

## Ex-Ante Evaluation Report

Private Sector Investment Finance Division  
Private Sector Partnership and Finance Department  
Japan International Cooperation Agency (JICA)

### 1. Name of the Project

Country: Developing countries

Project: Financial Access Improvement Microfinance Project (hereinafter, the “Project”)

Signing Date: August 22, 2019

Investee: Gojo and Company, Inc. (hereinafter, “Gojo”)

### 2. Background and Necessity of the Project

#### (1) Current State and Issues of the Microfinance Sector

There are about 1.7 billion adults in the world who do not have accounts with financial institutions (Global Findex 2017). Of these adults, roughly 1 billion are women, and the gender gap is wider in developing countries. Improving access to finance is a major challenge for developing countries. The Sustainable Development Goals (SDGs) also aim to “ensure access to financial services, including microfinance” (Goal 1) and “improve access to financial services” (Goal 8). The objective of the Project is to improve access to finance in developing countries by supporting microfinance institutions (hereinafter, “MFIs”) in those areas with their business expansion. With women accounting for 95% of MFI customers to which Gojo provides financial support, the Project is expected to contribute to increasing women’s economic empowerment. In India, Cambodia, Sri Lanka and Myanmar, the countries where Gojo is operating at present, the governments are aiming to strengthen the financial sector and promote financial inclusion, by developing microfinance-related policies and regulations. These countries have a large market potential and there is a significant demand for microfinance.

#### (2) Japan and JICA’s Cooperation Policy for the Microfinance Sector

At the G20 summit in December 2010, the G20 member countries, including Japan, launched the Global Partnership for Financial Institution (GPFi), which recognized “the critical importance of extending access to financial services to individuals and SMEs in the developing world”. A communique issued at the G20 Finance Ministers and Central Bank Governors Meeting in March 2017 announced a further commitment to supporting the work of the GPFi. In June 2018, development finance institutions from the G7 countries, including JICA, adopted the initiative “2X Challenge: Financing for Women,” which aims to mobilize US\$3 billion by 2020 for investment in women’s economic empowerment initiatives.

JICA’s Position Paper on SDGs Goal 1 (Ensuring access to financial services, including microfinance) released in 2017 says that JICA will focus on promotion of the mainstreaming

of cooperation to eradicate poverty, strengthening of the perspective of financial inclusion and promotion of collaboration with the private sector and various other stakeholders. The Project is consistent with Japan and JICA's policies, and is also expected to contribute to the 2X Challenge.

### 3. Project Description

#### (1) Project Objective

The objective of the Project is to improve access to finance for the low-income classes in developing regions by supporting MFIs with their business expansion, thereby contributing to raising their standard of living.

#### (2) Project Site

Developing areas (four countries, namely India, Cambodia, Sri Lanka and Myanmar, presently covered by the Project; other developing countries will be included in the future)

#### (3) Project Description

Support MFIs in developing countries with their business expansion through investment in Gojo.

#### (4) Schedule

Established in July 2014, Gojo currently operates in four countries.

#### (5) Project Implementation Structure

- 1) Investee: Gojo and Company, Inc.
- 2) Project implementation schedule: Same as above
- 3) Operating and Maintaining Organization: Same as above

#### (6) Environmental and Social Consideration / Poverty Reduction / Social Development

##### 1) Environmental and Social Consideration

- ① Category: C
- ② Reason for Categorization: The Project does not correspond with any sensitive sectors, characteristics, and areas listed in the Japan International Cooperation Agency Guidelines for Environmental and Social Considerations (published in April 2010; hereinafter, "JICA Guidelines for Environmental and Social Considerations"), and the adverse impact of the Project on the environment is considered minimal. Accordingly, it is categorized as C.
- ③ Promotion of Poverty Reduction: Expansion of financial services for the poor by MFIs and others to which Gojo provides financial support is likely to promote poverty reduction.

##### 2) Cross-cutting Issues: None

##### 3) Gender Category: [Gender project] ■GI (P) (Project mainly benefiting women)

<Description of activities and reason for classification>:

Gojo provides financing with MFIs whose customer is 95% women. The Project is expected to contribute to increasing women's economic empowerment.

#### **4. Targeted Outcomes**

(1) Quantitative Effects

Operation and Effect Indicators

- Number of borrowers
- Proportion of women in borrowers
- Gross loan amount

(2) Qualitative Effects

To improve standard of living by increasing access to financial services

#### **5. Evaluation Results**

The project is consistent with the development issues and policy, and assistance policies of Japan and JICA and will surely contribute toward SDGs Goal 1 (ensure access to financial services, including microfinance) and Goal 8 (improve access to financial services). Accordingly, there is a substantial need for JICA to support the Project.