

MICROCAPITAL BRIEFS | TOP STORIES

CDC, Omidyar, Accel Lead \$21m Equity Round for Indifi, Lender to SMEs in India

Please see page 3 for coverage of this MicroCapital Deal of the Month.

Sempli Raises \$8m in Equity for e-Lending to SMEs in Colombia

Sempli, a financial technology (fintech) company based in Colombia, recently secured USD 8 million through a Series A equity round led by Incofin CVSO, a cooperative fund managed by Belgium-based Incofin Investment Management (IM), and Netherlands-based cooperative investor Oikocredit. Established in 2017, Sempli combines in-house with on-site due diligence in lending to small and medium-sized enterprises in amounts ranging from USD 10,000 to USD 100,000 for periods of six months to three years. The other participants in the funding round are Generacion Exponencial, Impulsum Ventures, the Inter-American Development Bank Group's IDB Lab and XPT1 Fund. Felipe Vargas, equity investment manager for Incofin IM, commented, "Improving the access to credit for small entrepreneurs, the so-called 'missing middle' has a significant potential in terms of social and economic impact, given the key role of these businesses in the creation of formal job opportunities...." Sempli has a loan portfolio of USD 7 million. September 30, 2019

Creation Investments Social Ventures Fund IV Secures \$184m

US-based Creation Investments Capital Management recently met its goal of securing USD 184 million in commitments for its Social Ventures Fund IV. The investors are a mix of "existing and new investors including corporate pension plans, funds of funds, insurance companies, endowments and foundations, public pension funds, and family offices." With USD 700 million in assets under management, Creation Investments seeks to "serve the unbanked profitably, maximizing both financial and social returns." Founded in 2007, the private equity firm's investees serve 10 million entrepreneurs in the Americas and Eurasia. These companies' loan portfolios total USD 15 billion, and they also deliver services such as microinsurance, microsavings, payment cards, equipment leasing, mobile money and remittances. September 12, 2019

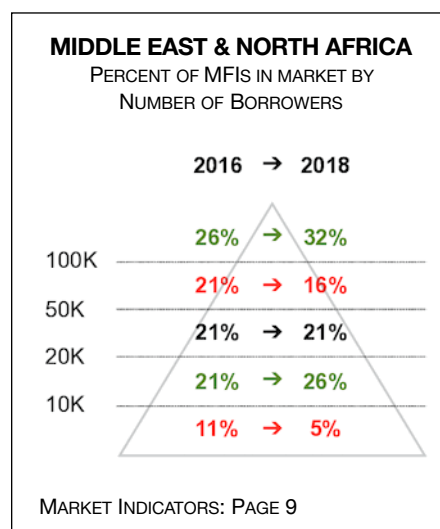
"Despair" in Sri Lanka as Microfinance Loans Blamed for Suicides

At least 170 people in Sri Lanka reportedly took their own lives during 2018 after being unable to repay their microloan debt. Interest rates in the country have ranged up to 72 percent per year, and multiple lending is a problem. Nalani Wickremesinghe, a woman from Sri Lanka's South Province, reportedly accepted loans from 11 companies - nine of which are not registered with the country's central bank - to pay for her husband's medical treatments. Lacking sufficient income to repay these debts, she expects to cover them by taking on additional loans. Since December 2018, the government of has capped interest rates at 35 percent. However, Hema Bansal, a campaign manager at the US-based nonprofit Accion, said, "One-off measures will not do. Sri Lanka needs properly enforced rules that prevent over-indebtedness and ensure fair treatment of borrowers. Until then, microfinance will be a cause not for hope but for despair." The 14 microlenders in Sri Lanka that report to the US-based nonprofit Microfinance Information Exchange have an aggregate loan portfolio of USD 471 million outstanding to 321,000 borrowers. September 11, 2019

Sierra Leone Launching Digital ID Platform

The government of Sierra Leone recently launched "Africa's first blockchain and decentralized identity implementation" in partnership with Kiva, a US-based nonprofit microfinance fundraiser, as well as the UN Capital Development Fund and the UN Development Programme. The national digital identity platform links a person's thumbprint with her identity. Supported by a grant of USD 5 million from the US-based Rippleworks Fund, the effort is intended to address barriers to accessing financial services by providing citizens with a formal method for proving their identities and control over their credit history. Matthew Davie, the chief strategy officer at Kiva, said users "can walk in and, because the government has already done all this work around digital ID, they can thumbprint in and... enable in two seconds a KYC [know-your-customer] check to happen, which would normally have taken two weeks." September 4, 2019

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MICROCAPITAL BRIEFS

GCA Foundation Loans \$1.5m in Niger, Rwanda, Sierra Leone

The Luxembourg-based Grameen Credit Agricole Foundation has issued loans denominated in local currency to microfinance institutions in three countries in which it had not invested before. The loans are in amounts equivalent to: USD 550,000 to ACEP Niger, an affiliate of the Agency for Private Enterprise Credit (ACEP) International; USD 543,000 to VisionFund Rwanda, a unit of VisionFund International; and USD 425,000 to Lift Above Poverty Organization (LAPO) of Sierra Leone, an affiliate of Nigeria-based LAPO. ACEP Niger provides loans and savings services to 4,000 small businesses in urban areas, a quarter of which are woman-owned. ACEP International was founded in Senegal in 1989 and has since been replicated in Madagascar, Cameroun, Burkina Faso and Niger. VisionFund Rwanda was founded in 1997 and serves 12,000 borrowers, mostly women in rural areas, often through village savings and loan associations. VisionFund International, which operates in 29 countries, is owned by World Vision, a US-based Christian relief and development organization. LAPO (Sierra Leone) was founded in 2008 and serves 22,000 active borrowers, mostly women in rural areas. LAPO (Nigeria) reports total assets of USD 188 million, 699,000 borrowers and 3.94 million depositors. September 30, 2019

Jamaica to Borrow \$50m from IDB for Entrepreneurship

The Inter-American Development Bank (IDB), a US-based multilateral finance institution that operates in Latin America and the Caribbean, recently committed USD 50 million in lending to Jamaica. The loans are meant to provide technical and financial assistance to foment sustainable growth among micro-, small and medium-sized enterprises, including startups and individual entrepreneurs. The financing carries a term of 25 years, a grace period of 5.5 years and a variable interest rate. The government-backed Development Bank of Jamaica will manage the funding, a portion of which will provide matching grants for ventures supported by angel investors. Therese Turner-Jones, the IDB country representative for Jamaica, said, "This injection of funds will help build Jamaica's entrepreneurial ecosystem, unleash the creativity of the people, and contribute to economic growth..." September 25, 2019

Philippines' Law to Encourage Islamic Finance

President Rodrigo Duterte of the Philippines recently signed a law mandating Bangko Sentral ng Pilipinas (BSP), the nation's central bank, to provide for the regulation and supervision of Islamic banks. An Inter-agency Working Group on Islamic Banking and Finance will work to develop a regulatory framework, which is intended to expand the number of banks in the country that operate in accordance with Shariah principles. Islamic finance typically prohibits conventional interest charges, which are often replaced with profit-sharing arrangements. BSP Deputy Governor Diwa Guinigundo was quoted as saying that "implementing this Islamic Banking law to include into the mainstream banking framework will definitely provide for greater financial inclusion among the population." Approximately 10 percent of the Filipino population is Muslim. September 23, 2019

GCA Foundation Loans \$2.4m in Myanmar, Cambodia

The Grameen Credit Agricole (GCA) Foundation, whose head office is in Luxembourg, has issued a local-currency loan equivalent to USD 2 million to VisionFund Myanmar, a member of VisionFund International, and a loan of USD 367,000 to Phare Performing Social Enterprise (PPSE), which employs youth from low-income families in Cambodia as performing artists. VisionFund Myanmar was founded in 2015 and serves 183,000 people, mostly rural women, via 51 service locations. VisionFund International, which operates in 29 countries, is owned by World Vision, a US-based Christian relief and development NGO. Established in 2012, PPSE uses revenue from ticket sales for education and social services. It is 71-percent held by Phare Ponleu Selpak, a local NGO, and 16-percent held by GCA Foundation. September 20, 2019

Chola to Borrow \$185m from Citi to Finance Vehicles in India

Cholamandalam Investment and Finance Company, a member of India's Murugappa Group, recently agreed to borrow USD 185 million from US-based financial services firm Citibank. The Overseas Private Investment Corporation (OPIC), an agency of the US government, is guaranteeing repayment of the loan. Chola plans to use the proceeds to extend 25,000 vehicle loans to small and medium-sized enterprises in rural and other underserved areas. As part of the arrangement, Chola has agreed to tighten its environmental and social management system. In addition to vehicle loans, Chola offers home loans, business loans, financial advice and stock brokerage services. It has 1,000 branches and manages assets equivalent to USD 8.1 billion. With 50,000 employees worldwide, Murugappa has interests in finance, agriculture, manufacturing and engineering. September 19, 2019

Accion Venture Lab Adds \$33m to Fintech Investment Pool

Accion Venture Lab, the "seed-stage investment arm" of US-based NGO Accion, recently raised USD 23 million via a co-investment vehicle of third-party entities, and Accion announced it will add USD 10 million to its coffers. Accion Venture Lab's investors include the Netherlands Development Finance Company (also known by its Dutch acronym FMO), the Ford Foundation, the ImpactAssets Giving Fund of the Blue Haven Initiative, the Heifer Foundation, the MetLife Foundation, the Open Society Foundations, the Pace Able Foundation, Promotion et Participation pour la Coopération Économique (PROPARCO), Prudential Financial, the Stichting Hivos-Triodos Fund and Visa. Accion Venture Lab invests in financial technology startups seeking to increase the reach, quality and affordability of financial services for the underserved. Created in 2011, Accion Venture Lab had invested a total of USD 18 million in 34 enterprises as of 2018. September 19, 2019

India's Fusion to Access \$6m via Credit Agricole Partners

The Grameen Credit Agricole (GCA) Foundation and the Credit Agricole Corporate and Investment Bank (CA-CIB) recently established a loan guarantee scheme denominated in local-currency equivalent to USD 6 million on behalf of Fusion Microfinance, a lender to groups of women in India. This agreement is part of a program to secure approximately USD 13.2 million to assist microfinance institutions in the country that promote female entrepreneurship, contribute to rural economic development and support populations excluded from the traditional banking system. CA-CIB will arrange the funding, which will be monitored and guaranteed by the GCA Foundation. Established in 2010 and based in New Delhi, Fusion serves 1.7 million customers, all living in rural and semi-urban areas, via approximately 545 branches in 18 states. The microlender has a gross loan portfolio of USD 418 million. CA-CIB is a member of the France-based Credit Agricole Group, which reports USD 1.8 trillion in assets under management. September 18, 2019

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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!

FMO, PROPARCO Loan \$80m to Supervielle for SMEs in Argentina

The Netherlands Development Finance Company, which is also known by the Dutch acronym FMO, recently assembled a loan of USD 80 million for Banco Supervielle, a bank in Argentina, to finance small and medium-sized enterprises (SMEs) amid the recession in Argentina. The loan is funded in equal parts by FMO and Promotion et Participation pour la Cooperation Economique (PROPARCO), a development finance institution of the French government. Milton Migotti, the head of international business and financial institutions at Banco Supervielle, commented, "This transaction gained more meaning in the current context and will help us add value through long-term financing for our SME clients, mainly exporting SMEs from regional economies." Established in 1887, Banco Supervielle's customer base includes 4,800 SMEs in sectors including manufacturing and agriculture. Banco Supervielle is a part of Grupo Supervielle, a provider of financial services in Argentina that reports total assets equivalent to USD 2.4 billion. September 17, 2019

Engie Acquires Mobisol, Provider of Paygo Solar in East Africa

Engie, a France-based, "low-carbon" energy firm, recently agreed to acquire Mobisol, a Germany-based provider of solar-powered products in Kenya, Rwanda and Tanzania, for an undisclosed price. Among the reasons Engie is pursuing the transaction is to "extend its customer base from rural to urban areas." Mobisol provides products such as lights and telephone chargers that customers pay for via mobile payments over as many as four years. When a buyer wishes to delay a payment, Mobisol can temporarily disable the device remotely. Mobisol has installed about 150,000 solar home systems since it began distributing products in 2013. In early 2019, the firm completed a court filing to enter a period of "self-administered insolvency." Engie, which is traded on the Paris and Brussels stock exchanges, has 160,000 employees and reports 2018 turnover equivalent to USD 67 billion. September 17, 2019

European Governments Funding Inclusion Policies in Africa via AFI

The Ministry of Finance of Luxembourg and the 100-member Alliance for Financial Inclusion (AFI) recently announced the launch of a Multi-Donor Financial Inclusion Policy Implementation Facility (MD-PIF) in partnership with the French government's Agence Francaise de Developpement (AFD) and the German government's Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ). Luxembourg is granting the equivalent of USD 1.3 million to the facility, which will allow AFI to build national and regional financial inclusion policies that focus on gender equality, innovation in digital finance, financial education, and funding small and medium-sized enterprises. The extent of the participation of AFD and BMZ has not been announced. AFI Executive Director Dr Alfred Hannig said, "Thanks to MD-PIF...our members in sub-Saharan Africa and the Arab region are able to continue receiving tailor-made, in-country policy implementation assistance and persist in drawing from AFI's knowledge and experience." September 16, 2019

G7 Nations Raise \$2.5b for 2X Challenge for Women Entrepreneurs

The Group of Seven (G7) large economies recently announced that they have mobilized a total of USD 2.47 billion in "gender-smart" investments as part of the 2X Challenge, which was initiated in 2018 by the US government's Overseas Private Investment Corporation. The investment criteria of the 2X Challenge include the following minima: 51-percent woman ownership, 20 percent of women in senior leadership, or a 30-percent share of women staff. As part of 2X Americas, a segment of the 2X Challenge, OPIC has raised USD 500 million specifically for women in Latin America. The founding members of the 2X Challenge are development finance institutions of the governments of Canada, France, Germany, Italy, Japan, the UK and the US. These since have been joined by their counterparts from Denmark, Finland, the Netherlands and Sweden. September 13, 2019

BIO Loans \$7m to Banco VisionFund Ecuador for Microfinance

Banco VisionFund Ecuador (BVE), a for-profit member of VisionFund International, recently borrowed USD 7 million from the government-owned Belgian Investment Company for Developing Countries, which is also known by the acronym BIO. The funding is intended to grow BVE's portfolio, including in underserved areas. BVE was formed in 2016 by the transformation of the nonprofit Fondo de Desarrollo Micro-empresarial (FODEMI) into a commercial microbank. BVE has total assets of USD 77 million. Of the organizations' clients, 65 percent are women microentrepreneurs, and half live in rural areas. Accordingly, approximately half of the organization's portfolio is deployed in agriculture. VisionFund International is a subsidiary of the US-based NGO World Vision and reports total assets of USD 688 million and a gross loan portfolio of USD 494 million outstanding to 1.1 million borrowers. World Vision had 2018 operating revenue of USD 1.06 billion. September 10, 2019

Indifi, Lender to SMEs in India, Raises \$21m in Equity

The CDC Group, the UK's development finance institution, recently invested USD 15 million as part of USD 21 million raised by Indifi Technologies, a digital lender to small and medium-sized enterprises (SMEs) in India. Two US-based investors, Omidyar Network and Accel, also participated in the round, a portion of which is intended to allow Indifi to improve its risk-management systems and customer-protection protocols. Srinagarajan, the managing director and head of Asia at CDC, said, "Our investment will support Indifi to increase its SME lending multifold over the next five years, including to customers that are harder to reach and otherwise wouldn't have access to growth finance." Founded in 2015, Indifi is a technology platform that offers loans equivalent to USD 1,400 to USD 70,000. The company serves 200 cities and works with 80 partners, including lenders and data providers. The platform has raised a total of USD 31 million. CDC was formerly known as the Commonwealth Development Corporation. September 9, 2019

EFSE Loans \$33m to Erste Bank Montenegro for Housing Loans

The European Fund for Southeast Europe, a microfinance investment vehicle domiciled in Luxembourg, recently announced it has lent the equivalent of USD 33 million to Erste Bank Montenegro, a member of the Austria-based Erste Group, to expand housing finance in Montenegro. Erste Bank Montenegro CEO Aleksa Lukic commented, "This credit line will support numerous families in Montenegro in fulfilling their aspirations and resolving one of the major priorities in life - quality living space - whilst buying or renovating their homes under favourable conditions." Established in 2002, Erste Bank Montenegro has total assets of USD 573 million, net annual income of USD 11.2 million and 15 branches. Founded in 1819, the publicly traded Erste Group serves 16 million customers via 2,577 branches in Austria, Croatia, the Czech Republic, Hungary, Moldova, Montenegro, Romania, Serbia and Slovakia. It reports total assets of USD 273 billion. September 5, 2019

Beneficial Lends to ATEC Biodigesters for Paygo in Cambodia

ATEC Biodigesters, an Australia-registered provider of clean technology (cleantech) in Cambodia, recently accepted a loan of unspecified size from US-based investor Beneficial Returns. ATEC plans to use the loan to launch a pay-as-you-go (paygo) model for 7,500 farmers in Cambodia to make monthly payments to acquire biodigesters, which use micro-organisms to break down organic material into fertilizer and cooking gas. In case of late payment, the equipment can be disabled remotely. Each biodigester package costs USD 650 and includes the unit, a compatible cookstove, installation, training and a two-year warranty. The parties to the loan were brought together via the Impact Partners Program of the Singapore-based Impact Investment Exchange. Users of the biodigesters reportedly "access clean energy, reduce exposure to indoor air pollution, free up over three hours per day per household - especially for women - from basic cooking and fuel needs, and avoid 33,000 metric tons of carbon emissions per year." August 29, 2019

SPECIAL REPORT

*This interview is part of a sponsored series on SAM (the French acronym for African Microfinance Week), a major conference dedicated to financial inclusion in Africa. **The next SAM will take place in Ouagadougou, Burkina Faso, from October 21 through October 25, 2019.** The first three SAMs were in Tanzania in 2013, Senegal in 2015 and Ethiopia in 2017.*

The goal of SAM is to provide a unified platform for addressing issues facing microfinance in Africa by bringing together investors, microfinance institutions (MFIs), researchers, banks, networks, innovators, governments and other stakeholders.

The 2017 SAM hosted 700 participants from 58 (mostly African) countries, including representatives of 200 MFIs; 25 exhibitors at the Innovation Fair; and 26 investors, who made 170 MFI contacts at the Investor's Fair. The proceedings also included conference sessions presented by 60 speakers plus 20 training programs.

Grand Duchess Maria Teresa of Luxembourg on SAM, the Pan-African Conference on Financial Inclusion

MicroCapital: Your Highness has stated that microfinance "awakens the creative forces...enabling the poorest to regain their dignity and to bring about solutions for their own needs." Is this why Your Highness is so involved in microfinance?

Grand Duchess Maria Teresa (pictured at right): I would like to quote Professor Muhammad Yunus, who said that "Microcredit is, above all, a tool that unlocks human dreams and helps even the poorest and most unfortunate people on this planet achieve dignity, respect, and meaning in their lives."

I have been involved in microfinance ever since I met Professor Yunus, because, through him, I discovered the importance of trusting the poorest of the poor, without conditions. By that I mean trusting in their honesty, in their creativity, in their capacity for hard work, and in their demand for dignity. It is important to push back against the idea that you are only trustworthy if you are backed up by finance, if you have collateral to put on the table. I would almost go so far as to say that the opposite is true. Professor Yunus demonstrated this by approaching the poorest of the poor. To women, in particular, he offered opportunity; and an astonishing percentage - over 95 percent - repaid that faith by paying their loans on schedule. Professor Yunus has said, "No poor person is poor out of choice, and not a single one is not intelligent." Businesses can fail, but we must never cease to trust in the integrity of the people we aim to help. That is why I believe in microfinance, because it is proven that the poorest of the poor can transform their own lives and the lives of those around them by their own creativity and hard work, if they are given the chance. It is a question of trust.

Financial inclusion can be empowering, in particular for women and girls. How does this relate to the Grand Ducal vision for supporting developing countries?

It is extraordinary to see, especially in Africa, the extent to which women carry the economy of their countries. We all know how hard working they are - that women not only take care of the household and their children, but also that they are the ones who are out in the fields, working with children on their backs in the heat of the day. They are the ones carrying the heavy loads, bringing back the produce that they have cultivated. The African economy owes a tremendous debt to all the women of Africa.

On the other hand, they have few rights. In many countries, women do not have the right to travel, to own property, to open a bank account or even the right to education and a safe journey home.

The power of microfinance is that it goes hand in hand with technical assistance and education. Education is the most effective way of

empowering women so that they are aware of their rights and their value in society. It is not just a duty, but a necessity to unlock the potential of a half of the population. We so easily overlook the luxury of having options in our lives - the choice to study what we want, live where we want, marry whom we want. For many women around the world, choice is just a dream.

Luxembourg has close bilateral partnerships with a group of countries in West Africa, Asia and Central America that form the core of our cooperation work. This is executed by various agencies and NGOs, such as ADA, with the support of the Directorate for Development Cooperation and Humanitarian Affairs.

Climate change has added a terrible new challenge to populations in all these regions. This is why we are very active in conducting field research into microfinance programmes that help to mitigate the effects of climate change, such as microinsurance for farming smallholders. On a wider scale, Luxembourg is very active in supporting multilateral projects.

What has motivated Your Highness to support inclusive finance for so many years, in light of the many competing priorities in international development?

As a UNESCO Goodwill Ambassador and as UNICEF's Eminent Advocate for Children, I became interested in the microfinance and educational sectors, with a particular focus on the education of girls and young women. From my experience of over 20 years, I remain firmly convinced that microfinance is one of the key levers for poverty



Photo: © Cour grand-ducale / Emanuele Scorzelletti pour Paperjam

eradication across the world, for guaranteeing high-quality education to less privileged children in developing countries and for providing job prospects to young people. As you may know, 75 percent of microfinance clients are women. Over the years, financial inclusion has played an invaluable role in women's emancipation, allowing women to create their own enterprises, earn money, gain independence and enjoy dignity. Through microfinance, women (and men!) can increase their contribution to their households, their villages, their countries...

I am also active in working to stop violence against women in fragile environments. Microfinance, by enhancing women's autonomy, is a key tool in the recognition of survivors and the reconstruction of their lives. Indirectly, it helps in the fight against the perpetrators who use violence to subjugate populations.

Twelve years ago, Your Highness bestowed High Patronage upon ADA. What would Your Highness like to say about the NGO reaching its 25th anniversary?

ADA plays a key role in microfinance. In 25 years, the NGO has developed so many innovations, including many new strategies for professionalizing MFIs. I am proud that this highly esteemed NGO has made its home in Luxembourg, a country whose expertise in finance (including microfinance) is well established. Today, ADA is involved in projects all over in the world, from Africa to South America and Southeast Asia. Very few NGOs last 25 years; this longevity symbolises how effectively ADA supports inclusive finance. And by doing so, it is one of the levers for reducing poverty long-term.

What has impressed Your Highness about the SAM conference?

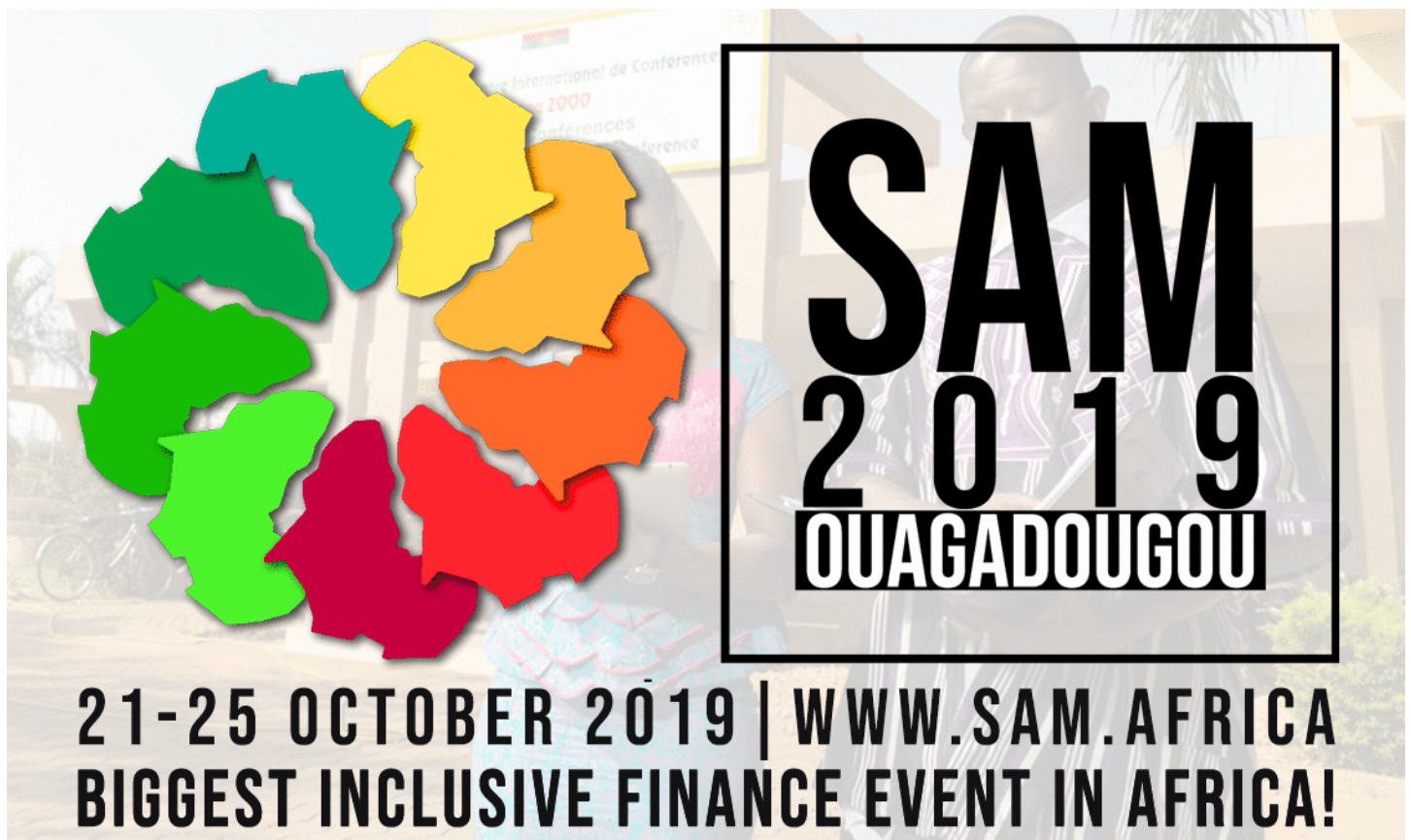
The SAM conference has the unique power to gather more than 700 experts in microfinance from the whole of Africa - and across the globe. For one week - from October 21 to October 25 - SAM becomes the world capital of microfinance. Whether they are directors of MFIs,

banks, NGOs, public institutions, fund management firms or even government ministries, attendees can meet and exchange views about both the present and future of inclusive finance. SAM is not a snapshot of a moment in microfinance; it is a full week to share best practices, multiply impact and transform the whole sector. **The agenda is so rich, with a training on social performance, two courses on microinsurance and three workshops on digital finance - as well as sessions on topics such as gender and blended finance - I am fully confident that participants will return from SAM with innovative ideas, new perspectives and a myriad of useful contacts.**

By strengthening leadership within the sector, SAM has a major influence on inclusive finance. I strongly believe that financial inclusion can continue to play a key role in reducing poverty as well as supporting women's freedom. Unfortunately, my busy schedule will not allow me to travel to Ouagadougou, but I would like to tell every potential participant: don't miss this opportunity to take part in the evolution of inclusive finance.

I cannot conclude without mentioning Burkina Faso. This country is facing so many challenges, such as poverty, the repression of women and security issues. I strongly believe this is a place where inclusive finance can have a deep and meaningful impact.

ADA, an NGO based in Luxembourg, co-organizes SAM every two years with the support of Luxembourg's Ministry for Development Cooperation and Humanitarian Affairs. The SAM steering committee members are: ADA, Luxembourg's Ministry of Foreign and European Affairs, the Microfinance African Institutions Network, the African Rural and Agricultural Credit Association, and the Fédération des Associations Professionnelles des Systèmes Financiers Décentralisés de l'Union Economique et Monétaire Ouest Africaine. We invite you to learn more about SAM at <http://www.sam.africa>.



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SPECIAL REPORT

This feature is part of a sponsored series on European Microfinance Week (EMW), which will take place from November 20 through November 22, 2019, in Luxembourg. The event is held each year by the European Microfinance Platform (e-MFP). MicroCapital has been engaged to promote and document the event on-site each year since 2012.

European Microfinance Week 2019 - Connecting the inclusive finance world

MicroCapital: How is EMW different from other financial inclusion conferences?



Laura Hemrika (pictured at left): It's unique in several ways! First, e-MFP is a member-led platform; our over 130 individual and organization members represent all types of stakeholders. They're active at the highest levels of the sector, and we work closely with them on all aspects of our work, especially for EMW. We put together the programme with their input, and they are strongly represented as speakers, moderators and Action Group participants. Second, EMW is

particularly interactive. We don't see value in serial presentations of projects or products; all workshops and plenaries are designed to be provocative, interactive, and to stimulate debate and discussion. Third, the conference is the culmination of the annual European Microfinance Award; and each year there is a stream of sessions on the Award theme, which for 2019 is Strengthening Resilience to Climate Change. Fourth, EMW has an especially diverse attendee group, in terms of organisation types and home countries. It's a truly remarkable breadth of stakeholders. Finally, we take great efforts to improve the conference iteratively and leverage its output via feedback surveys, offsite sessions, the comprehensive conference report and other publications.

MC: What kind of feedback do you get from attendees?

LH: Stellar! And extensive. Through our EMW 2018 feedback survey, we've learned that attendees especially value the diversity and seniority of speakers and participants as well as the high-quality opportunities for networking and knowledge exchange. This is in addition to the environment being conducive to safe and open dialogue, as well as the beautiful setting of the Abbaye de Neumünster.

MC: How has EMW evolved over the years?

LH: It's definitely bigger, for one thing. The attendance has grown to almost 500, representing an increasing number of countries as well as specialties, such as fintech and telecommunications. We have also introduced new session formats. Last year there was an Oxford-style debate for the closing plenary; we've also had TED-style talks; "world café" sessions, at which speakers rotate among small groups of audience members; and various invitation-only sessions, too. We're always willing to experiment with session designs to make them more productive and participatory. Of course, the content evolves as well. This includes the move beyond the microfinance focus of 10 years ago to the broader financial inclusion sector today, with its range from fintech to behavioural economics to agri-finance to standard setting in social performance management and more.

MC: Is there a session you are particularly excited about?

LH: Climate change is front and centre in the media, business world and public discourse - rightfully so! It's key for our industry to articulate our role in climate resilience. The plenaries on protecting the working poor and protecting financial-services clients both have great speakers, as well. Building on last year's focus on digitalisation and other forms of technology, there are also several sessions on the growing relevance of data analytics, including for climate-resilience agriculture and via the Atlas Data Platform.

MC: How would you describe the competition for the European Microfinance Award?

LH: It's a diverse and intriguing field of 41 initiatives on climate resilience! The applicants include banks, NGOs, cooperatives, insurers, networks and technical-service providers, among others. Their areas of focus vary quite a bit, including innovations in index insurance, agricultural practices, value-chain development, nutrition, education, clean energy, disaster preparedness, and the use of geodata and other technologies. Whatever the final result, the Award has already shone a spotlight on an area of the financial inclusion sector that will become more and more important in the years ahead!

Ms Hemrika is the Global Head of Corporate Citizenship & Foundations at Credit Suisse and Chairwoman of e-MFP. 



Join us in Luxembourg and explore the most recent innovations, trends & opportunities in the inclusive finance sector. Engage with **500 leading organisations** from all over the globe!

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20th - 22nd November 2019
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EAR TO THE GROUND

A Splash of Cold Water for the Fintech Fire

I had the pleasure this month of attending Finnovista's annual FINNOSUMMIT in Mexico City, where 2,700 participants shared their enthusiasm for fintech as a potentially disruptive force in banking in Latin America. I kicked off the financial inclusion day with Gabriela Zapata, a financial inclusion guru, at a "fireside" chat. While no literal fire was involved, Gabriela and I threw some cold water on the thousands of optimists in the audience.

Gabriela began by describing the results of the recent Metlife-Gallup survey of 15,000 people in 10 countries on their financial health. It indicates that financial inclusion is not necessarily leading people to financial health or better livelihoods. For example, in Kenya, where 83 percent of the sample is financially included, over 90 percent remain financially vulnerable, meaning they aren't prepared for the possibility of losing their jobs or already are struggling to repay debt. In fact, Kenyans' ability to withstand shocks and invest in the future has *declined* significantly over the past decade, even as the likes of M-Pesa's transfer service and various digital lenders have flourished. We cannot assume the causality that financial inclusion is *bad* for financial health, but we must question seriously the hypothesis that inclusion is *good* for financial health. Supporting our call for caution is the survey data from the US, where 93 percent of the sample is financially included, but a whopping 70 percent remain financially vulnerable.

When Gabriela suggested that part of the problem was easy credit, I chimed in with a second quandary. In the halls of the FINNOSUMMIT, I heard representatives of many banks and fintechs discussing plans to offer small loans to boost their bottom lines. It makes sense to expand beyond mobile transfers and other low-margin products because fintech is a scale play, and scale has been slow to achieve. As a result, margins need to increase to meet the expectations of investors and board members. After all, lending is the most

profitable bottom-of-the-pyramid financial service (until it isn't).

I shared my concerns on the stage, giving the audience its second splash of cold water. The market that fintech is currently reaching (mainly via social media) is small, so the potential for overlapping rather than growing the market is large. If all these banks and fintechs rush to offer small consumer loans to this same small pool of customers, they could unleash the kind of debt problems we are seeing in Kenya. According to a study by Financial Sector Deepening (FSD) Kenya, one in two digital borrowers reported repaying a loan late, while 12.5 percent reported having defaulted on a loan. Half had to use savings to repay their loans, and one third turned to rougher strategies such as borrowing more, reducing food purchases, skipping a school fee payment, selling assets or foregoing medical treatment. In the FSD report, fear is one of the most common reason for avoiding loans. I have heard would-be clients express fear of this same debt trap in my field work in Mexico, as well.

I am not sure how much the bank and fintech pivot toward loans is driven by investor demand for high returns and fast exits, but *I've been here before*. When microfinance institutions have been pushed to grow and generate high returns, they have lost their way, over-lent to the same people and often saddled their clients with more problems than solutions. Fintech disruption is coming, and it can help many people gain access to tools that make life easier. But the challenge is to get fintechs and their investors to consider the lessons of microfinance, so they can tailor products for client success, right from the start.

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). 

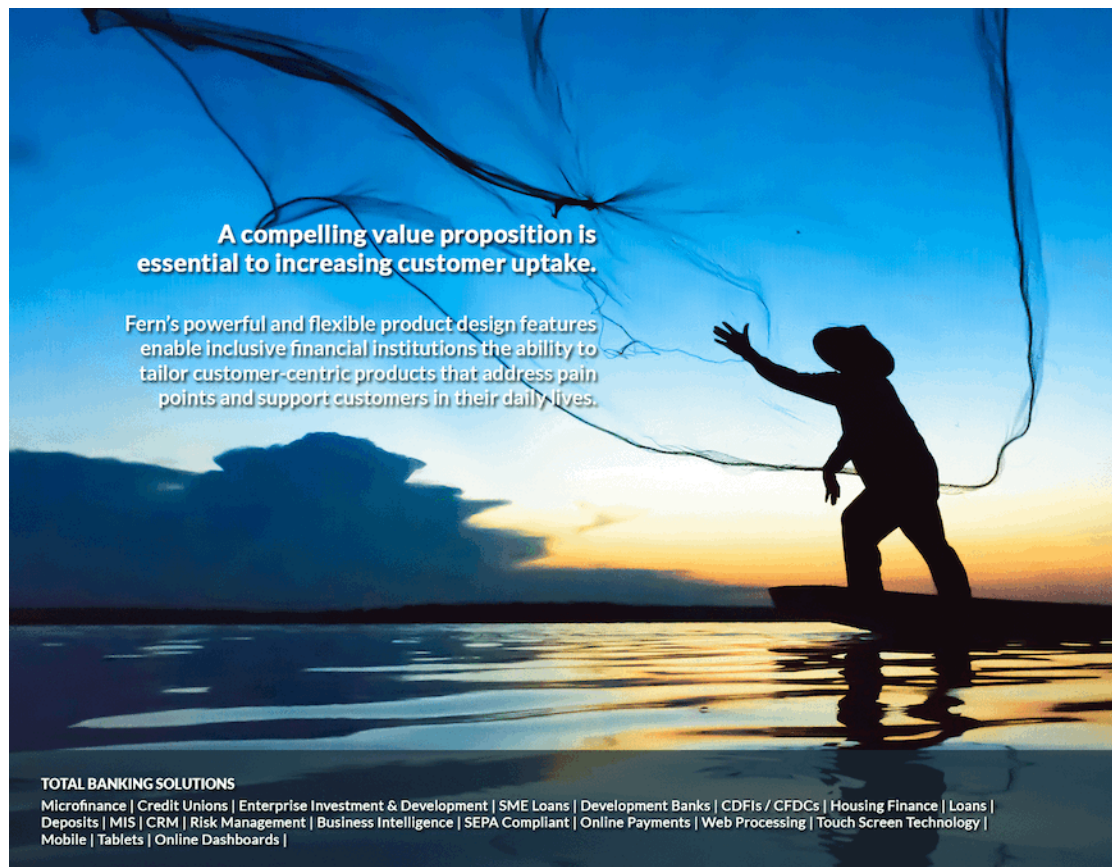


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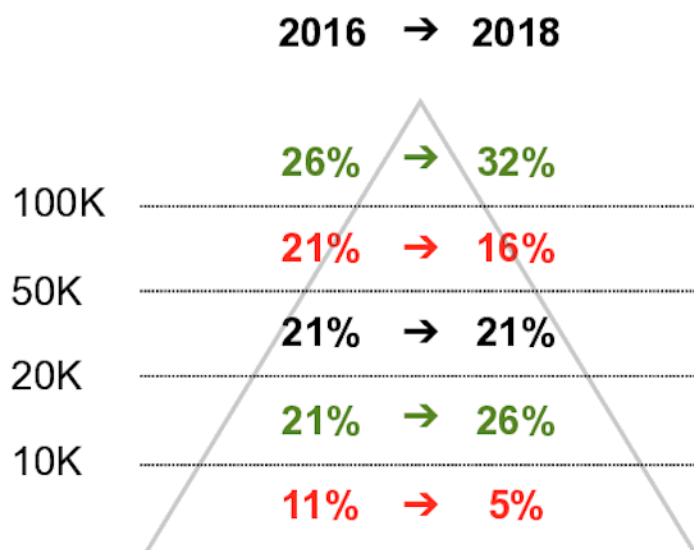


19 MICROFINANCE INSTITUTIONS (MFIs) REPORTING*

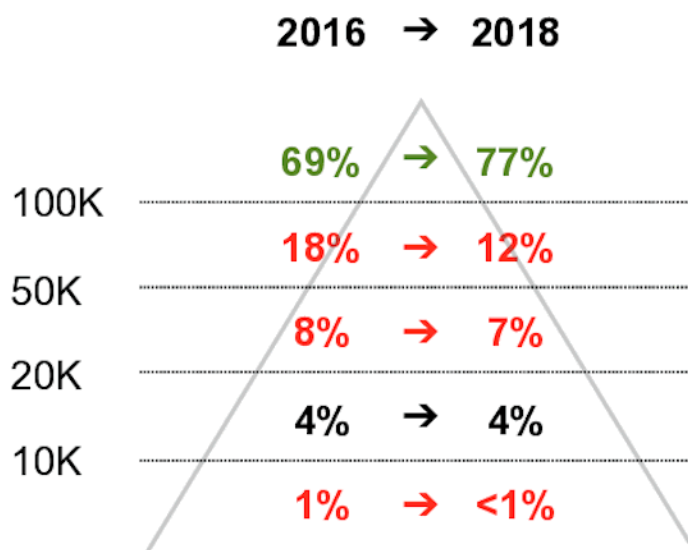
TOP MFIs BY GROWTH IN GROSS LOAN PORTFOLIO: CHANGE IN USD

MFI NAME	COUNTRY	AVERAGE ANNUAL USD INCREASE	AVERAGE ANNUAL % INCREASE	2016	2018
Enda Tamweel	Tunisia	21 million	12	162 million	204 million
Aleksandria Business Association	Egypt	18 million	35	43 million	78 million
Al Majmoua	Lebanon	15 million	22	59 million	89 million
Dakahlya Businessmen Association for Community and Development	Egypt	13 million	51	20 million	45 million
Al Tadamun Microfinance Foundation	Egypt	9.6 million	95	6.9 million	26 million
CHF Vitas Iraq	Iraq	8.7 million	13	62 million	80 million
Tamweelcom	Jordan	6.1 million	11	55 million	67 million
Lead Foundation	Egypt	4.8 million	25	17 million	26 million
Al-Kuraimi Islamic Microfinance Bank	Yemen	3.7 million	68	4.0 million	11 million
Al-Thiqa Microfinance Institution	Iraq	2.7 million	10	24 million	30 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, September 2019

UPCOMING EVENTS

13th Annual Global Youth Economic Opportunities Summit

October 1 - October 4, 2019; Silver Spring, Maryland, USA

The thirteenth iteration of this summit will focus on the following topic areas: (1) skill-building for “a changing world of work;” (2) transitioning into the workforce; (3) self-employment; and (4) the “future of work.” The fee to attend is USD 950, but discounted rates are offered to certain groups. Add-on trainings also are available. For additional information, you may call +1 202 783 4090, visit <https://www.youthecosummit.org> or email [summit\[at\]makingcents.com](mailto:summit[at]makingcents.com).

Global Impact Investing Network Investor Forum

October 2 - October 3, 2019; Amsterdam, the Netherlands

This forum includes sessions such as Market Development, Product Development, Environment, Diversity, and Integrating Impact and Inclusion. The standard fee is USD 2,248, but several types of discounts are offered. For more information, you may call +1 720 253 1241, email [GIIN\[at\]executiveevents.com](mailto:GIIN[at]executiveevents.com), or visit <https://impactinvestorforum.com/>.

9th Annual Central Asian and Caucasus Microfinance Forum

October 3 - October 4, 2019; Tbilisi, Georgia

The ninth iteration of this event will focus on “transparency, regulations, transformation of [the] microfinance industry, social reporting standards, investing, risk and asset management, and innovation” in Central and Western Asia. The cost of admission is USD 1,461. For more information, you may call +420 226 220 400, email [mail\[at\]uni-global.eu](mailto:mail[at]uni-global.eu) or visit <https://www.uni-global.eu/portfolio-page/9th-annual-central-asian-and-caucasus-microfinance-forum/>.

Global SME Finance Forum

October 7 - October 9, 2019; Amsterdam, the Netherlands

This event will address the entry of technology companies and consumer-product distributors into the business of financing small and medium-sized enterprises (SMEs). Sessions also will cover traditional financial institutions’ responses to this increased competition. The fee to attend is USD 2,000, although this is waived for members of the SME Finance Forum. For more information, you may call +1 202 473 1000 or visit <https://globalsmefinanceforum.org/2019/>, where an email contact form is also available.

Cracking the Nut

October 14 - October 15, 2019; Dakar, Senegal

The ninth iteration of this event focuses on market-oriented solutions to boosting access to safe food in developing countries. Themes include Reducing Systemic Risks; Improving Nutrition, Health and Access to Clean Water; and Increasing Inclusion in Commercial Markets. Following the conference is a two-day training titled Agricultural Value Chain Finance & Market Development. The standard fee to attend is USD 795, with an additional fee of USD 1,295 for those attending the training. For more details, you may email [crackingthenut\[at\]connexus.email](mailto:crackingthenut[at]connexus.email), call +1 703 914 5533 or visit <https://crackingthenutconference.com/>.

SEEP Annual Conference

October 21 - October 23, 2019; Washington, DC, USA

This event highlights proven and experimental strategies to harness markets for helping people, enterprises and communities avoid the “shock-stress-shock” cycle. Sessions will address the following technical tracks: (1) Fostering Resilience through Financial Inclusion; (2) Leveraging Markets for Resilience in Fragile Environments; (3) Gender Equality as a Resilience Strategy; and (4) Data and Resilience. The registration fee is USD 1,100, with a rate of USD 840 available to SEEP members. For more details, you may call +1 202 534 1400, email [annualconference\[at\]seepnetwork.org](mailto:annualconference[at]seepnetwork.org), or visit <https://seepannualconference.org>.

SAM (Semaine Africaine de la Microfinance)

October 21 - October 25, 2019; Ouagadougou, Burkina Faso

This week includes five full days of trainings, conference sessions, an investors’ fair, and research presentations on the theme “Pathways Towards Impact: African Inclusive Finance for the Sustainable Development Goals.” Four African microfinance networks will also meet during the proceedings. The fee to attend is EUR 550. More details are available by calling +352 45 68 68 1, emailing [info\[at\]ada-microfinance.lu](mailto:info[at]ada-microfinance.lu) or visiting <https://sam.africa>.

Making Finance Work for Women 2019

October 22 - October 23, 2019; Singapore

This event will address barriers and opportunities related to making financial services meet the needs of women. This includes topics such as the role of financial and digital literacy, gender-lens investing and the role of financial technology (fintech). The fee to attend is USD 1,000. More information is available via Christina Anand at +1 212 768 8513 or [ca\[at\]womensworldbanking.org](mailto:ca[at]womensworldbanking.org), or you may visit <https://www.womensworldbanking.org/making-finance-work-for-women/>.

2nd Annual Asia Pacific Microfinance Forum

October 22 - October 23, 2019; Singapore

The second annual iteration of this event will focus on the influence of financial technology (fintech) on the barriers to entry, efficiency and costs of microfinance institutions (MFIs), including how to implement and optimize various technologies. Session titles include “What It Takes for MFIs to Go Global” and “How to Support Scalable MFI Business Models to Attract More Funding.” The cost for admission is USD 1,461. For more information, you may call +1 420 226 220 400, email [mail\[at\]uni-global.eu](mailto:mail[at]uni-global.eu), or visit <https://www.uni-global.eu/portfolio-page/2nd-annual-asia-pacific-microfinance-forum/>.

FOROMIC: Reinventing Inclusion

October 30 - November 1, 2019; Punta Cana, Dominican Republic

The 22nd edition of this event will focus on innovative digital solutions for Latin America and the Caribbean in the financial services, clean energy, agricultural technology (agtech), and water and sanitation sectors. Panel topics include: (1) Investing in Innovations in Urban Mobility and Renewable Energy; (2) Housing Improvements Financing; (3) Agtech as a Response to Climate Change; and (4) Harnessing Fintech for Financial Inclusion. The fee to attend is USD 750. For more information, you may call +1 202 623 1000, email [foromic\[at\]iadb.org](mailto:foromic[at]iadb.org), or visit <https://events.iadb.org/calendar/event/20252>.

MORE DETAILS COMING SOON ON:

Inclusive Insurance for Emerging Markets

November 5 - November 7, 2019; Dhaka, Bangladesh

3rd Asia Finance Forum: The Future of Inclusive Finance

November 6 - November 7, 2019; Manila, the Philippines

European Microfinance Week

November 20 - November 22, 2019; Luxembourg

Sankalp Global Summit

November 26 - November 27, 2019; Mumbai, India

Inclusive Finance India Summit

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

Livelihoods India Conference

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

AFIF (Asia Financial Institutions Forum)

January 22 - January 23, 2020; Bangkok, Thailand

FINTEX Africa 2020

February 12 - February 13, 2020, Kigali, Rwanda 🇷🇼

PAPER WRAP-UPS

Using Satellite Data in Financial Inclusion

By Maria Fernandez Vidal and Peter Bull, published by CGAP (Consultative Group to Assist the Poor), July 2019, 24 pages, available at https://www.cgap.org/sites/default/files/publications/2019_07_Technical%20Guide_Using_Satellite_Data.pdf

The authors of this paper describe how financial service providers (FSPs) can use satellite data and data analytics to extend the reach of the products and services they deliver to remote customers, particularly smallholder farmers. Using a case study from Kenya, the authors demonstrate both the potential and limitations of using satellite data to predict crop yields and farmer incomes. One challenge is that the computing power required to process remote sensing data is large, requiring significant investment. Based on the positive results of the case study, however, the authors advocate for further exploration of the potential of satellite data for FSPs, particularly in the following areas: (1) "alternative credit scoring," for example by estimating past and predicting future agricultural yields; (2) "estimating local infrastructure, housing and income levels;" (3) "assessing the effectiveness of farming practices" to develop guidance on how to improve those practices; (4) "calculating crop insurance [payouts] and risk;" and (5) "forecasting yields to [predict] food security problems."

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Taxing Mobile Phone Transactions in Africa: Lessons from Kenya

By Professor Njuguna Ndung'u, published by the Brookings Institution, August 2019, 14 pages, available at https://www.brookings.edu/wp-content/uploads/2019/08/Taxing_mobile_transactions_20190806.pdf

In this research, the author finds that the imposition of taxes on mobile airtime and mobile financial transactions is correlated with lower growth of mobile phone transactions as a proportion of all electronic payments. Professor Ndung'u suggests that these taxes may act as a disincentive to the use of mobile phone transactions, thus sustaining the usage of cash transactions and potentially reducing financial inclusion. The author concludes that other countries considering similar taxes may wish to study the matter further before moving forward.

Analysis of the Strategy of Microfinance for Financial Inclusion of Refugees

By Amna Malik, Halil Orhan, Halil Fatih Akgul and Altay Elcin; published by the European Microfinance Network; July 2019; 7 pages; available at https://www.european-microfinance.org/sites/default/files/document/file/6_Analysis%20of%20the%20Strategy%20of%20Microfinance%20for%20Financial%20Inclusion%20of%20Refugees.pdf

The authors draw on the experience of the Turkey Grameen Microfinance Program to identify some of the risks of lending to refugee populations and steps that can be taken to mitigate them. The risks they address include: (1) Borrowed funds may be used for unapproved purposes; (2) Excluding local residents from lending programs can create resentment; and (3) Refugees may move away, making recovery of loan repayments significantly more challenging. 📌

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