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BOPA Invests \$1m as Convertible Debt in Cambodia’s Chamroeun

Please see the subscriber-only edition for news on this “MicroCapital Deal of the Month.”

\$7m Earmarked for Microlending to Rebuild After Quakes in Nepal

The Asian Development Bank (ADB), a multilateral development finance institution based in the Philippines; the Small Farmers Development Bank, a wholesale provider of credit to agricultural cooperatives and microfinance institutions (MFIs) in Nepal; and the Nepalese government reportedly have committed USD 17.8 million for reconstruction, relief and disaster preparedness in Nepal following the earthquakes that hit the country in April and May. ADB has contributed USD 15 million of the total through its Japan Fund for Poverty Reduction; the Small Farmers Development Bank will participate with a grant of USD 1.5 million; and the government of Nepal reportedly will contribute an additional USD 1.3 million. Of the total, USD 8.1 million is planned for the reconstruction of 14 schools, USD 7 million will be used for microfinance initiatives and USD 1.9 million will be used to train the public on disaster preparedness. The remainder of the funds will be reserved for contingencies. The funding set aside for microfinance is expected to provide credit to 12,500 households that were affected by the earthquakes. October 31, 2015

Joint Farmers Microfinance Bank Launches in Nigeria

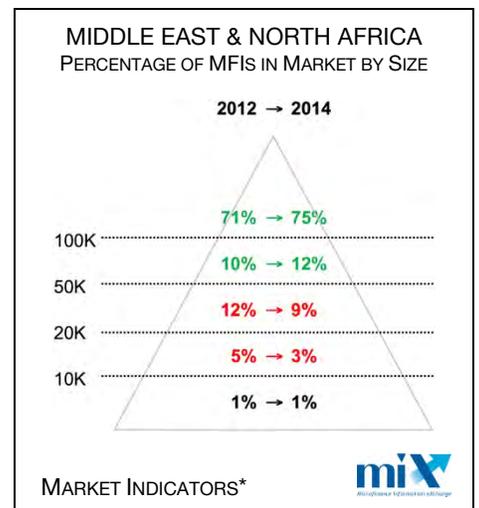
A group of 187 agricultural cooperative societies recently formed the Joint Farmers Microfinance Bank in Oyo, Nigeria, with branches in Abuja, Delta, Edo, Ekiti, Kogi, Kwara, Lagos, Ogun, Ondo and Osun. The bank aims to tap its members for capital totaling the equivalent of USD 500,000 in order to comply with regulatory requirements. October 28, 2015

India’s Sohan Lal Raises \$15m from Creation, Everstone for Ag Lending

US-based Creation Investments Capital Management recently informed MicroCapital that it and Everstone Capital, an investor with offices in India, Mauritius and Singapore, have placed a total of USD 15 million in equity in India’s Sohan Lal Commodity Management. While Sohan Lal also manages a network of 760 agricultural warehouses, the new funding is earmarked for Kissandhan, the firm’s non-banking finance company, which serves 30,000 farmers. The sizes of the stakes taken by the investors have not been disclosed. Sohan Lal’s other owners include Mayfield Advisors, Nexus Venture Partners and the Emerging India Fund of Indian bank ICICI. India’s Positron Consulting Services advised Creation Investments on the transaction. October 26, 2015

(For more top stories, please refer to the subscriber edition)* 

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MICROCAPITAL BRIEFS

MicroCapital Covering European Microfinance Week

We at MicroCapital are pleased to announce that we again were contracted to provide onsite reporting from European Microfinance Week, which was held in Luxembourg from November 18 through November 20. The December issue of this newspaper will include a special section detailing this event. November 21, 2015

Actiam, FMO Close SME Fund at \$165m

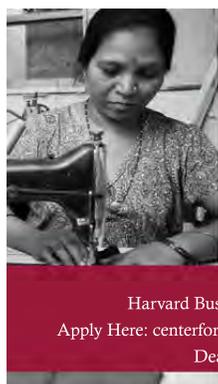
Two Dutch institutions, “sustainable” asset manager Actiam and development bank Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO), recently announced a close of their SME Finance Fund with the approximate equivalent of USD 165 million to fund small and medium-sized enterprises in developing countries. Launched in 2013, the investment vehicle benefits from investments from three Netherlands-based investors in this funding round: new investor Pensioenfonds Vervoer and repeat investors Spoorwegpensioenfonds and Stichting Pensioenfonds Openbaar Vervoer. November 7, 2015

BOPA Buys 20% of Tajikistan’s Matin

Singapore’s Base of the Pyramid Asia (BOPA), recently informed MicroCapital that it has paid an undisclosed sum to acquire a 20-percent equity stake in MDO Matin, a “microfinance deposit-taking organization” in Tajikistan. Matin, which has 13,000 clients, funds approximately 70 percent of its loans through customer deposits. BOPA also holds stakes in microfinance institutions in Cambodia, East Timor, Kazakhstan, Kyrgyzstan, Myanmar and Vietnam. November 6, 2015

RBI Awards Small Finance Bank Licenses to 10 MFIs

The Reserve Bank of India recently issued “in-principle approval” of Small Finance Bank Licenses to be issued to 10 of 72 recent applicants: Jaipur-based Au Financiers, Jalandhar-based Capital Local Area Bank, Ahmedabad-based Disha Microfin, Chennai-based Equitas, Chennai-based ESAF Microfinance and Investments, Bengaluru-based Janalakshmi Financial Services, Guwahati-based RGVN (North East) Microfinance, Chennai-based Suryoday, Bangalore-based Ujjivan and Varanasi-based Utkarsh. Holders of such a license may accept deposits and lend to “small business units, small and marginal farmers, micro and small industries and unorganised sector entities.” Equitas, Suryoday, Ujjivan and Utkarsh are partially held by Lok Capital, a Mauritius-based venture capital fund that invests in microfinance and other social businesses in India. Lok’s third fund, for which Lok now is raising funds, has a target value of USD 100 million, which is to be invested in institutions that do not hold Small Finance Bank Licences to help them grow and prepare to acquire this status. November 5, 2015



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FIS Rolls Out “Banking on Demand” MIS System in India

Fidelity Information Services (FIS), a US-based banking and payment technology provider, recently launched “Banking on Demand,” a service that uses “shared technology infrastructure” to allow financial services companies to manage their operations without establishing standalone banking infrastructure. The technology accommodates data migration, “door-step banking,” financial analysis and the transformation of institutions into full-service banks. Ramas Venkatachalam, the managing director of FIS India and South Asia, said that the service will enable “new bank entrants to deliver on the mandate they have been given to bring financial access to everyone in India.” FIS reports total assets of USD 14.5 billion and clients in 130 countries. November 4, 2015

EaSI to Guarantee \$261m in Lending to Support 20k Enterprises

The EU’s European Commission and the European Investment Fund, an EU-affiliated provider of finance to organizations that lend to small and medium-sized enterprises, recently agreed to guarantee the equivalent of USD 261 million in loans to 20,000 microenterprises under the EU Programme for Employment and Social Innovation through Nextebank of Romania and five lenders in Western Europe. It is anticipated that the beneficiaries will include individuals who face challenges entering the labour market and accessing commercial finance. Marianne Thyssen, the Commissioner for Employment, Social Affairs, Skills and Labour Mobility of the European Commission, said that “...Microfinance is an essential instrument to promote entrepreneurship and fight against social and financial exclusion.” November 1, 2015

CBC, Ceylinco, Bima Launch Insurance in Sri Lanka

Two firms based in Sri Lanka, Commercial Bank of Ceylon and Ceylinco Insurance, and Sweden-based microinsurance service provider Bima recently launched disability and accidental death insurance policies in Sri Lanka. For monthly premiums of USD 1.06 to USD 4.26, customers may buy accident coverage of USD 7,100 to USD 28,400 and life cover of USD 355 to USD 1,065. October 25, 2015

Grameen Credit Agricole Loans \$440k to GRAINE of Burkina Faso

The Grameen Credit Agricole Microfinance Foundation, a Luxembourg-based provider of financial services to microfinance institutions (MFIs) and other social businesses, recently informed MicroCapital that it has disbursed a local-currency, 2.5-year loan equivalent to USD 440,000 to Groupe d’Accompagnement a l’Investissement et a l’Epargne, an MFI in Burkina Faso. The institution reports total assets of USD 4.8 million, a gross loan portfolio of USD 3.6 million and 28,000 active borrowers. October 12, 2015

(For more briefs, please refer to the subscriber edition)

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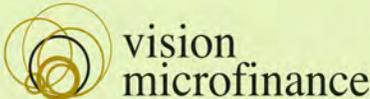
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EAR TO THE GROUND

The Party's Over

Last week, I had the pleasure of attending the Inter-American Development Bank's (IDB's) annual Foromic conference in Santiago de Chile, where Chile's President herself reminded us, perhaps accidentally, of some of the original goals of microfinance. Breaking from the theme of the event, innovation in financial inclusion, President Michelle Bachelet argued in her inaugural speech that Chile's commodity boom days are numbered, and that the country must focus on productivity, smaller business and entrepreneurship to move forward. "We recognize the importance of smaller firms in terms of employment and economic vitality. I want to stress our strong commitment to working intensely with the private sector, especially with small businesses," said President Bachelet. She followed this statement with a nod to the microfinance institutions (MFIs) and banks that are channeling resources to the sector.

President Bachelet's comments resonated in a room full of microcredit providers who came seeking answers and a new relevance in the context of a shifting financial inclusion space. But overall, there were fewer answers last week than new questions. As donors shift gears, credit markets look more saturated, operating expenses remain stubbornly high and regulators threaten greater interference throughout Latin America. As such, the region's MFIs must come up with new business models. IDB President Luis Alberto Moreno touched a few nerves as he congratulated the audience on its accomplishments in lending over USD 40 billion to over 20 million microcredit clients this year, perhaps a subtle suggestion that the microfinance sector should be weaned off of IDB grants.

While it is legitimate for donors to be concerned that MFIs are excessively dependent on them, this is also a time when innovation is

critical to MFIs' survival. This may give a disproportionate advantage to larger institutions that can use their scale and capital to innovate more effectively. An ancillary risk is that this may lead to the exclusion of recently included groups. In Paraguay, for example, legislators recently capped all retail (including credit card) lending rates at 14 percent per year after rates skyrocketed as companies expanded their services to the bottom of the pyramid. Many consumers have since received notice that their accounts are no longer active. In other countries, we have seen average microloan sizes increase over the past five years, suggesting that some low-income clients may no longer have access to tiny loans.

Although the message at Foromic was that the microfinance "party" might be over, the supply side is by no means giving in. As I wandered the halls at the event, I found that investors are still hunting for good investments while MFIs are looking to diversify into new businesses, purchase others' loan portfolios, move upmarket and cut costs. While they aren't giving up their business models yet, some will leave the poorest behind.

Looking to next year's Foromic in Jamaica, even weary conference goers are excited by the promise of a real party with Jamaican rum, reggae music and sunshine. Hopefully in that daydream, there is room for a renewed strength of their social missions and the will to support the independent businesses that still drive much of the region's economy.

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

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PAPER WRAP-UPS

Voice of the Client: An Analysis of Client Satisfaction and Consumer Protection Across 4 Microfinance Institutions in India

Published by the Microfinance Information Exchange (MIX), October 2015, 27 pages, available at: <http://www.themix.org/node/1814>

This report summarizes the findings of the “Voice of the Client” project, through which client satisfaction data were collected via mobile technology from a total of approximately 6,000 clients of four Indian microfinance institutions (MFIs): Cashpor, Satin, Sonata and Ujjivan. The survey questions targeted a subset of the Client Protection Principles, which were developed by the US-based Smart Campaign in an effort to help MFIs improve their operations. The five areas were: appropriate product design, prevention of over-indebtedness, transparency, fair and respectful treatment of clients, and mechanisms for complaint resolution.

The survey found a high level of overall satisfaction, with customer service and interactions with loan officers cited as particularly strong. A majority of clients seemed to have a good understanding of... *(Continued in the subscriber edition)*

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The Value of Sex-Disaggregated Data

By the Global Banking Alliance (GBA), the Inter-American Development Bank and Data2x; published by GBA; September 2015; 35 pages; available at: <http://www.gbaforwomen.org/download/draft-report-measuring-womens-financial-inclusion/>

This draft publication is based on interviews with approximately 50 regulators, policy-makers, bankers and representatives of international finance institutions about the importance of data to efforts to improve women’s access to financial services.

The report includes an overview of... *(Continued in the subscriber edition)*

Client Protection Principles: Model Law and Commentary for Financial Consumer Protection

Published by the Microfinance CEO Working Group, April 2015, 66 pages, available at: <http://microfinanceceoworkinggroup.org/wp-content/uploads/2015/04/PPP-Model-Laws-April-2015.pdf>

This publication offers guidelines for creating legislation to protect low-income consumers of financial services, drawing on preexisting scholarship, laws and regulations. The guidelines are based on the Client Protection Principles, a set of concepts developed by the US-based Smart Campaign that is intended to... *(Continued in the subscriber edition)*



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