deal was backed by a USD 5 Mln guarantee from the Grameen Foundation Growth Guarantees Program and the Mohammed Jameel Guarantee Fund. (19 Jan 2007)

Eastern Europe and Central Asia Debt Deals (6 deals, USD 12.6 Mln)

\*Finca Russia - USD 4 Mln from the Global Commercial Microfinance Consortium (1 Nov 2006)

\*KEP, Kosovo - EUR 3 Mln (USD 3.9 Mln) from EBRD (5 Dec 2006)

\*Finca Azerbaijan - USD 3 Mln from EBRD (16 Nov 2006)

\*Partner, Bosnia Herzegovina - EUR 1 Mln (USD 1.3 Mln) from the responsAbility Global Microfinance Fund (11 Dec 2006)

Bereke, Kazakhstan - KZT 28 Mln (USD 232,904) from the Hivos-Triodos Fund (15 Dec 2006)

\*FinDev, Azerbaijan - USD 150,000 from the responsAbility Global Microfinance Fund (5 Dec 2006)

East Asia and Pacific Debt Deals (2 deals, USD 1.5 Mln)

\*CEB, Cambodia - USD 1 Mln from the Triodos Fair Share Fund (6 Dec 2006)

\*Hattha Kaksekar Ltd, Cambodia - USD 500,000 from the responsAbility Global Microfinance Fund

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## SPECIAL FEATURE:

### Gates in Microfinance: Year Two Begins

Continued from front page...

In the case of the ProCredit deal, Gates celebrates that microfinance finally has a global microbank with the raw muscle to start up and grow quickly in multiple African countries at once. As the story below indicates, this grant has the potential to establish viable microfinance markets where none exist today.

The ProCredit transaction is a perfect case study of the complex challenges a responsible donors faces in microfinance. On one hand, Gates wisely

knows that quickly establishing markets where microfinance is weak – in the poorest countries no less – is a mammoth undertaking. ProCredit is unquestionably the organization in the best position to do this urgent job well and quickly. On the other hand, gifting USD 9 million to a highly profitable, for-profit global bank with USD 2.3 billion in assets is not what most people consider “charity.”

Such are the uncharted waters for big “funders” in international microfinance. Since “microfinance” is by definition capitalistic, philanthropic grant-making can at times be a bit awkward.

Whereas ProCredit is the beneficiary of the grant, the USD 20million loan is to be repaid to the Gates Foundation itself. This is a lost opportunity for Gates because it does not want money coming back in. It wants money going out. The Gates strategists must have grumbled, to themselves at least, when they learned that the USD 20 million was to be repaid, and with (concessionary) interest no less. Assets leaving Africa and returning to Seattle is not the idea. Gates planners are trying to figure out how to give away billions and billions year after year, decade after decade, in a responsible manner.

The catch of course is that giving away money is often contrary to best practice in microfinance. Giveaways distort competition and incentives. Although Gates thankfully pays close attention to best practices, microfinance is an awkward fit with a project to give away lots and lots of money. Additionally, best practice is thin when it comes to large scale philanthropic investments in international commercial microfinance. There is ample room for innovation.

Grant-making or investing philanthropically at a large scale in international microfinance is complicated. This is why data and policy exchanges like CGAP are so important. We require much deeper information and institutional capacity to get it right.

Who better to support the infrastructure for this new magnitude of complexity than the Gates foundation?

Building the institutional capacity to handle huge, complicated problems was what inspired Warren Buffet to double the size of the foundation which was already the biggest in the world. Properly navigating the waters of philanthropic investment in microfinance is a worthy challenge.

To illustrate the point, please remember that Google.org is not a grant-making foundation. They did not want the headache and did not care about the tax break. Surprising everyone, the founders and managers of Google decided to establish Google.org as for-profit corporation, but with a wholly public mission. Google.org offers its financial backers no tax deduction for a charitable gift, but it does offer them operational freedom. Due to its legal status, the Gates foundation, unlike Google.org, is held to a stricter and more complicated standard as a charitable investor in microfinance. Therein lies the tremendous opportunity for Gates. With so much private philanthropic money rushing to microfinance, leadership is needed to better align philanthropic and commercial interests.

In conclusion, congratulations to three flagship organizations – CGAP, Gates, and ProCredit – for starting 2007 by sowing strong seeds for big solutions.

### Gates Provides USD 29mn to ProCredit

The Bill and Melinda Gates Foundation is granting USD 9mn and lending USD 20mn to the African division of ProCredit, a subsidiary of the German organization ProCredit Holdings. The funding is earmarked for operations in Angola, Democratic Republic of Congo (DRC), Ghana, Mozambique, Sierra Leone and a sixth country, yet to be named.

This transaction sets precedent in three ways. First, the grant is of unprecedented magnitude, both for ProCredit and for the Foundation’s involvement with microfinance. Second, the Foundation to date has not engaged in significant transactions directly with microfinance banks, but has worked with (non-profit) intermediaries. Third, the subordinated loan is Gates’ first significant “program related investment” (PRI) in microfinance. A PRI is different from a grant because it seeks a return on capital, although that return is usually concessionary.

The terms of the agreement stipulate that the grant be spent exclusively to increase the number of clients banking at the ProCredit institutions in Africa and be drawn down over five years. Furthermore, no dividend will

be paid from any African branch for the duration of the contract (i.e., five years). All profits will be reinvested for the period.

The subordinated loan from Gates will be used to grow ProCredit's loan portfolio, whereas the grant will support ProCredit's training academy located in Ghana for the professional development of its employees in the region.

ProCredit Holding operates microfinance banks in 19 countries around the world, has total assets under management of USD 2.3bn, and an outstanding loan portfolio of USD 2.2bn. ProCredit Holding was founded in 1998 as an investment company and currently has almost 750,000 loans outstanding worldwide. Other financial indicators, such as debt-to-equity, return on assets (ROA), and return on equity (ROE) have not been made public. Information on the bank's rating was also unavailable.

The Seattle-based Gates Foundation, founded in 2000, is currently reporting a total endowment of USD 31.9bn as of August 2006, but total assets of the foundation are expected to double as Warren Buffett's donations kick in. Grants made to date total USD 11bn, and a total of USD 1.36bn was granted in 2005 with 70% of that total going towards global efforts.

The Gates Foundation has recently awarded a number of microfinance related grants. These grants have been smaller than the amount of this ProCredit grant and have not been combined with a loan. For example, as reported by MicroCapital in August 2006, ACCION International, the US-based non-profit microfinance network, and Freedom From Hunger (FFH), the non-profit international development organization, were awarded USD 5.6mn and USD 6mn, respectively.

It is unusual that such a large donation be made to a for-profit entity. ProCredit is no stranger to grant money, but this is a large donation nonetheless.

The Gates support will have significant impact on ProCredit's African operations. A closer look at one country, the DRC, provides an example of the meager microfinance options in the region.

The DRC has historically been a dangerous and volatile region, only becoming more stable in 2003, when the signing of peace agreements marked the beginning of an end to the civil war that had ravaged the area for over a decade. Despite the increasing economic and political stability, the impoverished people of DRC have not seen much improvement. In fact, according to ProCredit's website, the DRC government recently shut down eight banks in the country, leaving just ten who focus solely on "international companies, top-tier local corporations, the public sector and a few wealthy individuals," none of which is, "even considering the possibility of expanding its customer base to include smaller enterprises." The result of this system is an estimated 35,000 people in the entire country out of population of 50-60mn who are currently receiving any kind of banking service. The Gates Foundation likely saw this as an opportunity to have a significant impact on one of the most underfinanced regions of the world.

According to the MIX Market, there are ten organizations in DRC involved with microfinance. The largest of these is ProCredit, which is registered and recognized by the government as a fully operational bank. The next largest MFI is PAIDEK, a local non-governmental organization (NGO) which has about one-quarter of the loan portfolio of ProCredit. The next largest foreign microfinance organization is Foundation for International Community Assistance (FINCA), a non-profit from Washington, DC. FINCA's loan portfolio is around one-fifth the size of ProCredit's. ProCredit's DRC bank has total assets under management as of December 2006 of EUR 14.85mn, or about USD 19.3mn. Since opening its doors in the DRC in August 2005, the micro-bank has built its number of current accounts to 21,524 with almost 2,800 micro-loans outstanding and is managing an outstanding loan portfolio of about EUR 5.6mn or USD 8.3mn. The first profit was posted in 2006 at USD 600,000. ProCredit Congo reported a debt-to-equity ratio of 3.16, a return on average assets (ROAA) of 4.6%, and a return on average equity (ROAE) of 21.1% in 2006.

According to VOA News, a Congolese newspaper, "Dozens wait in ProCredit Congo's main Kinshasa branch to open a bank account." The article also points out that, "within less than a year and a half of opening its doors in Congo, [ProCredit] manages roughly half of the country's active accounts."

For ProCredit Congo, expansion is the goal; but, as reported in a McClatchy Washington Bureau Newspaper article, expanding any business in the

region is difficult and expensive. This is largely due to poor infrastructure and the fact that "DRC Congo covers an area the size of the United States east of the Mississippi River, but has only a few hundred miles of paved roads." February 6, 2007

## Gates Grants USD 24mn to CGAP

The Consultative Group to Assist the Poor (CGAP), a World Bank associated agency for international microfinance, announced its partnership with the Bill and Melinda Gates Foundation, including a USD 24mn grant spread over five years to pilot technologies for increasing access to financial services for the global majority. CGAP partners with mobile networks, banks and technology firms to discover new tools, and will be making grants to partners. CGAP is a research and policy group housed in the World Bank and backed by 33 international organizations. It has an annual operating budget of USD 10mn and is based in Washington, DC, with regional centers in Paris, France; Amman, Jordan and Almaty, Kazakhstan. February 1, 2007

## CGAP Announces Its 9 Technology Picks

CGAP, the World Bank-associated microfinance agency, announced its nine technology partners. Quoting the CGAP press release, the chosen nine are as follows:

1. Colombia: Credibanco VISA provides credit and debit card transaction services to banks in Colombia through 53,000 points of sale and a telecommunications network that connects in real time to 17 principal cities and 385 municipalities.
2. Kenya: Equity Bank, a leading Kenyan bank established in 1984, delivers a range of financial services to over 1mn low-income clients and accounts for about 12 per cent of all bank accounts in Kenya.
3. Mexico: Te Creemos is a regulated microfinance institution whose main aim is to serve low-income populations in urban and suburban regions of Mexico. Through a partnership with Farmacias del Ahorro, Te Creemos branches use the existing infrastructure of the pharmacy's 600 outlets to conduct financial transactions. Te Creemos has also begun to use biometric point-of-sale devices at retail outlets to extend its network beyond the reach of the pharmacy chain.
4. Mongolia: XacBank is a microfinance bank with more than 60 branches and units throughout the country and over 80 franchise Savings and Credit Cooperatives. The Bank has over 50,000 active borrowers and offers fourteen loan products, seven savings products, money transfers, payment settlement and leasing services.
5. Pakistan: Tameer Bank is a microfinance bank aimed at serving the economically-active poor in Pakistan with a range of financial services, including savings accounts, home improvement loans and term deposits. In less than two years of operations, Tameer has established nearly 25,000 clients and 17 branches.
6. Philippines: Globe Telecom and the Microenterprise Access to Banking Services (MABS) program offer mobile banking to clients in the Philippines. Globe, a mobile operator, provides mobile banking services to over 500,000 clients. This service, called G-Cash, transforms mobile phones into "mobile wallets" allowing subscribers to send and receive domestic and international remittances through SMS, make purchases and payments at retail establishments, pay bills and convert G-Cash to prepaid mobile credits. G-Cash was launched in October 2004. MABS is a USAID-supported program that is under the Rural Bankers Association of the Philippines, with Chemonics International as the main contractor. The MABS program helped the rural banks to begin using G-Cash for loan disbursements and deposits.
7. South Africa: WIZZIT is a virtual bank targeting the 16mn unbanked or underbanked South Africans - about 60 percent of the country's population. WIZZIT clients can use their mobile phone and a debit card to transfer funds to other bank accounts, purchase mobile airtime, pay bills, make purchases at retail establishments and purchase pre-paid electricity, all from the convenience of their mobile phone. After less than two years of operations, WIZZIT has over 50,000 clients.
8. Kenya: Social Protection Payments Challenge Fund. CGAP will partner with the Financial Sector Deepening Trust to support experiments that test how technology can assist in the delivery of financial services in conjunction

with social protection payments. These payments will be made by the Government of Kenya, with donor support, to families housing orphans and food-insecure Kenyans in the arid northern region of the country.

9. Maldives: Maldives Monetary Authority, the country's central bank, has requested CGAP's guidance to test if universal access to banking services and a dramatic reduction in cash usage are possible through an interoperable mobile banking system and a nationwide network of cash-handling agents. The project will benefit the 300,000 people living in the Maldives and mitigate the cash management challenges arising from the country's landscape of 200 geographically dispersed islands.

February 12, 2007



## PAPER WRAP UP

### Track Research and Recommendations

#### Guaranteed Loans to Microfinance Institutions: How Do They Add Value?

CGAP Focus Note by Mark Flaming, published by CGAP, 12 pages, please download here:

<http://www.cgap.org/portal/site/CGAP/menuitem.da0167f15fed30167808010591010a0/>

"This Focus Note looks at recent experience with guarantees of commercial bank loans to microfinance institutions (MFIs). After reviewing the results of 96 loan guarantees issued by eight agencies, the study concludes that these guarantees have been successful in enabling MFIs to get loans that are otherwise unavailable to them. But the benefits to the MFIs are typically modest, and the cost of the loans is high despite substantial subsidies from the guarantors."

#### Women's World Banking Capital Markets Guide for Microfinance Institutions (MFIs)

By staff at Lehman Brothers and Women's World Banking and jointly published, November 2006. 117 pages and can be downloaded here: <http://www.swwb.org/English/PDF/Capital%20Markets%20Guide%20for%20MFIs.pdf>

"The guide provides an overview of the capital markets and includes basic insights into the key capital markets players, instruments, private versus public issues and the rating process. It also contains a checklist for screening investment bank or financial advisors, advice on packaging the institution's success for raters and investors and numerous appendices which expand upon these core concepts and instruments." Lehman and WWB team up on the ABCs of capital markets for microbankers. As we gear up for the next stage when the small microbanks emerge to require financing, more and more managers are going to have questions about the capital markets, and will have this guide to turn to. The guide does a nice job of emphasizing the first step of a transaction, which is to have well vetted professional guidance.

#### Reducing Barriers for Investment in Microfinance: The Role of Structured Finance, Rating and Benchmarking.

A KfW Entwicklungsbank Workshop Summary authored by Cerstin Sander and Hanns Martin Hagen, 6 pages, published by KfW.

KfW Entwicklungsbank has been dealing with the subject of microfinance since the 1980s. At the end of 2005 it had a microfinance portfolio of some EUR 580 million. KfW Entwicklungsbank is currently managing, on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), 92 microfinance projects in 39 developing and

transition countries. Below are selected results and conclusions from the workshop:

"Microfinance investment demand is growing rapidly. In 2003 CGAP estimated it at USD 900 million a year rising to USD 3.1 billion a year in 2009. A rising share of the demand will come from smaller local financing sources; demand for equity capital will also grow as more MFIs transform into regulated institutions."

"microfinance funds have a mixed but improving record on attracting private capital; bottlenecks include capable fund managers; transparency for private investors"

"hurdles are more pronounced for smaller MFIs typically based in high risk countries, in need of local currency financing, with the right timing and often on short notice, and in small 'parcels'"

"Structured finance is a new pillar of financing for high performing MFIs with good and standardized documentation and systems, accordingly still a small but fast growing pool of currently some 80 MFIs"

#### Microfinance in Latin America and the Caribbean: How Large is the Market?

By Sergio Navajas and Luis Tejerina, 53 pages, November 2006, published by Inter-American Development Bank, please download here: <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=866107>

IDB's report concludes that microfinance outreach has increased immensely in Latin America and the Caribbean, but still has a long road ahead to meet demand. The success attained by microfinance institutions in recent years, has greatly expanded the outreach of the financial system to millions of households in Latin America and the Caribbean. The countries evaluated in IDB's report include Nicaragua, Ecuador, Bolivia, Peru, Guatemala, Chile, Honduras, Dominican Republic, Mexico, Panama, Costa Rica, El Salvador, Guyana, Colombia, Paraguay, Jamaica, Uruguay, Venezuela, Brazil, Argentina, Haiti, Barbados, and Trinidad & Tobago. The purpose of this report is to offer an updated snapshot of access to financial services in Latin America and the Caribbean. Sixty-seven million households in the region rely on income from micro-enterprise activities.





## UPCOMING EVENTS

### Cocktail on "Scaling up Microfinance Institutions"

February 20, 6pm, Rockefeller Center, NY, NY

Anne Gaboury, President Desjardins Développement International and Drew Tulchin, Director EDG to speak. Location: Quebec Delegation, One Rockefeller Center 26th floor, NY  
Time: 6:00pm to 8:30pm (conference will start at 6:30),  
Cover charge 10\$ (refreshments will be served),  
Must RSVP before Feb 18th: Kathleen Felix, , [kathleen.felix@hec.ca](mailto:kathleen.felix@hec.ca) ,  
HEC Montreal Alumni NY President at 917-375-6902

### Women's World Banking and Mexican Grupo Financiero Banorte Host Rural Microfinance Workshop

Feb 21-23, Monterrey, Mexico

As reported by Ascribe, a US newspaper, the workshop will bring together over 100 rural development and financial experts who will discuss the rural markets and agricultural risks faced by farmers and will explore strategies for tailoring microfinance to rural customers. In addition to its microfinance services which it has been providing since 2005, Grupo Financiero Banorte also provides banking, lending, investment, and foreign exchange services through its 1,000 branches. Women's World Banking was founded in 1979 and has 23 female-run microfinance affiliates in 17 countries. WWB has a total annual budget of over USD 10million. For more information, please see <http://www.swwb.org/English/3000/RuralFinance.htm>, or contact: Petra Tuomi, Women's World Banking, 212-768-8513, cell 646-873-0763, [ptuomi@swwb.org](mailto:ptuomi@swwb.org)

### CGAP Virtual Conference "Vision 2015: What Does the Future of Microfinance Hold?"

Feb. 26 to March 2, Internet-Based

"Over five days, the conference will engage participants in discussion with Elizabeth Littlefield, Brigit Helms and David Porteous to address some of the most salient issues affecting the future of microfinance. And as we consider CGAP's future strategy, we're looking for feedback from people working in the field, so we would greatly appreciate your input on how these scenarios should impact CGAP's future as well."

Monday, February 26: The Next Ten Years of Microfinance;  
Tuesday, February 27: Technology and Poverty;  
Wednesday, February 28: The Role of Governments;  
Thursday, March 1: New International Funders;  
Friday, March 2: The Future of CGAP

For more information, please see:  
<http://www.cgap.org/Vision2015/about.html>

### Socially Responsible Investing for Institutional Investors and Asset Managers

March 29 & 30, Marriott Marquis, NY, NY

The Strategic Research Institute, the conference host, is part of ALM's Conference and Trade Show Division, one of North America's largest producers of educational and networking events for business leaders and the legal profession. Headquartered in New York City, ALM is an integrated media company, focused on the legal and business communities. The forum promises to touch on microfinance and will address the Future of Socially Responsible Investing; Community Investing; How Institutional Investors and Assets Managers are Adapting; Fundamentals of Urban Investing; Investment Strategies for Clean Technology; and Successfully

Raising and Deploying Capital. Fee is \$1,595. For more information, please call 1-800-599-4950 / 1-212- 967-0095 or e-mail: [info@srinstitute.com](mailto:info@srinstitute.com)

### University of Pennsylvania Undergraduate Microfinance Club first conference "Microfinance: Poverty's Macro Solution?"

March 30, 2007 , Wharton's Huntsman Hall, Philadelphia, USA

The conference will feature keynote speakers Alex Counts, CEO and President of the Grameen Foundation, and Rupert Scofield, CEO and President of FINCA International. Additionally, the program will include a number of panels featuring scholars and practitioners working in the microfinance industry. The objective is to increase student awareness of work being done within the microfinance industry and opportunities for involvement. Students interested in learning more about opportunities to work in the microfinance industry should attend as well as individuals with little background in microfinance who are interested in learning more about the burgeoning industry.

See <http://clubs.wharton.upenn.edu/microfin/Conference/overview.html> or contact Jason Mischel - President [jmischel@wharton.upenn.edu](mailto:jmischel@wharton.upenn.edu), Cecilia Vogel - Vice-President - [evogel@sas.upenn.edu](mailto:evogel@sas.upenn.edu), no phone available.

### Microfinance: Cracking the Capital Markets II

19 Mar 20 Mar 2007, New York, New York

ACCION International is collaborating with Credit Suisse as the corporate sponsor for Microfinance Cracking the Capital Markets II, the second ACCION-hosted conference on microfinance investment. The conference brings together money managers, hedge funds, institutional and private investors, bankers, and rating agencies, many as yet unfamiliar with microfinance, with fund managers and leading MFIs, to learn about the opportunities, challenges and realities of microfinance investment. Cracking the Capital Markets II will be held at The Waldorf Astoria, 301 Park Avenue, New York, NY. The fee is \$550 for private sector participants and \$325 for NGOs and governments. For more information, see [www.accion.org/cracking\\_the\\_capital\\_markets.asp](http://www.accion.org/cracking_the_capital_markets.asp) or contact Robin Ratcliffe, at [rratcliffe@accion.org](mailto:rratcliffe@accion.org) or 617-625-7080.

### HBS-ACCION Strategic Leadership for Microfinance

9 Apr 2007 - 14 Apr 2007, Cambridge, Massachusetts USA

ACCION International and the Harvard Business School team up to "provide management and leadership training to the microfinance industry's CEOs, executives, and key sector protagonists. The program will address issues confronting microfinance leaders, including: Succeeding in highly competitive markets; Maintaining a social focus in a commercial setting; Working with equity investors and accessing commercial capital markets; Reaching new business segments and evolving products." The fee is USD \$5,300. For more information see <http://www.accion.org/hbs.asp> or contact [hbsaccion@accion.org](mailto:hbsaccion@accion.org), no name or phone available, ACCION International's general number in Boston is 617-625-7080.

### Microfinance in a Banking Environment: Models, Experiences and the Way Forward

25 Apr 2007 - 27 Apr 2007, Berlin, Germany

The European Microfinance Network's fourth annual conference "will focus on the relation between microfinance and the banking sector in Europe and how microfinance can develop within this strong developed sector." Fee information is to be announced. For more information call Maria Franco at EMN at +33 (0)1 56 03 59 68 or [m.franco@european-microfinance.org](mailto:m.franco@european-microfinance.org) or see [www.european-microfinance.org](http://www.european-microfinance.org).

### IMN Spring 2007 Asset Backed Securities to Feature Microfinance Workshop

April 29 - May 2, Miami South Beach, USA



Microfinance experts will be holding an emerging market due diligence and analysis workshop at the IMN Spring 2007 Asset Backed Securities conference. The session will be April 29 at 2pm. Over 650 issuers and investors are registered, representing International Portfolio and Products. "Issuers: Meet Latin American/ European/ US/ Canadian & Asian Investors Who Want to Buy Your Debt. Investors: Discover Investing Opportunities in the US/Europe and Other Emerging Global ABS Markets. Learn about the Newest ABS Products and Developments in the US and Emerging Markets." Conference fee is \$2,395 and more information can be found at [www.imn.org/esb927](http://www.imn.org/esb927), or contact event Producer Jade Friedensohn Phone:212-768-2800 ext. 260 Fax:212-768-2484, Email:jfriedensohn@imn.org

## World Bank Conference "Access to Finance: Building Inclusive Financial Systems"

May 30-31, 2007, Washington D.C

The World Bank is hosting the conference to further the Millennium Development Goals, and as a follow-up to the Year of Microfinance. Together with the Brookings Institution, the Financial Sector of the World Bank is organizing the conference. Partners and co-sponsors include: ABN-Amro, Citigroup Foundation, Temenos, United Nations Capital Development Fund, and the World Savings Banks Institute. For more information, please see <http://web.worldbank.org/WBSITE/EXTERNAL/WBI/WBIPROGRAMS/FSLP/0,,contentMDK:20611560~pagePK:64156158~piPK:64152884~theSitePK:461005,00.html> or contact Conference Coordinator, Ms. Colleen Mascenik, Financial Sector Learning Program, The World Bank, Washington, DC, Telephone: +1 202 473 7734 Fax: +1 202 522 7105, Email: [cmascenik@worldbank.org](mailto:cmascenik@worldbank.org)



## WHO'S WHO IN MICROCAPITAL

### Bank Danamon

Private Bank with microfinance operations, Indonesia

Bank Danamon of Indonesia is governed by a Board of Commissioners and a Board of Directors. Sim Kee Boon, JB Kristiadi, Harry Arief Soepardi Sukadis, Milan Robert Shuster, Ph.D., Gan Chee Yen, NG Kee Choe, Liew Cheng San Victor, Manggi Habir and Philip Eng compose the Board of Commissioners. **Sim Kee Boon** is the Bank's President Commissioner. He has worked with the Civil Service of Singapore, with the Civil Aviation Authority of Singapore (CAAS) as Executive Chairman of Keppel Corporation Ltd, and was a sworn member of the Council of Presidents Advisors. He was also formerly Director of Temasek Holdings and became an Advisor to Lum Chang Group of Companies in late 2000. He holds a B.A from the University of Malaya, Singapore. **JB Kristiadi** is the Bank's current Vice President Commissioner. He was formerly a State Wealth Establishment Director of the Ministry of Finance, France, Chairman of the Institute of State Administration RI, and is now a General Secretary of the Ministry of Finance RI. Mr. Kristiadi holds his Ph.D. from Sorbonne University, Paris. **Harry Arief Soepardi Sukadis** has previously served as General Manager of the Accounting Division for PT Indosat and as Accounting and Control Division Manager for PT Semen Cibinong Tbk. He has also held various positions in IBRA. Mr. Sukadis holds a B.A. in Accounting from Padjadjaran University. **Milan Robert Shuster**, Ph.D. was previously with the Asian Development Bank, ING Bank, and the National Bank of Canada before his work with Bank Danamon. He was also President Director of Bank PDFCI and President Director of Danamon. He holds a Ph.D. in International Economics and Law from the University of Oxford. **Gan Chee Yen** was previously involved with Singapore Technologies Marine Ltd as Senior Manager and Director in Finance. Mr. Yen is currently Senior Managing Director at Strategic Development Temasek Holdings (Pte) Ltd. He holds his B.A. in Accounting from

National University of Singapore. **Ng Kee Choe** has held positions at Wing Lung Bank Ltd., Singapore Power Limited, Singapore International Foundation, Singapore Airport Terminal Services, Ltd., and Singapore Exchange Limited (SGX). He is a graduate of the University of Singapore. **Liew Cheng San Victor** is currently the Corporate Advisor of Singapore Technologies. He previously held the position of Head of Treasury at First National Bank of Chicago. Mr. San Victor is a graduate of the University of Singapore's Department of Social Sciences. **Manggi Habir** has held a number of positions within Citibank N.A. Jakarta including Vice President. He was an Advisor in the Indonesian Bank Restructuring Agency, and has also worked with Bahana Securities, PT Pefindo, and Standard & Poor's, Singapore. Mr. Habir holds an M.B.A from the University of Michigan and a M.A. in Public Administration from Harvard University. **Philip Eng** has served as a Commissioner of Astra Graphia Tbk and PT. Astra International Tbk. He is currently Deputy Chairman of MCL Land Limited, Director of Jardine Cycle & Carriage Group, MTQ Corporation and Accord Customer Care Solution Limited. Mr. Eng also serves as High Commissioner for Federal Republic of Nigeria, and holds a B.A. in Commerce from University of New South Wales, Australia.

Bank Danamon's Board of Directors is composed of **Sebastian Paredes**, **Jerry Ng**, **Muliadi Rahardja**, **Anika Faisal** and **Hendarin Sukarmadji**. **Sebastian Paredes** is the President Director of Bank Danamon's Board of Directors. He has also served as Managing Director and Chief Country Officer for Citigroup in South Africa, as Credit and Risk Analyst for Citibank Ecuador, as Country Head of Ecuador for Citigroup, and as CFO of Confiteca. Mr. Paredes holds an M.B.A. from Instituto de Empresa in Madrid, Spain and a B.A. of Science from California University at Fresno. **Jerry Ng** currently serves as the bank's Vice President Director. He has worked for Citibank Indonesia in various positions including Assistant Vice President in Consumer Services, for Astra International in a number of senior executive positions, and for IBRA as Deputy Chairman of Bank Restructuring and as Advisor to the Chairman. Mr. Ng has also served as Deputy President Director of PT Bank Central Asia, is a Fellow of the Eisenhower Fellowships Foundation, and holds a Bachelor of Business Administration in Finance and Business Economics from the University of Washington. Muliadi Rahardja has been employed by PT Sepatu Bata Indonesia, Lippo Group, and by Danamon as Branch Manager in Tangerang, Head of Corporate Planning and Strategy and Director of the Bank. Mr. Rahardja is a graduate of the Faculty of Economics at the University of Indonesia and holds an M.B.A. from the Massachusetts Institute of Technology. **Anika Faisal** has been employed by Bank Niaga as Legal Counsel, by IBRA as Executive Assistant to the Chairman, and by Danamon as Head of the Legal Division and Director. Ms. Faisal has attended various banking and management courses within Indonesia and abroad. **Hendarin Sukarmadji** has held various positions at Bank Export Import-Perseo, the most recent being Chief of the International Banking Bureau. He has also worked with BPPN, and has also served PT Dinners Jaya Indonesia International as President Commissioner. Mr. Sukarmadji holds a B.A. in Economics from Padjadjaran University, Bandung, Indonesia.

### BlueOrchard Microfinance Investment Managers

Asset Managers, Geneva Switzerland

BlueOrchard Microfinance Investment Managers is an asset manager specialized in microfinance. The fund is based in Switzerland and was founded in 2004. Management includes:

**Jack Lowe**, Chief Executive Officer, holds an MBA in Finance from Stanford University. Before coming to BlueOrchard, Mr. Lowe opened several franchise businesses in Europe, including McDonald's in Switzerland and Midas in France. He later sold these businesses, became a partner at Montgomery Securities. After Montgomery was sold to Bank of America, Mr. Lowe acquired several medium side businesses in Europe and other emerging markets. **Jean-Philippe de Schrevel** is a co-founder and managing director of BlueOrchard. Mr. de Schrevel also serves as the Dexia Micro-Credit Fund Manager at Dexia Asset Management. He has served as a Junior Team Economist in Romania for an EU PHARE technical assistance

program, a Field Consultant in Microfinance for a Belgian NGO, an Associate with McKinsey & Co., a private professional services firm, the Operations Director of a private MFI in Argentina, and a consultant for the UNCTAD Microfinance Unit in Geneva. Mr. de Schrevel has an MA in Economics from Université de Notre-Dame de la Paix in Belgium and an MBA from the Wharton School of Business of the University of Pennsylvania in the United States. **Antoine Melo**, Director of Administration and Finance, came to BlueOrchard from Universal Corporation, a US-based commodities trading firm, where he was the Finance and Administrator. Mr. Melo has also served as a Project and Operation Support Executive at Reuters. He holds an MA in Engineering from the Swiss Federal School of Technology in Switzerland and an MBA from the HEC of the University of Lausanne, Switzerland. **Lisa Sherk** serves as BlueOrchard's Director of Investment Analysis. Previously, she Ms. Sherk was a managing director at the Atlantic Advisors, a New York-based fund advisory firm. She also held positions at Wasserstein Parella Emerging Markets, and the Asset Management Group of Swiss Bank Corporation (now UBS). Ms. Sherk has conducted various microfinance consulting assignments with Gray Ghost Microfinance LLC, Mennonite Economic Development Associates (MEDA), and Pro Mujer International. She holds a BA in Economics and History from McGill University, Canada and an MA in International Affairs from Columbia University, USA. **Anne Miles** is the director of the US office and has previously managed the Financial Products and Services team of Women's World Banking, a New York-based nonprofit global network of MFIs. Ms. Miles has also served in several positions at Citigroup, a global financial institution, and has founded the Microfinance Club of New York. She recently joined the Board of Women Advancing Microfinance (WAM) International. Ms. Miles holds a BA in Economics and French Literature from Drew University, USA.

The Board of Directors Executive Committee members:

**Ernst A. Brugger** is the chairman of the board. Mr. Brugger is also the President and founding partner of BHP - Brugger and Partners Ltd, a consulting firm specializing in sustainability strategies for both private and public organizations, the chairman of Sustainable Performance Group, a Swiss sustainability mutual fund, member of the executive committee of the International Red Cross, Vice President of the Board of the Henry Dunant Center for Humanitarian Dialogue, and a Professor at Zurich University. He earned his PhD in Economic Geography at the University of Zurich. The Vice Chairman of the board is **Melchior de Muralt**, who also serves as a Partner of the Swiss Private Asset Management Company de Pury, Pictet, Turrettini & Co., the main distributor of the Dexia Micro-Credit Fund. Mr. de Muralt previously served in several positions in Lombard Odier & Co, a private bank, eventually becoming the Senior Vice President. Mr. de Muralt holds a Ph.D. in Political Science from Université de Lausanne in Switzerland. **Marc Beajeau** is an associate director of McKinsey & Co, Inc., private professional services firm, based in Brussels, where he is also the leader of their European Insurance & Asset Management Practice. Mr. Beajeau has a B.A. in Applied Economics from ULG, Belgium, and an MBA from Columbia University, New York. **Martin Velasco** is an entrepreneur in the electronic communications industry. Mr. Velasco serves on the board or advisory board for several technology start-ups, including Speedlingua SA where he is the Chairman and Chief Executive Officer (CEO). He also serves on the Business Steering Committee of the Global Business Dialogue for Electronic Commerce and is the Founder and Chairman of the charity Infantia Foundation, a Swiss nonprofit foundation. Mr. Velasco has a degree in electrical engineering from the Federal Polytechnic School of Lausanne, Switzerland and a post graduate diploma in Data Processing and an MBA from the European Institute of Business Administration.

Other board members include:

**Bülent Gültekin** is an Associate Professor of Finance at the Wharton School of Business at the University Pennsylvania. He previously served as Governor and as the Director General for Research and Planning of the Central Bank of Turkey. Mr. Gültekin was also the Chief Advisor to Prime

Minister Turgut Özal and to Prime Minister Mesut Yılmaz. He was the Undersecretary of State and the President of the Housing Development and Public Participation Administration, Chairman of the Board of Directors of Sumerbank Holdings, A.S., an industrial banking conglomerate. Mr. Gültekin was the Chief Advisor to the Plenipotentiary of Ownership Changes at the Ministry of Finance and the Minister of Privatization in Poland and advised the Ministry of Finance in Indonesia, Governments of Egypt, Uzbekistan, Kazakhstan, the State Property Fund of the Russian Federation, the Capital Markets Board of Turkey, the Istanbul Stock Exchange, the United States Agency for International Development, and the Governments of Ukraine and Belarus. He also advised President Turgut Özal, President Nursultan Nazarbaev, and President Islam Karimov. He is a trustee of Koc University in Istanbul, Turkey and the American University in Bulgaria. He holds a B.Sc. degree in Mechanical Engineering from Robert College, Istanbul, an MBA from Bogazici University, Istanbul, and a Ph.D. in Finance and Statistics from the Wharton School of the University of Pennsylvania. **Kathryn Imboden** was previously employed at the Swiss Agency for Development and Cooperation in Chad, the OECD Development Center, the Club du Sahel, and the US Treasury Department. Mrs. Imboden also chaired the Executive Committee of the Consultative Group to Assist the Poor (CGAP) and served as Policy Change Manager at Women's World Banking (WWB). She led the policy work program for the 2005 International Year of Microcredit in the UN Capital Development Fund. She is currently the acting director of Policy for the Aga Khan Agency, a Swiss nonprofit development organization. Mrs. Imboden holds a B.A. in economics from Mount Holyoke College, USA, and a Diploma from the Institut d'études politiques de Paris, France. **André Roelants** serves as the Chairman of Clearstream International, a division of Deutsche Börse. Mr. Roelants is the founder and President of the Board of the Dexia Micro-Credit Fund and has previously chairman of the board of Dexia Asset Management, Banque Labouchère, Dexia Direct Bank, and of Dexia Banque Privée France. He also worked for Banque Bruxelles Lambert, the Royal Bank of Canada, Chase Manhattan, Bank of American International, and Cregem International Bank. Mr. Roelants has a B.A. in commercial and finance sciences from the Catholic University of Mons, Belgium. After serving in the French military, **Alexandre de Lessups** became a television producer with TelFrance in Paris, InterTel in Munich and Telvetia in Switzerland. Mr. de Lessups also served as the CEO of InterTel USA Inc. and Tanit Productions in Los Angeles, California. He was the President and Founder of Les Laboratoires de l'Atlantique, a French personal care manufacturer. Mr. de Lessups is also the President of Coral Capital Limited of London and Pandaw Investment Holdings in Hong Kong, both emerging markets investment firms. He began his education in Khartoum and finished in Northwestern University in Chicago. **Pierre Boppe** is also the President of The Stein Group, a pan-European hotel operator, the Deputy Chairman of Kuoni Travel Holding Ltd, a travel company, and a Board member of the HongKong and Shanghai Hotels Ltd. Mr. Boppe has a civil engineering management from Stanford University, California. **Anne Chevalley** is a consultant to Banco Santander Central Hispano (Suisse) and is Deputy Director of the Holding Parasant. Mrs. Chevalley previously served as Deputy Director of the legal department of JP Morgan (Suisse). She also served as General Manager and member of the Board of Interconsult, a Saudi Arabian oil-trading company. She has been a Representative at the Geneva Parliament. **Michael Southam**, founding partner of Rockliffe Partners, a Swiss-based asset brokerage service, has also served as an independent business development consultant in Geneva's financial community. Mr. Southam served as the Senior Advisor for Business Development by 21i.net Private Wealth Partners, a private wealth management firm. Before then, Mr. Southam has worked with Southam Inc., a Canadian publisher. He has also founded a number of companies including Kalvin K. Associates, Rating Capital Partners, a fiduciary risk rating agency, Bisange,, and CPM, a private wealth advisory firm.

