

Japanese funded ASEAN Women Empowerment Fund may Launch Impact Investing in Japan

A microfinance initiative aimed at the empowerment of women in south-east Asia may help to launch impact investing in Japan.

The Japan Association of Southeast Asian Nations (ASEAN) Women Empowerment Fund (JAWEF) was launched on October 27, 2016 and plans to invest USD 120 million in microfinance institutions focused on lending to female and small-scale entrepreneurs in the ASEAN nations.

The project is managed by BlueOrchard Finance Ltd, a Zurich, Switzerland-based asset manager of socially and environmentally-friendly investments that also generate financial returns, referred to as Impact Investing.

The new fund is well-timed, as the government of Shinzo Abe is focused on increasing the role of women in the workplace and society in Japan, and has been supporting ASEAN efforts in this regard.

“We welcome the launch of the approximately USD 100 million Japan-ASEAN Women Empowerment Fund. We will also support efforts to address emerging issues that accompany economic growth such as aging, urbanization, disaster risk reduction, and the environment etc.,” Prime Minister Abe told leaders gathered at the Japan – ASEAN Summit Meeting in September.

Women More Risk-Averse than Men

Bankers will also recognize the sound locally-driven rationales for promoting women-managed businesses in south-east Asia, namely that women are more risk-averse than men.

“The south-east Asian region is extremely favorable for lending to women, and I think the clearest reason is that women tend to have a very different risk-taking perspective than men.” says Peter A. Fanconi, Chairman of the Board at BlueOrchard.

Research by BlueOrchard shows that women with a family have a better understanding of mid- to long- term planning. Women, in their traditional role for caring for their children, are usually not willing to spend borrowed funds for any other than essential activities, BlueOrchard found.

In their studies, BlueOrchard provided a similar amount of money to males and females in families, and found that even while the male is focused on helping the family, he takes more risks.

“In the case of the man in the family, a friend would come to him, and sell him a very risky scenario, saying, ‘Listen, now that you have got the money, how about I give you a scheme and

you can double or triple it in such a short time,” says Omar Qandeel Vice Chairman of the Board at BlueOrchard. “Men fall for that, but women do not!”

Therefore, it should not come as a surprise, that the south-east Asian region and its women have also proved a good investment risk as measured by low default rates. Fanconi points out that default rates in the region are far below 1%. Similar rates for “loan sharks” can be in excess of 90%, a level that Fanconi describes as, devastating.

“As asset managers, we are measured according to our defaults. If defaults rise, it is a big problem for us, because we would then have to raise our rates. We don’t want to do that. We need to ensure that we do not have defaults.”

The virtual zero default rate is partially built on unorthodox banking techniques, one of which is not requiring collateral against loans.

“The sweet spot of this industry is that we generally do not ask for any collateral, and this is the reason why there is room for players, such as ourselves,” Fanconi says.

An individual living below the poverty rate in a country, such as Cambodia, may seek to buy some tools to fix bicycles, or buy an oven to bake bread, as they look to improve their lives, but they will be hampered by a lack of access to capital, Fanconi says.

It is a Catch-22 situation, where in general terms, those that really need funds are excluded from normal loan channels.

“If you go to your local bank, they will potentially give you credit, but they will ask you for collateral or for guarantees. Your friends and family will not be able to support you, because they are poor as well.”

Microfinance is the final recourse of the poor looking to dig themselves out of poverty via self-help and not handouts. Asset managers such as BlueOrchard help facilitating the loan process by relying on individual trust and socially-enforced repayment performance to substitute for tangible collateral.

“A microcredit is provided based on a short due-diligence, meaning the borrower is required to fulfill certain criteria, but does not need to provide any collateral,” Fanconi explains. “The system is built on trust, and upon the fact that the individual is using the assets to fulfill his economic development.

Societal pressures also serve to prevent the borrower from taking any externally acquired funds and spending them on a consumer item – such as a television for example.

“What we usually do, is to ensure that the individual uses the loan proceeds for the right cause. The moment USD 500 is invested to buy an oven in order to sell bread, the likelihood of failure is close to zero. And this is fascinating, because we know in our western world there is a high rate of default and delinquencies – people using the money for different purposes,” Fanconi says. “If you really are poor, and your family is starving, and you don’t have medication or education for your children, then you will simply do anything to use the proceeds properly and correctly.”

BlueOrchard was founded by an initiative of Kofi Anan, the former Secretary-General of the United Nations, to respond to the problems of classic development aid, which was showing signs of becoming less effective as a means to fight poverty.

BlueOrchard partners with the borrower in a purely business-based arrangement, where he or she is expected to use the funds for a profitable purpose in order to be able to repay the interest.

“We don’t want to be looked at as a charity nor are people giving us money as corporate social responsibility. This is really an investment,” Fanconi says. “We are financial partners and that is the beauty of this system. We engage individuals and help them to become independent entrepreneurs,” Fanconi says. “This is what it is all about at the end of the day!”

Fanconi, Qandeel and their partners have not been disappointed as small-scale entrepreneurs help to expand local employment, and some have become recurring customers.

“When micro-entrepreneurs get money they are very likely to hire people from their village to work for them. So, the social impact is really profound,” says Qandeel.

BlueOrchard Finance

In the past 15 years, BlueOrchard has deployed close to USD 4 billion into more than 60 countries, which is quite a feat, considering that average loan sizes are generally between USD 1,000~USD 2,000.

The majority of loan applicants in extreme-poverty, or relative-poverty, are defined as those who live under USD 1 and USD 2 per day respectively.

Qandeel is raising a note of caution by saying, “I have to give you a small warning, please do not think that this guy goes to a till and gets a dollar every day! Some days, he has no dollars! So you will understand, it is a very hard life!”

In the past, Japanese organizations have shied away from lending to such a prospective clientele.

“Initially investors were more skeptical about the risk they undertake and not about lending to the poor,” says Omar Qandeel.

The Japanese financial mentality shows signs of changing, and Fanconi is excited about the prospects of bringing Japanese funding and expertise on board.

“It is the first fund of this kind created here in Japan. The assets and the allocators are all Japanese, and the money is being used to invest in neighboring countries,” he says. “This is really fascinating. Why should European governments for example invest into the microfinance sector in Cambodia? It is much more reasonable to have a state like Japan assume such responsibilities as well.”

The Japan International Cooperation Agency (JICA), and the Japan Bank for International Cooperation (JBIC) have agreed to provide up to USD 30 million, with Sumitomo Life Insurance Company and further investors also providing an undisclosed amount of funds.

Merits to Japanese Financial Institutions

Qandeel highlights the business benefits of microfinance to Japanese industry leaders. He points out that microfinance has practical business uses and can be used as an overlay to deliver new products or to increase market share.

“If you know, for example, the number of farmers in ASEAN growing rice, and who have the capacity to borrow USD 500 to invest in chemical pesticide or equipment, then you, as a company doing business in the region, would say – I know I can lend to this group of people this amount of money,” he says. “Japanese financial institutions should see microfinance as a very effective tool to help them do their business. I would like them to see microfinance as an opportunity.”

The lack of tangible or intangible owned capital means that many of BlueOrchard’s customers do not hold bank accounts, strongly suggesting that the banking industry, the trading industry, the insurance industry, and some manufacturers need to look more closely at this sector, Qandeel adds.

He opines that the world is becoming an increasingly connected place, and that people should no longer take the stance that they have done enough merely by paying their taxes.

“A new awareness is needed and people need to realize that events in one part of the globe are now more likely to impact other regions,” he adds.

“We really need a long term comprehensive point of view,” Qandeel says.

Positive social impact, high relative interest rates combined with low defaults and geo-political benefits are also potential merits to Japanese investors looking to expand their activities into more self-sustaining business areas.

“The primary merit is the social impact. Even large institutions are seeking a social impact, and society is definitely changing in this respect,” Fanconi says.

At the same time, high returns against low risks are a comfortable target group for Japanese bankers, who continue to be haunted by the non-performing loan debacle of the 1990s.

On average, BlueOrchard has provided annualized returns of 4.3% in US dollar terms, net of all fees, over the past 15 years. That is highly attractive for Japanese players, given an interest rate environment characterized by negative-interest rates.

“The importance of impact investment has changed dramatically from the investor’s perspective,” Fanconi says. “I would use our cumulative performance over 15 years, and our low percentage of non-performing loans as a benchmark to challenge the investment industry to give more weight to this asset class.”

And while outperforming the aid model and helping to put societies in the under-developed and developing world on a more autonomous footing, there are clear political and geo-political ramifications.

“As we sit here, BlueOrchard is deploying loans every 7 seconds. We are currently deploying 30 million loans in total and reach about 10% of the people who live under the global poverty line.”

Fanconi and his colleagues have visited Japan on an ongoing basis and future visits are anticipated based on the expectations for a greater contribution from the second largest capitalist economy, especially given that it maintains close historical and cultural ties with south-east Asia that provides it with unique insights into the region.

“We believe, that particularly in Japan, the demand we have created in conjunction with very reputable institutions is going to increase the awareness of impact investing throughout the Japanese society,” Fanconi says.

But, for the Swiss banker who is as comfortable talking academically-derived finance techniques with his well-heeled colleagues in financial centers around the globe, as he is conversing with a Cambodian micro-entrepreneur who has made a small scale business by recycling rubbish, it is now time to go back to the field.

“Tomorrow, I will go back to Cambodia and work in the field again; no tie, no nice hotel, no nothing! Just real life,” he says.



IMPACT INVESTMENT

ASEANの女性起業家は、なぜ融資対象として魅力的なのか

text by Martin Foster

photograph by Cedric Diradourian | translation and editing by Mari Minakuchi

マーティン・フォスター = 文 セドリック・ディラドリアン = 写真 水口万里 = 翻訳・編集

3000万口の融資実績を持つマイクロファイナンス専門の投資機関が、新ファンドの融資対象として「女性起業家」を選んだ。そのビジネス的根拠を聞とは――。

2016年10月、日本の投資機関に全く新しい視点をもたらすファンドが日本に誕生した。日ASEAN女性起業支援基金と名付けられた同ファンドは、マイクロファイナンスを通じたASEANの女性のスモールビジネス支援を目指す。国内の機関投資家の参画を前提とし、マイクロファイナンスを戦略的な投資手段として位置づけた、政府と民間セクターが出資する投資プロジェクトである。

その仕掛け役は、スイスの投資機関会社、ブルーオーチャードだ。マイクロファイナンス専門の投資機関として01年に設立されてから15年、商業銀行からの借り入れが困難な貧困層への融資を行ってきた。基金発足後も、ファンドマネジャーとして中心的な役割を果たしている。

マイクロファイナンスは慈善事業として捉えられがちだが、ブルーオーチャード会長・ピーター・ファンコーニはそのスタンスに否定的だ。

「我々の活動は慈善事業ではなく、ビジネスを目的とし、リターンを見据えた純粋な投資です」と断言する。

ビジネスであると明言するだけあって、彼らが今回ASEANの起業家の中でも女性を対象に選んだのにも、合理的で明確な理由がある。融資リスクの低さだ。

ファンコーニいわく、女性は、男性に比べて中長期の計画に長けているという。そのため女性への融資はデフォルト率も低く、リスクが少ないというのだ。この傾向は、

ブルーオーチャードが行ったある調査に裏付けられている。

家庭を持つ男女にそれぞれ同額のマイクロファイナンス融資したところ、男性はよりリスクの高い資金の使い方をする傾向があることがわかったのだ。他方、女性はより堅実な使い方をし、融資した際のデフォルト率は「1%よりもかなり低い」という。

日本で前例のない取り組みにもかかわらず、日ASEAN女性起業支援基金は既に1.2

億ドルの融資を計画している。国際協力銀行、国際協力機構、住友生命などからの出資も決まった。「高リスク」というイメージが先行し、貧困層への投資が敬遠されてきた日本における突破口として期待される。

「こうして座っている間にも、ブルーオーチャードは7秒に一人のペースで融資をしています」とファンコーニ。同氏の先見性と手腕の下に、マイクロファイナンスの夜明けがようやく日本にも訪れようとしている。①



ピーター・ファンコーニ

写真右/ブルーオーチャード・ファイナンス会長。PwCなどを経てHarcourt Investment CEO、ヴェオントベル・プライベート・バンクCEOを歴任し、現職。著書に「Small Money-Big Impact」「Power to the Poor」(共に共著、NZZ Libro Verlag) などがある。

オマル・カンディール

写真左/ブルーオーチャード・ファイナンス取締役副会長。カリフォルニア大学パークレイ校で物理学の学士号、南カリフォルニア大学で地質学の修士号を取得。石油会社、サウジアラビア政府勤務を経て現職。中東やアフリカ北部への投資を専門としている。