

MICROCAPITAL BRIEFS | TOP STORIES

ABC World Asia Raises \$281m for Impact Investments

Please see page 2 for coverage of this MicroCapital Deal of the Month.

Angaza, SIMA Launch Distributor Fund for Off-grid Solar Power

Angaza, a provider of “pay-as-you-go” metering technology, and US-based Social Investment Managers and Advisors (SIMA), recently announced the launch of the SIMA Angaza Distributor Financing Fund (DFF), an investment vehicle that will lend to distributors of off-grid solar energy equipment. Lesley Marincola, the CEO of Angaza, said the fund will be “leveraging centralized, real-time data analytics to de-risk working capital loans and attract more lenders to invest.” DFF has received initial investments of undisclosed size from the UK-based Shell Foundation and the following US-based organizations: Ceniarth; the Skoll Foundation; and the US Agency for International Development. Angaza’s pay-as-you-go service allows people to buy products with a downpayment plus a series of micropayments. Each time the user makes a micropayment, the device is enabled remotely for a certain span of usage. Angaza has offices in Kenya and the US. November 25, 2019

First VisionFund Bond Issue Raises \$14m for Women, Farmers

VisionFund International (VFI), which is owned by US-based NGO World Vision, recently issued a bond package in Australia, raising the equivalent of USD 13.8 million to fund microloans, mainly for farmers and non-farming female entrepreneurs who live in poverty. The bonds, which are part of the first-ever such issue by VFI, carry a term of five years and pay annual interest of 5 percent. FIIG Securities of Australia served as lead arranger of the issue, on a pro bono basis. FIIG Managing Director Jim Stening said that this “is the first time we have brought an impact investment product to market, with the VisionFund bond meeting the growing appetite amongst Australian investors for purpose-driven investment without sacrificing returns.” VFI provides loans, savings, insurance, financial education and business skills training in 28 countries. World Vision is a US-based Christian relief and development organization that had 2018 revenue of USD 1.06 billion. November 20, 2019

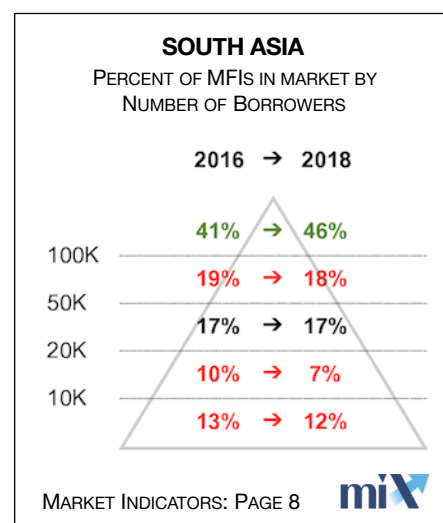
TVL Launches M-Vatu Mobile Money in Vanuatu

Telecom Vanuatu Limited (TVL), a mobile network operator in the island nation of Vanuatu, recently launched the mobile money service M-Vatu with technical and financial assistance from the UN’s Pacific Financial Inclusion Programme and the Australian government. The platform, which allows users to send and receive money via mobile phones, is available to TVL customers free of charge and does not require a bank account. Barlen Lutchmoodoo, the CEO of TVL, was quoted as saying, “We are confident that people will see value in using mobile money given the convenience, safety and affordability. We also see M-Vatu playing a crucial role in accelerating e-commerce and will soon extend the service to people living in outer islands.” TVL, which is owned by Fiji’s government-controlled Amalgamated Telecom Holdings (ATH), developed M-Vatu with technical assistance from ATH’s affiliate, Vodafone Fiji, which operates the M-Paisa mobile money service in Fiji. Vodafone Fiji is minority-owned by the UK-based Vodafone Group. November 19, 2019

Fintech Lidya Expanding MSME Lending to Eastern Europe

Lidya, a US-based financial technology firm active in Nigeria, recently announced the launch of its lending to micro-, small and medium-sized enterprises (MSMEs) in the Czech Republic and Poland, particularly in agriculture, pharmaceuticals and retail. The projected average loan size in these countries is USD 15,000, five times the company’s average loan size in Nigeria. This expansion is part of Lidya’s plans to disburse USD 1.1 billion to MSMEs over the next five years, including in four new countries each year. The firm offers savings services as well as credits of USD 150 to USD 100,000, with loan disbursement completed within 24 hours of application approval. Lidya Cofounder Tunde Kehinde said, “During slowdowns, banks restrict themselves from taking risks.... Together with the long-term investors on our side, we are basically agnostic to business cycles.” Since its founding in 2016, Lidya has issued 11,000 loans and raised funds totaling USD 8.2 million. November 7, 2019

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MICROCAPITAL BRIEFS

BNP Paribas Loans \$4.2m to Annapurna of India

France-based BNP Paribas recently informed MicroCapital that it has issued a two-year, local-currency loan equivalent to USD 4.2 million to Annapurna Finance, payable in quarterly installments. Annapurna, a microlender based in the city of Bhubaneswar, India, was founded in 2009. It offers secured and unsecured loans to groups and individuals. Its menu of loan products includes offerings for households, people with disabilities, microentrepreneurs, and small and medium-size businesses. The loans are customized for purposes such as housing upgrades, solar equipment, dairy farming, agriculture and purchasing appliances. Annapurna has a gross loan portfolio of USD 418 million outstanding to 1.5 million customers. Its 570 branches span 16 states. November 30, 2019

SINPF's LoMobile Offers Digital Savings in Solomon Islands

The Central Bank of Solomon Islands (CBSI) and the Solomon Islands National Provident Fund (SINPF), a government-backed retirement trust, recently launched LoMobile, a digital savings channel that allows SINPF account holders to purchase mobile airtime credit to make deposits into their youSave accounts through simple mobile phones. The new service also allows customers to check their account balances, and it does not require a data connection. CBSI Governor Luke Forau said, "[T]his new mobile service...will really improve access and usage of long-term savings products, especially for those communities of Solomon Islands that do not have bank branches and agents." YouSave is a savings plan designed to help self-employed islanders establish and contribute to retirement accounts as do "formally employed" citizens. The plan has approximately 15,000 members. SINPF was established in 1973 under a law providing that "every employer is required to pay to the Fund a sum equivalent to 12.5 percent of each employee's total gross salary each month." November 26, 2019

MFIs Borrow \$42m from C-Quadrat Dual Return Vision Fund

Two microfinance institutions (MFIs) in the ASA International network, those in Ghana and Uganda, recently accepted local-currency loans from the Dual Return Vision Microfinance-Local Currency sub-fund of Austria-based C-Quadrat Asset Management. That sub-fund, together with the Dual Return Vision Microfinance sub-fund, issued a total equivalent to USD 42 million during October. The other borrowing MFIs are located in Cambodia, East Timor, Ecuador, El Salvador, Guatemala, India, Indonesia, Mexico, Myanmar and Uzbekistan. This is the first time the Dual Return funds have invested in Guatemala and Uganda. The identities of the other MFIs and the amounts invested in each remain confidential. The entities of ASA International operate 1,800 branches and hold an aggregate gross loan portfolio of USD 420 million outstanding to 2.3 million borrowers in 13 countries in Asia and Africa. November 20, 2019

Mastercard Foundation Commits \$300m to Young Ethiopians

The Canada-based Mastercard Foundation recently committed USD 300 million to expand a program called Young Africa Works into Ethiopia. Young Africa Works is intended to create job opportunities for 30 million young Africans, 70 percent of whom are women, in 10 countries by 2030. The expansion, which was launched in partnership with Ethiopia's Jobs Creation Commission, will help entrepreneurs as well as small and medium-sized businesses by "catalyzing growth in the tourism, agriculture, manufacturing, and information and communication technology (ICT) sectors...providing access to finance, business development support and skills development so they can further scale their businesses to create more jobs for young Ethiopians." Semhal Gush, the founder of Ethiopia's Kabana Leather, was quoted as saying, "What keeps me going is knowing that my drive does not come from making a profit, but from creating jobs that are giving people a livable income and helping them flourish and grow." November 18, 2019

Ugandan Motorcycle Taxi Leasing Company Tugende Raises \$13m

Uganda's Tugende, which specializes in leases for motorcycle taxis known as *boda-bodas*, recently raised USD 13 million from undisclosed sources under consultation from Verdant Capital. Tugende has 14,000 active leases and a loan book of USD 13.7 million. Its 30-day portfolio-at-risk ratio is below 1 percent. Tugende, which translates as "let's go," has 16 branches in Uganda and recently received a license to expand to Kenya. Verdant Capital, which has offices in the Democratic Republic of Congo, Ghana, Mauritius and South Africa, provides capital raising and financial advisory services as well as assisting in mergers and acquisitions. November 18, 2019

ABC World Asia Raises \$281m for Impact Investments

ABC World Asia, a private equity fund launched in May by an arm of Singapore's sovereign fund Temasek Holdings, recently raised the equivalent of USD 281 million to invest in China, South Asia and Southeast Asia. In particular, the fund will target companies that specialize in "climate and water solutions, sustainable food and agriculture, smart and liveable cities, financial inclusion, better health and education." The investors in ABC World Asia, which was launched by the nonprofit Temasek Trust, include US-based Pavilion Capital and the following Singapore-based companies: Mapletree Investments; Seatown Holdings; and Sembcorp Industries. Established in 1974, Temasek Holdings is a conglomerate with assets valued at USD 230 billion. November 13, 2019

Agora Microfinance Zambia Borrows \$324k from GCA Foundation

Agora Microfinance Zambia recently borrowed the local-currency equivalent of USD 324,000 from the Luxembourg-based Grameen Credit Agricole Foundation for a term of three years. During 2018, the microfinance institution (MFI) began offering money-transfer and insurance services in addition to loans. It reports eight branches, return on equity of 15 percent and a 30-day portfolio-at-risk ratio of 1.3 percent as of the end of that year. As of 2019, it serves 37,000 active borrowers, of whom 58 percent are women and 85 percent live in rural areas. Agora Microfinance, which has offices in the Netherlands and the UK, operates MFIs in Cambodia, India and Zambia. These institutions service 1.2 million deposit accounts, 440,000 borrowers and 340,000 microinsurance clients. November 12, 2019

IIV Mikrofinanzfonds Lends \$49m in 8 Countries

Germany-based Invest In Visions (IIV) recently loaned USD 10 million to Alternativa 19 del Sur, a microfinance institution (MFI) in Mexico. The investment is one of a group of loans totaling USD 48.7 million that IIV recently disbursed from its microfinance investment vehicle IIV Mikrofinanzfonds. The recipients of this funding include unidentified MFIs in Ecuador, Egypt, Indonesia, Kazakhstan, Kyrgyzstan, Kosovo and Timor-Leste. Founded in 2006, Alternativa 19 del Sur supports "small-scale entrepreneurship" by providing clients - many of whom are women, individuals living in rural areas or both - with credit and technical support. The MFI serves 850,000 borrowers with a gross loan portfolio of USD 157 million. November 6, 2019

MicroCapital Monitor - © 2019 MicroCapital - ISSN 1935-505X
The MicroCapital Monitor is published monthly by MicroCapital

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Please refer to <http://MicroCapital.org> for the sources of information appearing in this publication. Among these, MicroCapital recognizes CGAP, its FinDev Gateway and the Microfinance Information Exchange for their outstanding work disseminating information on microfinance. Thank you!



EUROPEAN MICROFINANCE PLATFORM

NETWORKING WITH THE SOUTH

SPECIAL REPORT

This feature is part of a sponsored series on European Microfinance Week, which took place from November 20 through November 22, 2019, in Luxembourg. The event is held each year by the European Microfinance Platform (e-MFP). MicroCapital was engaged to report on-site from the event, as it has yearly since 2012. The following describes a portion of the proceedings.

Are MFIs Causing Child Labor?, How to Keep Children in School

The motivations for adults to engage children in age-inappropriate work include: (1) a family's need for more income; (2) social norms that encourage child labor or the passing down of skills from parents to young children; (3) insufficient educational opportunities; (4) market demand for manual labor that may be easier for workers with small hands; and (5) illness of a family member, resulting in a backlog of work or a need for replacement income.

One problem with a child filling in for a sick family member is that children who leave school for work very rarely return to school. Microfinance institutions (MFIs) can help by insuring the health and lives of families' earners. Savings accounts can also aid in funding education or emergency living expenses in case of economic shock.

Alex Ahabwe of Opportunity Bank Uganda Limited (OBUL) discussed child protection efforts in his country. After the daughter of a client was raped on her way to school, OBUL began training school administrators about child protection. It also established a toll-free number for reporting child abuse. In addition to training administrators, OBUL has a program using songs, drama and poetry to encourage parents to keep their kids in school. Related products include savings clubs, free child savings accounts and grants to cover tuition.

Mr Ahabwe explained that group loans can help farmers reduce their need for child labor. Loans for school fees can help families keep their children in school. When the distance to school is too great, loans to schools can enable the purchase of school busses or the construction of additional schools. OBUL-funded schools also have sewing machines that students can use to make reusable sanitary pads, which is very important, as girls often leave school when they begin menstruating because they do not have access to sanitary products.

Amelia Kuklewicz of the Grameen Foundation described her organization's Reducing Incidence of Child Labor and Harmful Conditions of Work in Economic Strengthening (RICHES) project. One of the draft RICHES tools is the Child Labor Risk Assessment for Women's Economic Empowerment Initiatives, which allows for the quick rating an MFI's risk exposure to child labor.

Ms Kuklewicz noted that older children and female children (regardless of birth order) are more likely to be engaged in age-inappropriate work. Also, child labor is most common in the informal sector and rural markets, where MFIs are disproportionately active. Thus MFIs have a unique opportunity to fight child labor. However, they also risk exacerbating it. For example, Ms Kuklewicz argued that MFIs should be flexible with repayment schedules when families experience economic shocks. Collections practices should not be overly aggressive. Also, MFIs should be aware that helping a farm expand or a household enterprise to acquire new machinery is sometimes correlated with an increase in child labor. Microfinance investment vehicles (MIVs) can also support MFIs in this work by encouraging them to prohibit child labor in their policy and loan documents. They can also encourage the use of rubrics like the RICHES tools, which the Grameen Foundation is inviting MIVs to test.

\$1.1b for Women in Africa, Bringing Savings to Market Sellers

Arguing that, "It's smart business" to boost opportunities for women, Enrico Pini of the European Investment Bank described that institution's SheInvest program, which is scheduled to mobilize the equivalent of USD 1.1 billion to invest in entrepreneurship, financial inclusion, digital inclusion and climate-resilience efforts for African women.

Njideka Nwabueze of Nigeria's Access Bank described her company's product, "Beta," which translates as "Good" in the local language. She explained that women who sell products in markets risk losing good selling spots if they leave during the day to visit a bank. This is part of why Access launched Beta, an interest-bearing savings account that leverages mobile money but is delivered through agents, known as "Beta friends." For low-balance accounts, no signature or identification document is needed. There are no periodic or per-transaction fees. However, after the initial product launch, Access did institute a start-up fee to cover the cost of the debit card that each account holder receives.

One sign of success is that Beta customers have asked for second accounts because they are using their first ones as transactional accounts, and they want another one to dedicate to longer term savings. Users also have asked for services such as loans and payments, confirming Access's belief that the financial inclusion arena is a "market for growth."

Echoing some of the features of Beta, Elisabeth Ballreich of Women's World Banking praised the implementation of tiered know-your-customer (KYC) requirements, as well as using agents to meet customers in their homes and places of business. She also encouraged tailoring products to customers' needs in terms of language, payment habits and other characteristics. As an example of cultural needs, Ms Ballreich points out that in many parts of the world, such as much of Pakistan, it is not acceptable to send male agents to solicit women to enroll in financial services, which requires the collection of personal information such as phone numbers.

On a broader level, Ms Ballreich noted that the gender gap between men's and women's account ownership persisted at 9 percent even as the rate of women's account ownership rose from 58 percent to 65 percent from 2011 to 2018. She attributed this to women tending to have less free time than men and being more tied to the home by various cultural pressures. On average, women also are less literate as well as less likely to have identification documentation, a regular income or a mobile phone. In addition, Ms Ballreich said, women are usually slower than men to place trust in financial institutions and new technologies.

Ron Everts of PHB Development described an initiative by Ahli Microfinance Company (AMC) of Jordan to launch two new efforts: (1) offering mobile payments and disbursements via mobile network operators (MNOs); and (2) transitioning loan officers to using tablet computers so they can perform credit scoring in the field. During the process, AMC learned the following lessons: (1) the switch to digital services requires a clear business case to drive the process; (2) incorporation into the entire strategy of the business is key; and (3) a slow rate of introduction is helpful because digitization reaches into all of the business's processes.

Bridget Dougherty of BRAC International illustrated how female clients' preferences sometimes surprise practitioners. When the mobile money service bKash started to gain market share in Bangladesh, BRAC staff were concerned that clients would start drawing down their savings balances from BRAC and move their funds to bKash. However, only 15 percent of women chose to do so. Echoing Ms Ballreich, Ms Dougherty said, "The switch to digital is not automatic, especially for women."

Ms Dougherty also noted that while designing a new financial technology (fintech) product may seem like a challenge, getting an organization's computer system to integrate with a new fintech feature is often much more difficult. At the same time, organizations should beware of the difficulty of acclimating staff to new products. Given these challenges, she said, the question is "not *if*, but *when* the organization will invest in MIS [management information systems] and staff training."

Pre-disaster Payouts, International Law for the Climate-displaced

Manuel Tonnar, who leads Luxembourg's Directorate for Development Cooperation and Humanitarian Affairs, said that his country "is committed to transforming itself and helping others transform their economies into sustainable economies." This is "not for charitable reasons," he argued, "but because it's the most efficient way" to make progress. Mr Tonnar also argued that, "Financial inclusion should be closely allied with other development interventions to provide the most value to disadvantaged populations." In closing, he quoted French economist and diplomat Jean Monnet: "I am not optimistic. I am not pessimistic. I am determined."

Journalist Tim McDonnell told the stories of several families who have been displaced by climate events. In Nigeria, violence between farmers and ranchers who have been displaced by drought has killed more people than Boko Haram. In Guatemala, Mr McDonnell said, drought is the biggest driver of migration, contrary to the popular perception that gang violence and poverty are primary.

Mr McDonnell cited an estimate that the number of people displaced by climate change soon will grow into the hundreds of millions. Two members of the US Congress have proposed a bill that would protect this group. Mr McDonnell suggests that international law should protect climate-displaced people, perhaps using a mechanism similar to the UN recognition for which refugees from violence can apply.

Pedro Emilio Marchetti of Nicaragua's FDL stated, "We could think the climate is our enemy. We at FDL believe that the microfinance industry is uniquely posed to make climate its ally." For example, he states that planting trees can return carbon to the earth, reducing global warming. Rather than climate, Mr Marchetti says, "It's *our practices* that are the enemy." And microfinance has a track record of helping people to improve their practices.

Part of a winning strategy is to listen to clients. Mr Marchetti argues, "It's about taking our hands off, letting our clients design the products they want. Clients asked us for solar panels, so we created a product. They asked for trees...we scaled it up, but they started it." FDL now offers about 30 products, one of which combines loans, technical assistance and "bio awards" for using practices that "work with nature instead of fighting it."

One of the main products of Kenya's APA Insurance is designed to prevent the loss of livestock to drought. When satellite data indicate that rainfall has been dangerously scarce, the insurance pays farmers so they have funds to re-locate or otherwise care for their livestock *before* the animals are in serious danger of death. APA also has a product for crops that pays off farmers' loans in case of inclement weather, and it gives cash to farmers to replant. However, in talking to clients, the team found that many families' immediate priority is school fees, rather than replanting.

Rolando Victoria of the Philippines' ASKI discussed that organization's work in renewable energy, tree planting, waste segregation and serving out-of-school youth. The microbank also has built a value-chain program through which it organizes farmers into cooperatives and gives them technical training. When it began getting involved in insurance, it set up a separate entity for this purpose. Five of the seven board members of this entity are clients.

Sarfraz Shah of APA described the importance of partnerships, in particular working with MFIs to distribute products in rural areas. He sees this as an easy sell to MFIs. He asks: Why would an institution lend to a farmer knowing that weather conditions could easily wipe out any chance of repayment? From the borrowers' perspective, Mr Shah finds that bundling insurance with input loans, over time, leads farmers to think of insurance as an input cost, similar to seed or fertilizer.

"Without partnerships," Mr Shah says, "it's too difficult to do what we want to do." Regarding the challenges of partnerships, he jokes: "You may fight with your sibling, but in the end you grow together."

In the Past, Future of Microfinance: "Trend Toward Rigor"

The e-MFP officially launched the second *Financial Inclusion Compass*, a survey indicating that the top trends in financial inclusion are: (1) digital transformation (institutional-side); (2) client protection; (3) digital innovation (client-side); (4) regulatory environments; and (5) social performance/impact measurement. Meanwhile, the document identifies the following as top "areas of focus:" (1) agri-finance; (2) climate change; (3) finance for small and medium-sized enterprises (SMEs); (4) finance for displaced populations; and (5) finance for youth.

Sam Mendelson of e-MFP notes that those responding to the *Compass* felt there has been improvement in terms of client protection by long-term microfinance providers, but concerns remain about a lack of client protection by some digital providers.

Renée Chao-Beroff of the Participatory Microfinance Group for Africa (PAMIGA) spoke as a representative of Convergences, which has published the *Microfinance Barometer* each year for the past 10 years. Using data from the Microfinance Information Exchange (MIX), the *Barometer* shows that the annual growth in total number of clients slowed to 10 percent during the past decade, half the rate of the previous decade. In just the last five years, the growth rate fell to an average of about 7 percent, while total loan portfolio grew at a rate of 11.5 percent. "Is this because enterprises are growing?", Ms Chao-Beroff asked. Or are enterprises simply becoming more highly leveraged? One clue is that the total portfolio-at-risk ratio, which had been at 4 percent, a rate generally considered safe, has doubled.

On the topic of credit risk, Ms Chao-Beroff cited over-indebtedness as one of the top challenges in the sector, particularly in saturated markets. She also mentioned competition from fintechs' simple, discrete services. In response, she promoted the increasingly popular idea of "high-tech/high-touch" services that combine technological products with significant one-on-one support to educate clients about the product and its use, as well as encouraging both uptake and long-term usage.

Rupert Scofield of FINCA International argued that the rise of microfinance has diluted its effects over recent decades: "Back then, capital was so scarce for poor people, especially women, that loans really unleashed their productive power." Now that many more people have access to finance, he stated, the marginal return on lending is less.

Given that "loans alone do not have the power to get people out of poverty," Mr Scofield cited FINCA Plus products, which address non-financial needs, such as health care, sanitation and energy. FINCA also has invested in eight social enterprises, including one that uses seven-day rain forecasts to help African farmers determine the best time to plant.

Regarding concerns that randomized controlled trials (RCTs) are showing that microfinance does not help people escape poverty, Mayada El-Zoghbi of Accion's Center for Financial Inclusion said that RCTs are helping to manage expectations around microfinance. She said they are showing that payments services are helpful for poor people in general and that microcredit is helpful for microentrepreneurs. Mr Mendelson said, "RCTs are part of a broader trend toward rigor that is the best thing happening in microfinance over the past 10 years."

Ms Chao-Beroff also cited a trend she has observed regarding financial service providers (FSPs) partnering with MNOs. A few years ago, MNOs were often interested in partnering with MFIs to reach clients in remote areas. Now, she said, they have become more interested in teaming up with large banks. However, she argued that, "This is really what the market needs players like us for; we can bring knowledge of clients" to organizations that do not focus on serving poor people. As an example, she cited the experience of PAMIGA Finance investing in India-based Orb Energy, a provider of solar panels to rural SMEs. Normally a smaller equity investor like PAMIGA would be denied preferred shares, but Orb was interested in PAMIGA's expertise in the target client group. Thus, despite a peer investing eight times more money, PAMIGA Finance's investment of USD 500,000 was met with an offer of preferred shares.

APA of Kenya Wins \$110k European Microfinance Award

Paulette Lenert, Luxembourg's Minister for Cooperation and Humanitarian Affairs, presented the 10th European Microfinance Award to APA Insurance Limited for its index-based agriculture insurance, which covers crops and livestock raised by 350,000 families in Kenya. The Award includes a cash prize equivalent to USD 110,000.

Index-based insurance makes payments based on an easily measured environmental condition known as an "index" (e.g. the amount of rainfall or vegetation levels measured by satellite). When the index exceeds a particular threshold, farmers automatically receive compensation. Thus, insurance agents need not visit each customer to assess damages.

While increasingly unpredictable weather conditions and climate change threaten the already precarious situations in developing countries, Minister Lenert, who chaired the High Jury of the European Microfinance Award, noted that, "This year's Award illustrates that inclusive finance has an essential role to play in strengthening the resilience of vulnerable communities to the effects of climate change, which threaten the livelihoods of disadvantaged communities, especially those relying on agriculture, forestry or fisheries."

The European Microfinance Award was launched in October 2005 by the Directorate for Development Cooperation and Humanitarian Affairs of the Luxembourg Ministry of Foreign and European Affairs to nurture innovative microfinance initiatives. It is jointly organised by the Ministry of Foreign and European Affairs, the e-MFP and the Inclusive Finance Network Luxembourg (InFiNe.lu). The theme of the 2020 award will be savings.

Investors Action Group Wrestles with Measuring Client Outcomes

Members of the e-MFP Investors Action Group met to review their progress in developing methods for reporting client outcomes in terms of the UN Sustainable Development Goals (SDGs). Cécile Lapenu from Cerise explained that the action group is working to: (1) identify investors' expectations regarding reporting on outcomes; (2) review existing impact reports and websites to identify the metrics now in use; (3) conduct field tests of selected indicators; and (4) document the results to serve as guidance moving forward. The group is now soliciting information from investors on their existing data collection practices.

Ms Lapenu argued that factors such as client satisfaction do not meet the generally accepted definition of outcomes. Some FSPs are measuring more robust criteria such as client income and number of employees in client enterprises. Still others are using tools such as the Poverty Probability Index (PPI, formerly known as the Progress-out-of-poverty Index). However, these FSPs generally lack the capacity to analyze this data and track it over time.

Among the goals of the Action Group is to create a framework that is helpful for investees as well as investors, preferably building on what is already in use for tracking other data. Some FSPs may need support to see the value of collecting outcomes data at all. This would be in addition to the help many FSPs need to establish the data collection process and determine how to use the results to make changes in their organizations. One way to motivate FSPs is to illustrate the business case for collecting and using outcomes data. Does helping more clients exit poverty improve customer retention? Does documenting your clients' successes help attract investors?

Maya Kobalia from Georgia's Microfinance Organization Crystal explained that it was challenging for Crystal to create a shared vision among shareholders, customers and staff regarding outcomes measurement. As part of this effort, Crystal communicated with 500 clients by phone and brought in 100 to participate in focus groups.

Estelle Marcoux from SIDI related how her organization has made successful outcomes more of a factor in its process for deciding whether to fund partners. However, SIDI's partners generally lack the capacity to measure outcomes well. To do so, she believes most will need better computer systems and greater financial strength.

Safeya Zeitoun of the Symbiotics Group described how her firm has tracked the client outcomes of the Loan for Growth Fund, which has USD 50 million deployed to 500 SMEs in 20 countries. During each of the last three years, the firm has interviewed all 500 firms to collect data such as total income, number of employees, number of youth employees and the owners' outlook for the future.

In a separate effort, Symbiotics is working on a study of microfinance clients in sub-Saharan Africa. The team plans to conduct 600 interviews seeking data such as change in number of employees over time, level of indebtedness, whether the client had financial services before working with its current FSP and how the client believes her business performance has changed over time.

Atlas to Unify Financial, Social, Pricing, Client Protection Data

Lucia Spaggiari and Aldo Moauro of MicroFinanza Rating (MFR) described Atlas, a platform for collecting and analyzing data on microfinance. Its data categories include financial performance, social performance, pricing and client protection. The data library includes a range of data types from MFR, as well as pricing data from the now-closed NGO MicroFinance Transparency. These cover about 550 FSPs, including microbanks, fintech lenders, and SME funders. MFR has agreements in place with the French NGO Cerise and the US-based nonprofit Microfinance Information Exchange to bring their data online within the next few months. MFR also is uploading data from individual FSPs' financial statements. The goal is for Atlas to offer the most recent three years of data on 1,000 FSPs by 2020.

Access to Atlas is available via various subscription categories, which range in cost from the equivalent of USD 1,100 to USD 22,000 per year. Investors can submit data to the service directly, or they may encourage or require their investees to do so. Organizations that submit data to Atlas may qualify for discounted pricing. Those that report data to Atlas may view their own data in the system and compare it to benchmark data at no charge. FSPs have the option of submitting their data such that they are viewable to certain investors, all investors or none. Existing reporting tools such as Microfact's MFI Factsheet can be synced with Atlas such that no reentry of data is needed.

Mr Moauro said, "I think it's quite revolutionary for our sector. We are talking about a one-stop shop.... It's revolutionary because the quality of the data will be assured by the service." Each data point is tagged according to its reliability. While even self-reported data will be subjected to consistency checks, other data may be classified as more reliable based on criteria including whether a third-party organization has confirmed it by desk review or field visit.

One of the goals of the system is to reduce MFIs' reporting burdens. Mr Moauro asks, "Aren't we an industry mature enough not to make FSPs submit 30 different reports?" Atlas also has flexible reporting options that can reduce investors' needs for other tracking systems. These include pdf exports of benchmarking graphs and spreadsheet output of an organization's own data.

Ms Spaggiari demonstrated how Atlas allows users to contrast the performance of one or more FSPs with those of its peers, based on various indicators. In one or two clicks, she was able to change the default graphs from: (1) multi-year consolidated data to year-by-year; or (2) from showing a consolidated portfolio of FSPs to showing them one-by-one. Pricing data can be plotted loan-by-loan for a more comprehensive picture or product-by-product for a simpler one. ■



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EAR TO THE GROUND

Migrant Entrepreneurship: A No-brainer

Earlier this month, I joined a breakfast meeting in Punta Cana in the Dominican Republic on migrants and financial inclusion, organized by IDB and IFC. I expect a lot of noise on this topic in the next year as forced migration seems to be growing steadily within Latin America.

Migrants need to be served differently than other excluded groups. Through our work, we have seen over and over that challenges related to their cross-border family life, documentation and legal status, lack of familiarity with host-country financial services, and language exclusion mean that they require a different approach to financial inclusion than do other vulnerable populations.

While many of the characteristics that define migrants can be seen as challenges, I see opportunities. Just this week, I was conducting interviews with low-income New Yorkers of all ages and backgrounds. In one group, the two youngest participants were recent immigrants from Latin America. They were also women and the lowest paid in the group. The main differentiator between them and the other adults in the room, however, was that the two women used frugality as a tool for financial stability, and this allowed each of them to save a chunk of their minimum-wage salary. This laser focus is not uncommon in migrant populations. Their histories of using informal savings such as ROSCAs and *tandas* reinforce the rigor with which they lay out paths to their dreams and work to achieve them. It is no accident that 43 percent of Fortune 500 companies were founded by immigrants or their children, according to the Center for American Entrepreneurship. Many of these companies are in the tech sector.

While some 240 million people have voluntarily left their home countries, one group of migrants - refugees - is much more vulnerable. My

friend Amil Aneja, who leads remittance programmes at UNCDF, visited my class at Columbia University last week to share his experience. He noted that there are 26 million cross-border refugees worldwide. If we add those who remain within their own countries, this totals 87 million. Latin America is no stranger to this displacement. Decades of civil wars and other conflicts have driven people to leave their homes with some frequency. Although many of them have come to the US in various waves, recently some - particularly Haitians and Venezuelans - are staying in Latin America. Of the 32 million Venezuelans, 4.3 million have left the country since 2015. These mostly young men and women are creative, hard working and extremely capable, yet they struggle to find work. In Colombia, according to that country's Human Resource Management Federation, only 52 percent of Venezuelan migrants have full-time jobs.

That same study notes that while most Venezuelans in Colombia have relatively low education levels, some 11 percent have been trained in tech. It is time to borrow from the path that some of the most successful migrants to the US have taken and promote opportunities for economic inclusion through entrepreneurship. Of course, this will require capital, financial services and technical support. In a couple of weeks, I will attend the UBS/Village Capital Inclusive Capital Summit in Miami to hear more about how this process can be improved here in the US. Hopefully, some of these lessons will translate to working with migrants within Latin America as well.

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






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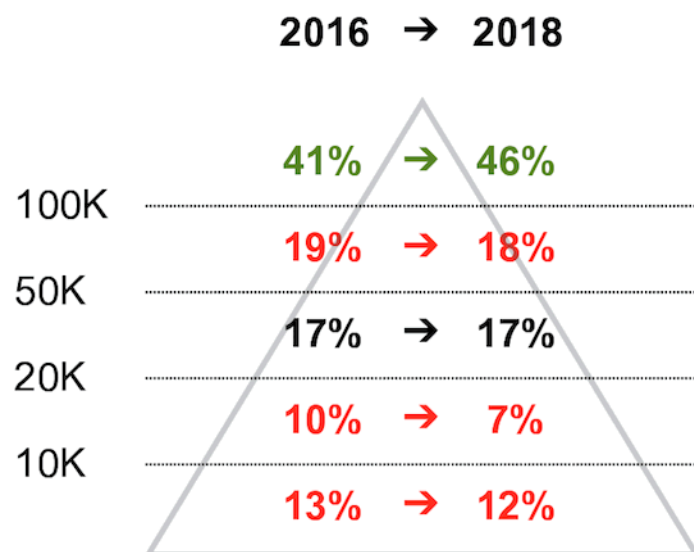


144 MICROFINANCE INSTITUTIONS (MFIs) REPORTING*

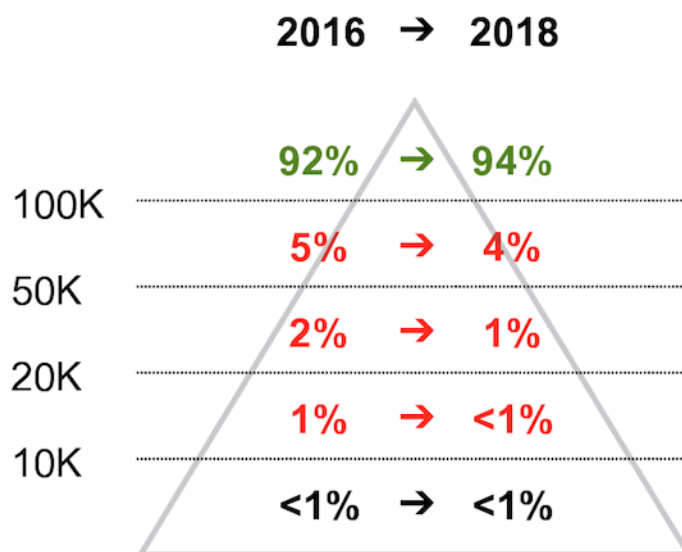
TOP MFIs BY GROWTH IN GROSS LOAN PORTFOLIO: CHANGE IN USD

MFI NAME	COUNTRY	AVERAGE ANNUAL USD INCREASE	AVERAGE ANNUAL % INCREASE	2016	2018
Bandhan Financial Services	India	1.50 billion	47	2.60 billion	5.59 billion
Equitas Small Finance Bank	India	367 million	35	899 million	1.63 billion
BRAC	Bangladesh	328 million	17	1.77 billion	2.42 billion
Shri Kshethra Dharmasthala Rural Development Project	India	225 million	21	987 million	1.44 billion
Ujjivan Small Finance Bank	India	217 million	20	984 million	1.42 billion
Arohan Financial Services	India	215 million	94	155 million	584 million
Utkarsh Micro Finance	India	212 million	65	249 million	673 million
Satin Creditcare Network Limited	India	181 million	28	558 million	920 million
BURO Bangladesh	Bangladesh	149 million	32	407 million	705 million
Samasta Microfinance Limited	India	147 million	199	36.9 million	330 million

PERCENT OF MFIs IN MARKET BY SIZE (NUMBER OF ACTIVE BORROWERS)



MARKET SHARE BY MFI SIZE (NUMBER OF ACTIVE BORROWERS)



*Includes only MFIs that reported data for both 2016 and 2018 to the Microfinance Information Exchange (MIX) Market

Source: MIX, November 2019

UPCOMING EVENTS

Inclusive Finance India Summit

December 4 - December 5, 2019; New Delhi, India

This summit covers issues related to expanding and easing access to financial solutions for households and microenterprises, such as: (1) boosting agricultural lending; (2) using technology to include more participants in the financial system; (3) maintaining the security of client information; (4) linking banks and self-help groups; and (5) determining whether “approaches for microenterprise financing are... inclusive enough.” The cost to register is INR 12,500 for Indian nationals, and it is USD 550 for international participants. Members of various groups, including all women, are eligible for discounts of 10 percent to 50 percent. For more details, you may contact Priyamvada Rathore at +91 1148787524 or priyamvada[at]accessassist.org, or you may visit <https://www.inclusivefinanceindia.org>.

The Jobs Conference

December 9 - December 10, 2019; New Delhi, India

This event will gather stakeholders to discuss problems in India's labour market. Topics range from “inclusion of the LGBT [lesbian, gay, bisexual and transgender] community” to the impact of “automation, digitalization, artificial intelligence and robotics.” The cost to attend is USD 85 for general delegates and USD 70 for students. Group pricing is also available. For more information, you may contact Rishabh Bhardwaj at +91 8800773181 or rbhardwaj[at]grameenfoundation.in, or you may visit <http://thejobsconference.org/>.

9th Global Islamic Microfinance Forum

December 11 - December 13, 2019; Lahore, Pakistan

This event's agenda will focus on the challenges and opportunities of Islamic microfinance, including how to mitigate the difficulties faced by refugees, improve deposit management, boost risk management, deploy financial technology and alleviate poverty. The cost to attend is USD 1,490 for international participants and PKR 54,500 for Pakistani participants. Separate pricing is available to attend either the first day or the last day of the event. For more information, you may call +92 331 9360000, email info[at]alhudacibe.com, or visit <http://www.alhudacibe.com/gimf2019/>.

Livelihoods India Conference

December 12 - December 13, 2019; New Delhi, India

This conference aims to facilitate a dialogue on impacting livelihoods of poor people. Discussion topics include: (1) inclusive value chains; (2) technology infusion for livelihoods enhancement; (3) women enterprises; and (4) climate change impact on livelihoods. The cost to attend is USD 350 for international participants and INR 6000 for local participants. Discounts are available for select groups and individuals. For more information, you may contact Shruti Pandey at by calling +91 11 49008528 or emailing shruti[at]accessdev.org, or you may visit <https://www.livelihoods-india.org/livelihoods-india-summit.html>.

AFIF (Asia Financial Institutions Forum)

January 22 - January 23, 2020; Bangkok, Thailand

This event aims to foster dialogue among stakeholders in the financial sector to catalyze debt raising, equity investments and technical assistance programs. Session topics include: (1) “Keys to developing a thriving impact investing ecosystem;” (2) “The power of finance to empower Asia's most vulnerable;” and (3) “Building climate resilience in Asia's most vulnerable regions.” The cost to attend is USD 350 until December 4 and USD 495 thereafter. For more information, you may email info[at]afiforum.com or visit <https://www.afiforum.com>. No telephone number is offered.

Microfinance Summit 2020

February 6 - February 7, 2020; Rome, Italy

This event will focus on digitalization and the role that various digital channels play in creating and achieving long-lasting success for micro-banks. Session topics will include: (1) Improving Customer Experience in the Microfinance Sector; (2) Competence Between Financial Inclusion and Sustainable Development Objectives; and (3) Making Insurance Work for Microfinance Institutions. The cost to attend is USD 1,439. For more information, you may call +420 234 261 963, email operations[at]euro-events.co or visit <https://euro-events.co/microfinance-summit-2020-empower-tech-innovations-and-mobile-digital-channels>.

Finovate Europe

February 11 - February 13, 2020; Berlin, Germany

This conference will focus on showcasing European financial technology and defining “the future of finance.” Themes include: (1) Digital Future; (2) Open Banking; (3) Future Tech; (4) Payments; (5) Financial Crime; and (6) Insurtech. The cost to attend ranges from EUR 995 to EUR 1,995 for various levels of access. Discounts are available for groups and government representatives. For more information, you may call +44 (0) 20 7017 7200, email info.events[at]knect365.com or visit <https://finance.knect365.com/finovateurope/>.

MORE DETAILS COMING SOON ON:

FINTEX Africa

February 12 - February 13, 2020; Kigali, Rwanda

Sanabel's 2020 Conference: Client Centricity

March 10 - March 11, 2020; Hurghada, Egypt

SG2020: The Future of Savings Groups

March 10 - March 12, 2020; Durban, South Africa

16th Annual Global Microfinance Forum

March 12 - March 13, 2020; Lisbon, Portugal

Mondato Summit Africa

March 31 - April 1, 2020; Maputo, Mozambique

Skoll World Forum

March 31 - April 3, 2020; Oxford, UK

Asia - Africa Financial Inclusion Summit

April 15 - April 16, 2020; Dubai, UAE

12th ICT4D Conference

April 21 - April 23, 2020; Abuja, Nigeria

9th Africa Banking & Finance Conference

April 22 - April 23, 2020; Nairobi, Kenya

AFSIC (Africa Financial Services Investment Conference)

May 5 - May 7, 2020; London, UK

Finovate Spring

May 27 - May 29, 2020; San Francisco, California, USA

Finovate Asia

June 15 - June 17, 2020; Singapore

Global Forum on Remittances, Investment & Development - Africa

June 24 - June 26, 2020; Nairobi, Kenya

PAPER WRAP-UPS

Handbook on Consumer Protection for Inclusive Finance

Published by the Center for Financial Inclusion (CFI) at Accion and New Perimeter, October 2019, 91 pages, available at <https://www.centerforfinancialinclusion.org/handbook-on-consumer-protection-for-inclusive-finance>

This handbook highlights the importance of robust legal and regulatory frameworks to ensure the protection of low-income consumers of financial services via new delivery channels. It is intended to supplement the seven Consumer Protection Principles developed by CFI's Smart Campaign by highlighting legal provisions that can facilitate the realisation and maintenance of these principles. The Consumer Protection Principles include goals such as "preventing over-indebtedness," ensuring "fair and respectful treatment of consumers" and ensuring the "privacy and security of client data."

Aimed at policymakers and regulators, the handbook: (1) informs the evolution of legal and regulatory frameworks to support consumer protection; (2) provides a benchmark against which to measure the jurisdictions' current legal and regulatory regimens; and (3) supplements ongoing dialogue in the industry regarding consumer protection.

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Geographic Diversification and Credit Risk in Microfinance

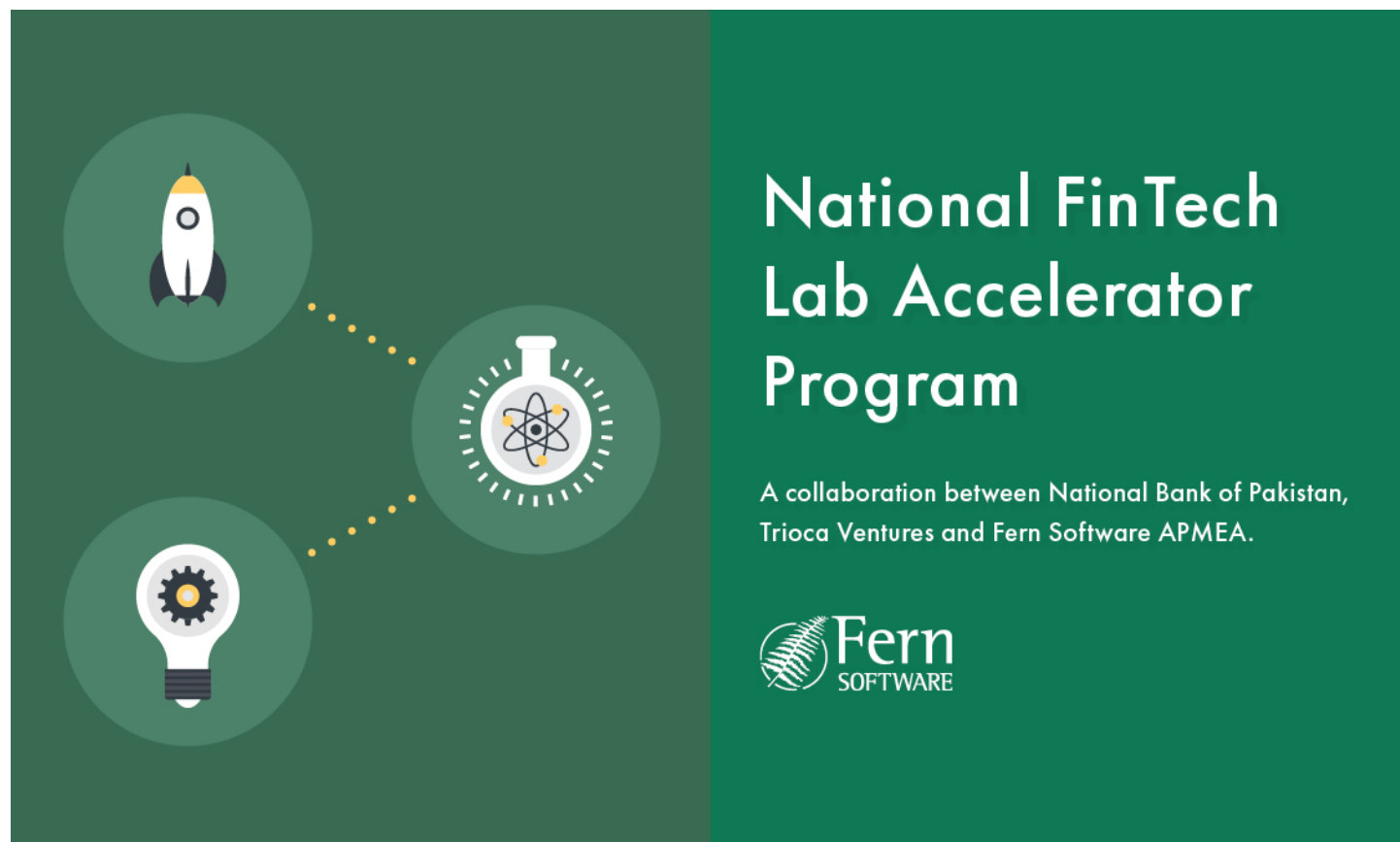
By Stephen Zamore, Leif Atle Beisland and Roy Mersland; published by the Journal of Banking and Finance; October 2019; 38 pages; available at https://www.researchgate.net/publication/336539379_Geographic_diversification_and_credit_risk_in_microfinance

The authors find a positive relationship between microfinance institutions' (MFIs') credit risk and geographic diversification. Specifically, MFIs that are more geographically diversified have higher ratios of non-performing loans, resulting in a higher rate of write-offs and a need for increased loan-loss provisions. Meanwhile, the authors acknowledge that the study is limited to risk, and an analysis of risk versus return could indicate that geographic diversification may have a positive effect on overall performance.

Rethinking Climate Finance

By Maria Teresa Zappia, Veronika Giusti Keller and Stefano Battiston; published by BlueOrchard; 34 pages; available at http://www.blueorchard.com/wp-content/uploads/BlueOrchard-Academy-study_Rethinking-Climate-Finance-1.pdf


In this report, the authors argue for the increased use of "climate finance" to address climate-change risks. Based on current trends, they estimate that - through 2030 - there will be annual shortfall of USD 400 billion in climate-finance investment relative to the level needed to keep the global temperature within 1.5 degrees Celsius of pre-industrial levels. To bridge this gap, the report suggests the use of blended-finance products, which combine public and private funds, to encourage more private-sector investment. 🌱



The graphic features a dark green background with three circular icons on the left: a rocket, a lightbulb with a gear inside, and a flask with an atomic symbol. A dotted line connects these icons. On the right, the text reads:

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