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**Incofin Sells 55% Stake in Colombia's Crezcamos to Its Founder, Mauricio Osorio**  
Please refer the subscriber edition for coverage of this "MicroCapital Deal of the Month."

**Romania's Transilvania Borrows \$44m from EBRD for Home Energy Efficiency**  
The UK-based European Bank for Reconstruction and Development (EBRD) recently announced it will loan the equivalent of USD 44 million to Banca Transilvania, a Romania-based bank, for on-lending to "households, housing associations and service providers for energy-saving investments." Banca Transilvania reports total assets of USD 11.5 billion. With a stake of 8.6 percent, EBRD is Banca Transilvania's largest shareholder. May 16, 2017

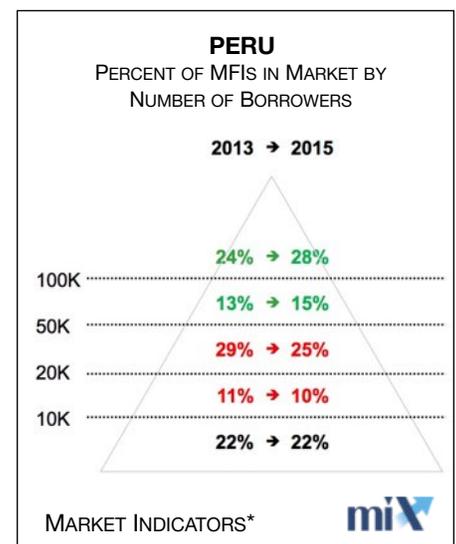
**Fidelity Bank Ghana Lands \$54m for SMEs from 5 Lenders**  
Two government-backed entities, the Netherlands' Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO) and the Belgian Investment Company for Developing Countries (BIO), are leading a senior loan package of USD 54 million for Fidelity Bank Ghana to on-lend to small and medium-sized enterprises (SMEs). The loan comprises USD 25 million from FMO, USD 15 million from BIO, USD 6 million from Switzerland's Symbiotics, USD 5 million from the Netherlands' Oikocredit and USD 3 million from Belgium's Incofin Investment Management. Fidelity Bank Ghana has total assets of USD 980 million, return on assets of 0.22 percent, return on equity of 1.8 percent and 75 branches. May 12, 2017

**Ant Financial, Emtek to Launch Mobile Payments in Indonesia**  
Elang Mahkota Teknologi (Emtek), an Indonesia-based media company, and Ant Financial Services, a member of China's Alibaba Group, recently announced plans to launch a mobile payment platform in Indonesia. The service will run on BlackBerry Messenger (BBM), an app that is licensed in Indonesia to a subsidiary of Emtek. BBM, which was designed by Canada's BlackBerry Limited, serves 63 million Apple and Android mobile phone users in the country. Ant and Emtek hope to expand the service to merchants and other messaging platforms in the near future. The mission of Ant is to "bring equal access to financial services to the world." Alibaba reports annual revenue equivalent to USD 14.7 billion. Emtek, which provides services including television programming and internet access, reports total assets of USD 1.5 billion. May 10, 2017

**India's MFIN Launches Financial Literacy App in 5 Languages**  
The Microfinance Institutions Network (MFIN), a self-regulatory organization of 53 Indian microfinance and non-banking financial institutions, recently launched a financial literacy app in English, Hindi, Marathi, Tamil and Telugu. The app offers users their credit histories, interest rates and payment cycles as well as information on client rights. MFIN CEO Ratna Vishwanathan was quoted as saying, "It is crucial that [the underbanked] are aware of their rights and [the] importance of practicing responsible borrowing." MFIN's members report an aggregate gross loan portfolio equivalent to USD 8.8 billion. May 3, 2017

(\*For more top stories, please refer to the subscriber-only edition.) 

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## MICROCAPITAL BRIEFS

### SureBuddy Brings Ad-supported Insurance to Uganda

South African technology firm AxMe International Services recently expanded its SureBuddy insurance app to Uganda, allowing users in that country to view advertisements in return for no-cost insurance for their mobile phone screens. The service, which is available on mobile devices that run on the Android operating system, pays to replace broken phone screens as often as twice per year. SureBuddy is also available in Nigeria and South Africa, where users can access free coverage for funeral expenses as well as phone screens. SureBuddy's funeral policies in Nigeria, which are issued in amounts equivalent to USD 635, are underwritten by Leadway Assurance Company Limited. South Africa's African Unity Life Limited underwrites SureBuddy's policies in South Africa, where the cover pays USD 610 for funeral expenses. AxMe, on which financial information is unavailable, is affiliated with Octivate, a South African technology investor. May 31. 2017

### Apply by June 5 for \$150k "Clients at the Centre" Prize

The MasterCard Foundation, which is located in Canada, is accepting applications through June 5 for its 2017 "Clients at the Centre" prize, which includes a cash award of USD 150,000. The prize is given annually to a financial services company operating in low- and middle-income countries that demonstrates a commitment to its customers through programs deemed "inclusive" and "client-centric." The winner will be selected by the audience of The MasterCard Foundation's Symposium on Financial Inclusion in Accra, Ghana, in November. May 30. 2017

### MFR Announces Smart Certifications, Ratings in Asia, LAC

During May 2017, Italy's MicroFinanza Rating (MFR), under license from the US-based Smart Campaign, determined that Kyrgyzstan's Kompanion Bank and FINCA Pakistan have complied with the certification standards derived from the Smart Campaign's seven client protection principles. Furthermore, MFR completed Microfinance Institutional Ratings for Tajikistan's IMON International, which was assigned a grade BBB-; VisionFund Dominican Republic, which was assigned a grade BB-; and Peru's Entidad de Desarrollo de la Pequeña y Micro Empresa (EDPYME) Credivisión, which was also assigned a grade of BB-. All three were deemed to have "Stable" outlooks. MFR also issued Credivisión a Social Rating of BB-. VisionFund Dominican Republic and Credivisión are affiliates of VisionFund International, which has principal offices in the UK and the US. FINCA Pakistan is an affiliate of the US-based Foundation for International Community Assistance (FINCA). May 25. 2017

### Green for Growth Loans \$22m to UniCredit Serbia for Renewables

The Green for Growth Fund, Southeast Europe (GGF), a Luxembourg-based facility investing in environmental efforts, recently announced it will loan the equivalent of USD 21.9 million to UniCredit Bank Serbia, an arm of Italy's UniCredit Group, to on-lend to "reduce carbon dioxide emissions [via]...renewable energy projects." GGF also will provide technical support to end-borrowers through MACS Management & Consulting Services, a German sustainability consulting firm. GGF Chairman Christopher Knowles said, "This new partnership with UniCredit Bank offers the GGF the chance to help build and strengthen Serbia's renewable energy sector with long-term, competitive financing, which supports the fund's overall mission to promote renewable energy and energy efficiency in the markets it serves." UniCredit Bank Serbia reports total assets of USD 2.7 billion; and the UniCredit Group, which has 7,100 branches in 17 European countries, reports total assets of USD 946 billion. May 23. 2017

### MBK Borrowing \$15m from FMO for Group Lending in Indonesia

Mitra Bisnis Keluarga Ventura (MBK), a microfinance institution providing group loans to women in Indonesia, recently borrowed USD 15 million from Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO), a Dutch development finance institution. MBK, whose name translates to "Family Business Partners," serves 900,000 people with a loan portfolio of USD 136 million. May 18. 2017

### ADB Buys 4% of India's Satin for \$10m

The Asian Development Bank (ADB), a Philippines-based multilateral institution, recently paid USD 10 million to acquire 3.95 percent of Satin Creditcare Network Limited, a for-profit Indian microlender. ADB will complement the investment with USD 500,000 in support services to help implement cashless transactions and improve corporate governance and risk management. Established in 1990, Satin lends to households as well as to micro-, small and medium-sized enterprises. It reports a gross loan portfolio equivalent to USD 523 million outstanding to 2.8 million borrowers, return on assets of 2.2 percent and return on equity of 22 percent. May 17. 2017

### Vision Microfinance Funds of C-Quadrat Loan \$45m

C-Quadrat Asset Management recently informed MicroCapital that its Dual Return Vision Microfinance and Dual Return Vision Micro-finance-Local Currency funds loaned a total equivalent to USD 45 million during April. The names of the borrowing organizations are confidential, but they are located in countries including Cambodia, Nicaragua and Tajikistan as well as - in a first for the Dual Return funds - Bangladesh. In Nicaragua, the Dual Return Vision Microfinance-Local Currency disbursed a cordoba-denominated loan equivalent to USD 1 million to a microfinance institution that issues group loans to women and provides health services. During the first four months of 2017, the USD retail tranche of the Dual Return Vision Microfinance-Local Currency fund earned a return of 4.7 percent. The combined assets under management of the Dual Return funds total USD 538 million. C-Quadrat Asset Management is a unit of Austrian fund manager C-Quadrat, which manages USD 5.9 billion in assets. May 11. 2017

### Uzbekistan Liberalizes Microlending Rules in Select Areas

The government of Uzbekistan recently announced that it will allow small-scale entrepreneurs to access collateral-based microloans up to the approximate equivalent of USD 800 "without the establishment of [a] legal entity." The reform package also allows loans as high as USD 2,400 for enterprises that acquire guarantees from "citizens' self-government bodies." Thirdly, commercial banks are newly permitted to issue funds from the Preferential Lending Fund in amounts as high as USD 4,000 for new small enterprises in remote regions and areas with "excessive labor resources." May 1. 2017

### Dragon Capital, Ruby Hill Launching MFI in Myanmar

Dragon Capital Group, a Vietnam-based investment company with operations in Asia and Europe, and Myanmar's Ruby Hill Financial recently announced that they are investing USD 5 million to launch a microfinance institution called Ruby Hill Microfinance in Myanmar. Ruby Hill Financial, which will hold a 51-percent stake in the firm, was launched in 2015 by Myanmar's Loi Hein Group, which primarily markets and distributes beverages and other consumer goods. The group had 2016 revenue of approximately USD 100 million. Dragon Capital reports USD 1.5 billion in assets. April 30.

*(For more briefs, please refer to the subscriber-only edition.)* 



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## EAR TO THE GROUND

### Offering Agricultural Insurance: Too Much Like Selling Used Cars?

Lending in agricultural areas carries risks, but the more specialized a provider is, the better it seems to manage them. However, some risks are especially challenging to mitigate, such as those related to climate. In the last month, I have spoken to banana farmers in the Dominican Republic, onion farmers in the mountains of Colombia and grape growers in Chile. They all have stories of how weather has become less predictable and crop cycles have changed. In some cases, the only way for them to maintain their historical production yields is to pump costly, dangerous chemicals into their land.

Small-scale farmers have limited access to traditional crop insurance, which can mitigate the cost of weather-related damage to their crops. These policies are complex and often require an expensive visit from an assessor to verify the damage. Over the past few years, we have seen great enthusiasm surrounding the potential for parametric products to solve some of these problems. These products - also known as "index insurance" - do not require visits by assessors. Instead, they use climate data to determine whether an insurable event took place. If it rains a lot more than usual, for example, the product pays a benefit. If it doesn't rain a lot more than usual, it doesn't pay. Simple? If only if it were!

Most products are still tough to explain. Even when farmers learn enough about index insurance to decide to buy policies, they don't always receive payouts that correspond to their actual losses. For example, the amount of rain where the index is measured may be significantly different than the amount at some of the insured farms. This "basis risk" of farmers losing their crops but not getting paid causes the most disappointment over index insurance.

Researchers often note that farmers don't buy these products because they don't understand these complexities. So last week, I prepared

myself for the challenge of explaining index insurance to farmers in Colombia. To my surprise, it was easy; we achieved 100-percent comprehension!

As I chatted with farmers who had not completed primary school - yet understood basis risk perfectly - I asked myself, "Why does everyone say farmers don't understand these products?" I can only come up with two possible answers: 1) the product isn't actually explained to farmers - or at least not in full; and 2) the person tasked with explaining it doesn't understand it.

Hypothesis 1 does not surprise me. If you're trying to sell a product, you may not choose to highlight the fact that the product may not work. Would you buy a used car that only started sometimes? It is rare that a used car salesperson will tell you that a car has issues, but you often discover flaws when you take it out on the highway. Similarly, many insurance customers don't really know what they have bought until a drought or flood reveals the answer - for better or worse.

I suggest insurers reexamine the early stages of their process. Designing simpler, more effective products makes training people to explain them quite a bit easier (see Hypothesis 2, above). Training should not just focus on selling a product, but on doing so responsibly. Farmers should understand all of the pros and cons. You say that's not how people sell used cars? Well, perhaps it's time for that to change too.

*About the Author: Ms Barbara Magnoni is President of EA Consultants, a development-consulting firm based in New York. She has 25 years of international finance and development experience and has worked with organizations including Goldman Sachs, Chase and BBVA and has advised institutions such as the International Finance Corporation, the US Agency for International Development and the International Labour Organization. She may be reached at +1 212 734 6461 or [bmagnoni\[at\]eac-global.com](mailto:bmagnoni[at]eac-global.com), or you may follow her on Twitter at [BarbaraatEA](#).*



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GHS 92 M (USD 23 M)  
Sole Financial Advisor

Sale of 100% of afb Ghana to Letshego Group Holdings

Namibia 2016

**TRUSTCO**  
*oshili nawa*

ZAR 450 M  
Sole Advisor and Arranger

Debt Capital Raise

Ghana 2016

**FIRST ALLIED**

GHS 60 M (USD 15 M)  
Sole Advisor and Arranger

Debt Capital Raise

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USD 3 M  
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**PAPER WRAP-UPS**

**Annual Impact Investor Survey 2017, The Seventh Edition**

*By Abhilash Mudaliar, Hannah Schiff, Rachel Bass and Hannah Dithrich; published by the Global Impact Investing Network; May 2017; 84 pages; available at <https://thegiin.org/knowledge/publication/annualsurvey2017>*

The authors of this paper discuss trends and challenges in the impact investment sector, which they define as encompassing investments that “target social and/or environmental impact objectives.” Based on surveys completed by 209 impact investors, they analyze investment performance, methods of impact measurement and investor concerns. During 2016, the survey respondents, which manage USD 114 billion in impact investments, completed 8,000 transactions worth USD 22 billion.

Despite the growth and increasing maturity of the sector, respondents noted that exit opportunities and the availability of capital remained challenging. Nonetheless, 98 percent of respondents reported meeting or exceeding... *(Continued in the subscriber edition)*

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**The Role of Financial Services in Humanitarian Crises**

*By Mayada El-Zoghbi, Nadine Chehade, Peter McConaghy and Matthew Soursourian; published by CGAP (Consultative Group to Assist the Poor), the State and Peace-Building Fund and the World Bank Group; April 2017; 48 pages; available at [http://www.cgap.org/sites/default/files/Forum-The-Role-of-Financial-Services-in-Humanitarian-Crises\\_1.pdf](http://www.cgap.org/sites/default/files/Forum-The-Role-of-Financial-Services-in-Humanitarian-Crises_1.pdf)*

Three quarters of adults in humanitarian emergencies do not have access to formal financial services. The authors argue that providing savings, remittances, credit and... *(Continued in the subscriber-only edition)*

**The Green Index 2.0**

*By Marion Allet, Geert Jan Schuite, Davide Forcella and Raluca Dumitrescu; published by the European Microfinance Platform Microfinance and Environment Action Group; October 2016; 12 pages; available at [http://www.e-mfp.eu/sites/default/files/resources/2016/10/Green\\_Index\\_2016\\_final\\_web.pdf](http://www.e-mfp.eu/sites/default/files/resources/2016/10/Green_Index_2016_final_web.pdf)*

The Green Index, which was originally released in 2014, is intended to help organizations evaluate the environmental performance of microfinance institutions. This update is intended to enhance environmental responsibility in... *(Continued in the subscriber-only edition)*



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