

## MICROCAPITAL BRIEFS | TOP STORIES

### Accion Invests in Satellite-based Collateral System of Brazil's TerraMagna

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

### Oolu Solar Raises \$8.5m in Equity to Boost Sales in West Africa

Oolu Solar, a Senegal-based firm providing solar-energy collection and storage systems in West Africa, recently closed its Series B funding round at USD 8.5 million, with Austria-based RP Global acting as lead investor. Other participants included US-based Persistent Energy Capital; All On, which is backed by Royal Dutch Shell; France-based Gaia Impact Fund; and Singapore-based DPI Energy Ventures. Since its founding in 2015, Oolu has enabled solar energy in 60,000 homes in Burkina Faso, Mali, Nigeria and Senegal. December 28, 2020


### FMO Loans \$25m to Aklease for Renewable Energy in Turkey

The Netherlands Development Finance Company, a public-private partnership also known by its Dutch acronym FMO, recently loaned USD 25 million to Aklease, a subsidiary of Turkey's Akbank, to use for solar-energy projects. Through the loan, Aklease aims to increase the "green" portion of its portfolio from 12 percent to 15 percent while decreasing the emission of greenhouse gasses by 12,000 tons. Aklease serves companies and self-employed individuals with lease funding for real estate, software, vehicles, machinery and other forms of movable collateral. The firm had a portfolio of USD 789 million as of 2020 and generated return on assets of 2.6 percent and return on equity of 12.5 percent during 2019. Akbank reports a portfolio size equivalent to USD 36 billion. December 22, 2020

### Juvo, Mastercard to Boost Alternative Credit Scoring in LAC

Juvo, a US-based financial technology startup that creates credit profiles for people without traditional credit histories, recently partnered with Mastercard to provide its Financial Identity as a Service (FiDaaS) platform to financial services providers in Latin America and the Caribbean (LAC). The platform uses "alternative transaction data... [and] machine learning tools" to evaluate applicants' likelihood of repaying loans. "Financial institutions across LAC face a dilemma: Consumers can't demonstrate their creditworthiness to gain access to credit. Without access to credit, however, consumers can't establish credit-worthiness," said Juvo CEO Steve Polsky. "Using FiDaaS, financial institutions can rapidly and dramatically expand the addressable market for their services while minimizing risk." Founded in 2014, Juvo has subscribers in 25 countries, of whom 1 million are active per day. December 7, 2020

### COFIDES Launches \$145m Huruma Fund to Lend to 45k Farmers

Compañía Española de Financiación del Desarrollo (COFIDES), a development finance institution controlled by the Spanish government, recently launched the Huruma Fund, which has secured commitments equivalent to USD 145 million for assisting 45,000 rural farmers in Asia, sub-Saharan Africa, and Latin America and the Caribbean. Seventy percent of Huruma's portfolio will be deployed via microfinance institutions and banks, and the remainder is intended to reach farmers via agricultural organizations, such as cooperatives and small and medium-sized value-chain actors. Spain's CaixaBank has raised USD 107 million for the fund from a range of private investors. Huruma's other commitments include USD 24 million from Agencia Española de Cooperación Internacional para el Desarrollo (AECID), Spain's development cooperation agency; USD 1.2 million from COFIDES; and an EU-funded first-loss cushion of USD 12 million. Gawa Capital, also of Spain, is managing Huruma. In support of its direct investments, the fund has an additional USD 12 million available for technical assistance regarding how to reach the target populations. December 4, 2020 

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The final round of EMW summaries



## WE WISH YOU HEALTH!

We recognize the significant health and business impacts that COVID-19 is having on communities around the world. Thank you for your efforts to minimize the risks that we all are facing. While each of us at MicroCapital is lucky enough to be able to work from home, we understand that not all of our colleagues are able to do so. We wish you and your loved ones good health and resilience during this time.

## MICROCAPITAL BRIEFS

### South Africa's Planet42 Raises \$13m for "Rent-to-Own" Cars

Planet42, a car financier in South Africa, recently secured the final portion of a funding package arranged by Verdant Capital, which has offices in five African countries. The package is a mix of debt and equity totaling USD 13 million. Planet42 collects a monthly rental payment from customers and offers them a buy-out price that declines over five years to the equivalent of USD 300. The firm manages risk through "an automated scoring algorithm and securing its assets [via] title deed, tracking technology [and] comprehensive and mechanical insurance." Planet42 has financed 1,800 cars and reports annual turnover equivalent to USD 4 million. December 30, 2020

### EIB Loans \$100m to COFIDE to Invest in Climate, SMEs in Peru

The EU's European Investment Bank (EIB) recently loaned USD 100 million to Corporación Financiera de Desarrollo (COFIDE), a development bank owned by the Peruvian government, to support smaller businesses as well as "green" projects such as equipment purchases that improve energy efficiency or create renewable energy. COFIDE plans to direct the funding via commercial banks, including USD 30 million for small and medium-sized enterprises negatively affected by the COVID-19 pandemic. To support these efforts, the EU's Latin America Investment Facility is donating the equivalent of USD 4.5 million for technical support to strengthen "COFIDE's environmental and social risk management systems." December 29, 2020

### Jive, IFC Commit \$320m to Buy Distressed Assets in Brazil

An entity of Jive Investments, a Brazil-based investment management firm, recently partnered with the World Bank Group's International Finance Corporation (IFC) to purchase "non-productive assets" in Brazil. Jive Distressed Fund III and IFC will invest USD 240 million and USD 80 million, respectively, in a vehicle that will buy nonperforming loans from financial institutions as well as "distressed real estate and legal claims" from small and medium-sized enterprises (SMEs). This will increase liquidity for lenders to grow their portfolios and for SMEs to invest in their core business lines. Founded in 2010, Jive Investments has 150 employees managing assets valued at the equivalent of USD 1.1 billion, including assets whose face value totals USD 3.5 billion. December 28, 2020

### IFU, Incofin Place \$4.2m in China's Huimin for Rural Women

Belgium-based Incofin Investment Management and the Investment Fund for Developing Countries, a government-owned entity known by its Danish acronym IFU, recently invested USD 2.1 million each in Ningxia Dongfang Huimin Microfinance to further the Huimin's provision of financial services to female farmers in China's Ningxia province. Incofin placed the investment through its agRIF fund, which is investing in financial services related to the agriculture sector over a 10-term term ending in 2024. The percentage of shares taken by the investors has not been released. Huimin was founded in 1996 with the aim of providing women with microcredit to combat poverty in rural China. The institution has 11 branches, a client base of 14,000 and an average loan size of USD 3,500. December 25, 2020

### Cross-border SME Platform Proxtera Arriving in Rwanda

Rwanda's Ministry of Trade and Industry and the Monetary Authority of Singapore recently agreed to implement the small and medium-sized enterprise (SME) platform Proxtera in Rwanda. As the successor to Business sans Borders, Proxtera uses artificial intelligence to streamline the way SMEs access financial and logistics services, including connecting buyers and sellers across domestic and foreign markets, digitalizing a range of transactional processes. December 21, 2020

### With Fresh Equity, Romania's Instant Factoring to Enter Serbia

With a recent capital injection equivalent to USD 920,000 from its current shareholders, Instant Factoring, a Romania-based firm that buys businesses' accounts receivable, will invest USD 430,000 in expanding to Serbia. During 2021, it expects to buy invoices worth approximately USD 6 million in that country. Instant Factoring will use the remainder of its fresh funding to increase its core business servicing small and medium-sized enterprises (SMEs) in Romania. It anticipates reaching an annual financing volume of USD 55 million for 1,500 SMEs in its home country. Founded in 2018, Instant Factoring is an online invoice factoring company that works with SMEs with turnover of up to USD 2.5 million. The firm offers 24-hour turnaround on purchases of invoices that are due in 30 to 90 days. Its shareholders are Constantine Goulimis, CEO of UK-based Greycon; investor Xenofon Vodorouglou; and Educativa, a Cyprus-based entity that is active primarily in education. December 18, 2020

### 15% Premiums for Albanian SMEs Meeting Goals with OTP Loans

Országos Takarékpénztár (OTP) Bank Albania, a member of the Hungary-based OTP Bank Group, recently borrowed the equivalent of USD 6.1 million from the UK-based European Bank for Reconstruction and Development (EBRD) to support small and medium-sized enterprises (SMEs) in Albania in upgrading the quality and safety of their production facilities. The EU is supporting the loan with technical assistance and grant incentives of up to 15 percent of the loan principal for end-borrowers that successfully complete project goals. The head of EBRD operations in Albania, Matteo Colangeli, said that this SME Competitiveness Program will "help Albanian SMEs to introduce EU standards, improving their performance and becoming more competitive, particularly on export markets." OTP Bank Group serves 18.5 million private and corporate clients in nine countries in Central and Eastern Europe. As of the third quarter of 2020, the group reported a return of 2.1 percent on assets of USD 78 billion. December 16, 2020

### IDB Loans \$50m to BRDE for MSMEs in Southern Brazil

The Inter-American Development Bank, which is owned by 48 member nations, recently issued a loan of USD 50 million, with a term of 15 years and a 5.5-year grace period, to Banco Regional de Desenvolvimento do Extremo Sul (BRDE), which is owned by three states in southern Brazil. BRDE will on-lend the funds through its Recupera Sulcredit credit-line product to support micro-, small and medium-sized enterprises in adjusting to the COVID-19 pandemic. The primary goal is to help these firms to preserve employment in order to hasten economic recovery after the pandemic, decreasing the burden on social programs. BRDE provides financial and technical assistance, with 70 percent of its work directed to micro- and small enterprises. For the 10 months ending October 2019, BRDE reported total income equivalent to USD 230 billion. December 16, 2020

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For questions, comments or suggestions, please contact us via  
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Please refer to <http://MicroCapital.org> for the sources of all information appearing in this publication. Among these, MicroCapital recognizes CGAP's FinDev Gateway for its outstanding work disseminating information on financial inclusion. Thank you!

### OGEF Loans \$4m to Bboxx for Pay-as-you-go Solar in DRC

The Off-Grid Energy Access Fund, a debt fund of the Facility for Energy Inclusion (FEI), recently lent USD 4 million to Bboxx, a UK-based solar energy installation and financing firm that operates in Africa and Asia. The proceeds are slated to help Bboxx meet its agreement with the government of the Democratic Republic of Congo to provide clean energy to 10 million people in that country. Bboxx's products include the Pulse off-grid solar energy monitoring platform and pay-as-you-go solar, which allows customers to have their solar panels enabled and disabled remotely as they are able to pay for units of power. Since its founding in 2010, Bboxx has installed 350,000 solar home systems in 11 countries. FEI is an initiative of the African Development Bank that has USD 500 million to lend for small-scale renewables projects. December 15, 2020

### 23 Credit Unions in Myanmar to Use BanqIn E-banking Platform

Bank-Genie, a Singapore-based financial technology firm, recently partnered with Cufa, an Australia-based NGO, to deploy Bank-Genie's BanqIn platform within credit unions that partner with Cufa. The BanqIn platform houses the credit unions' data online, allowing for remote loan approvals, disbursements and deposits. The initial rollout will focus on five credit unions in rural Myanmar, with the goal of including a total of 23 over time. Cufa CEO Dr Peter Mason said, "BanqIn's cloud and subscription-based solutions have been designed with relatively small institutions at the forefront of conceptualisation.... And with Cufa project officers teaching the crucial business skills such as financial literacy skills and digital adaptation..., we intend to arm the Myanmarers with the right tools for success." Founded in 2016, Bank-Genie serves microfinance institutions in Africa and Eurasia. Cufa was established in 1971 to support credit unions in Southeast Asia and the Pacific. December 9, 2020

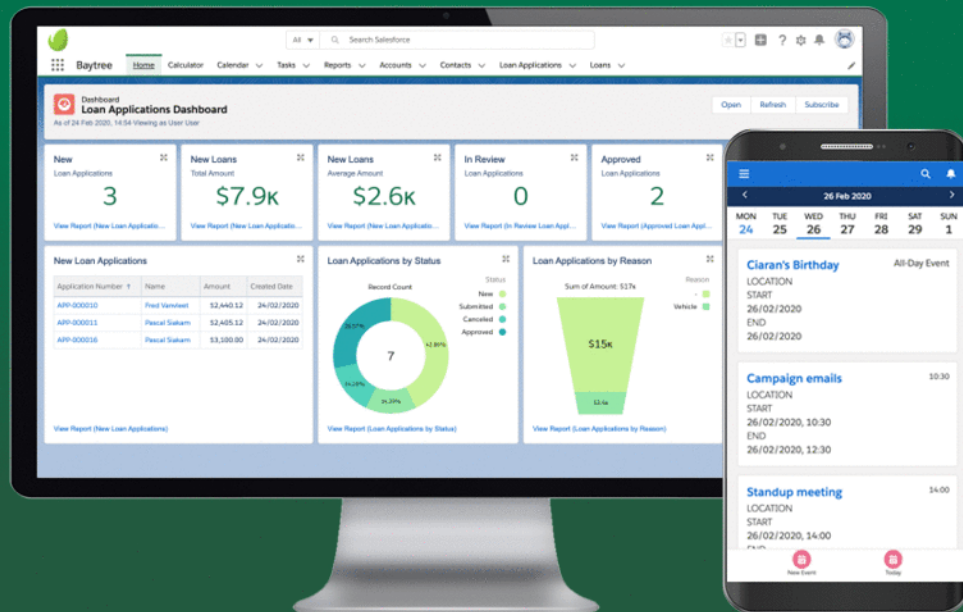
### Aceli Africa Raises \$30m to Guarantee Loans to Agricultural SMEs

The IKEA Foundation, an affiliate of the Sweden-founded IKEA group of furniture companies; the Swiss Agency for Development and Cooperation; and the US Agency for International Development recently invested a total of USD 30 million in Aceli Africa, a US-based nonprofit. Aceli encourages lending to small and medium-sized enterprises (SMEs) in the agriculture sector, typically by depositing 2 percent to 8 percent of a given set of loans in escrow to cover a lender's possible losses. The new investment is slated to unlock USD 700 million in lending to 750 agribusinesses in Kenya, Rwanda, Tanzania and Uganda through 2025, thus impacting 1 million small-scale farmers. Aceli, which was founded in 2018, also provides SMEs with technical assistance on a cost-sharing basis. IKEA is an acronym for Ingvar Kamprad Elmtaryd Agunnaryd. December 4, 2020

### Accion Invests in Satellite-based Collateral System in Brazil

Accion Venture Lab, a unit of US-based nonprofit Accion, recently took an equity stake of undisclosed size in TerraMagna, an agricultural financial technology startup in Brazil that partners with retailers of farming inputs on underwriting and funding loans to smallholder farmers. As part of reviewing loan applications, TerraMagna uses "satellite imaging to appraise and monitor collateral," allowing lenders to accept crops to secure loans. As the crops near readiness for harvest, the satellite data allow TerraMagna to estimate yields and inform the input retailer of the impending harvest. This helps the retailer ensure that the farmer sells the crop according to the loan contract, generally to a prearranged buyer for a prearranged price. TerraMagna monitors 22,000 farms each week with total collateral value equivalent to USD 2.9 billion. December 2, 2020 🇧🇷

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## SPECIAL REPORT

*As part of a sponsored series on [European Microfinance Week 2020](#), this feature describes a portion of the proceedings, which took place online from November 18 through November 20. The event is held annually by the [European Microfinance Platform](#) (e-MFP). MicroCapital has been engaged to promote and report on the conference each year since 2012.*

### Managing the Pandemic: Minimizing Setbacks for Women, Liberalizing Regulation, Boosting Digital Access

Despite the tragedies of the COVID-19 pandemic, Mary Ellen Iskenderian of the US-based NGO Women's World Banking (WWB) pointed out a few bright spots. She noted "a silver lining, that saving groups are starting to use digital services more." Also, countries including India and Peru sent COVID-19 relief funds specifically to women. Regulators in many countries also have allowed remote account opening for the first time, which can be very valuable to women whose mobility is limited by family obligations and other social factors. Perhaps surprisingly, Ms Iskenderian said, "We've seen in many countries that savings has risen." This indicates that institutions have built strong trust relationships with their customers, she added, as "in the past we have seen crises leading to runs on banks."

Before the onset of the pandemic, WWB had been working with India's Bank of Baroda to boost outreach to women via increased usage of banking correspondents (BCs). The bank found that female BCs got more traction with customers, as both men and women were more comfortable working with them than with male BCs. These BCs were critical as Bank of Baroda became a channel for government-to-person (G2P) COVID-19 relief payments. In addition to getting aid to families, this resulted in many women opening bank accounts for the first time. Notably, the bank treated the BCs very well, Ms Iskenderian said, providing them with personal protective equipment as well as health insurance.

Savings among women in Indonesia also increased as a result of increased G2P payments prompted by the pandemic. Women receiving the payments asked telling questions: "Can I save some of this money in a bank account?" "Can I keep it private from my husband?" Although many hadn't realized they held accounts prompted by previous G2P payments, they learned quickly.

Regarding the potential "miracle" of digital financial services, Ms Iskenderian pointed out lack of digital literacy as a major problem. To address gaps in both digital and financial literacy, Ms Iskenderian argued that the "classroom model is the least effective way to communicate. We need to take that burden on and see it as an opportunity," for example by integrating learning directly into mobile-money apps.

To encourage financial services providers to focus more on serving women, WWB adopted a "customer lifetime model" several years ago. This model shows that women usually make smaller transactions than men, but over time women are more profitable customers because they are cheaper to recruit as new customers and are more loyal over time.

Looking forward, Ms Iskenderian said there is still a huge need for gender-disaggregated data. In countries such as India, that have set goals for improving the provision of services to women, such data have helped reach those goals.

### Danone, Incofin, Water.org: WASH Sector Is Investible Now

Dina Pons of Belgium-based Incofin Investment Management explained a partnership with France-based food company Danone through which the organizations are building a 10-year equity fund to invest in expanding access to clean water in developing countries. Since 2007, the Danone Communities arm of Danone - which is mostly funded by its employees - has invested in access to drinking water on a proof-of-concept basis. Now Danone believes the sector has matured from the incubation stage to the investible stage. The company selected Incofin to help it invest in proven models, with a technical assistance component and monitoring of factors such as affordability, limiting plastic usage and replenishing water resources. The fund will invest in Africa and Asia in tranches totaling the equivalent of USD 3.5 million to USD 5.9 million per investee, taking minority stakes with board representation. These investees will fall into three categories: (1) "asset lite" firms such as bottlers offering delivery and pick-up service; (2) water-treatment technology firms; and (3) aggregators that build rural water systems.

Ms Pons said, "We need to break the prejudice that people have in mind that this sector is not investible." She pointed out that the COVID-19 pandemic is showing how the water, sanitation and hygiene (WASH) sector is resilient to market shocks. She also suggested working with grant funders to move their cash from technical assistance donations to investing first-loss money that can leverage much greater amounts of investment capital.

Josien Sluijs of the Netherlands' Aqua for All explained how her non-profit is motivated to work with small and medium-sized enterprises (SMEs) in the water value chain to reduce the estimated 7 percent of GDP that many countries are losing due to medical costs, lost productivity and other effects of poor access to clean water. As an example of private firms succeeding where government has failed, Ms Sluijs cited a firm founded in 2012 in East Africa that is active in water bottling, delivery and wholesale. Despite high upfront costs and low margins, the firm has grown to serve 90,000 people, bringing in USD 1.9 million per quarter. Inspired by examples such as this, Aqua for All has a Making Water Count program with a five-year budget of USD 47 million to build pathways from clean-water innovation to reaching scale. Part of the effort involves meeting with investors to learn about their needs in order to help WASH SMEs become investment-ready.

Bjoern Struwer of Germany-based advisory Roots of Impact explained his firm's "social impact incentive" model, which Aqua for All is using to enhance the returns and reduce the risks of WASH investments. Earning carbon credits is one way to increase returns. Another is to reward SMEs for achieving social impact. Aqua for All commits to pay cash to enterprises as they meet their social goals over two to four years, allowing them to raise impact investment in advance, knowing they will be able to repay investors with the cash incentives from Aqua for All. Roots of Impact has closed six transactions using social impact incentives, and it has 10 more in its pipeline. One of these transactions was with Clinicas del Azucar, a private firm bringing diabetes treatment to low-income people in Mexico at 40 percent of the price charged by its competition. With USD 275,000 from Roots of Impact, the firm reached an additional 10,000 people and raised USD 7.5 million from impact investors and development finance institutions.

Darren Miao of US-based Water.org discussed his organization's Global Credit Enhancement Facility (GCEF), which issues partial guarantees to commercial banks that lend for WASH. Although its launch in India has been delayed until 2021 by the COVID-19 pandemic, GCEF is slated to deliver WASH to 3 million people over three years. This is made possible by USD 7.8 million committed by donors to cover a portion of first losses. The World Bank Group's International Finance Corporation (IFC) has committed to cover second losses of up to USD 5.4 million out of its first commitment to WASH, which totals USD 50 million and is priced at a "commercial" rate. After India, Water.org plans to bring GCEF to other countries in Asia as well as to Kenya.

## Financial Inclusion for Forcibly Displaced Persons

Mariam Jemila Zahari of the Alliance for Financial Inclusion (AFI) described her organization's work in Afghanistan, Mauritania and Rwanda. The Central Bank of Mauritania, for example, used AFI's peer-learning model to connect with regulators from Burundi and Zimbabwe to improve forcibly displaced persons' (FDPs') access to finance. Ms Zahari underscored the importance of including FDPs in national financial inclusion plans. This can help address obstacles such as lack of identification documents, low levels of financial literacy and the lack of data on FDPs.

Lisa Klinger of the German government's Gesellschaft für Internationale Zusammenarbeit (GIZ) discussed the utility of proportional regulation, which can allow simpler know-your-customer (KYC) - including electronic KYC - procedures for low-value financial accounts. Another key option is to permit FDPs to use identity cards from the UN High Commissioner for Refugees to open accounts. Without options like this, FDPs can be stuck in "infinite limbo," according to Swati Mehta Dhawan of the Catholic University of Eichstätt-Ingolstadt. Ms Dhawan argued for building up legal frameworks for FDPs to access identity documentation, work legally and integrate with host populations. She offered the example of a person who was displaced to Kenya and has been there for 15 years without being allowed to work.

Ms Dhawan also outlined how FDPs' needs for financial services may increase over the course of years, for example: (1) from needing only basic financial services for one to two years as they depend primarily on humanitarian aid; (2) to being able to benefit from small loans and payment services as they begin to generate income during years three through five; (3) to wanting savings and larger loans thereafter as they start a business or otherwise attain greater financial stability. Ms Dhawan's data are from Jordan, where FDPs are allowed to use financial services but do so only minimally due to low income levels. This contrasts with Kenya, where FDPs are only allowed to use certain elements of the mobile money service M-Pesa within the confines of the refugee camp. Due to this restriction, outside the camp, people often use other people's accounts to meet their needs.

Felix Okech, of the UN's World Food Programme, described his work in Kenya, where he said the KYC requirements are too strict to allow FDPs to use many financial services - mobile or in-person. While the government has allowed aid vouchers to be disbursed via M-Pesa, other services remain closed to FDPs. The Central Bank of Kenya has signaled it is willing to open more M-Pesa services to FDPs, but this has been blocked by the country's Financial Reporting Centre, whose mission is to prevent financial crimes.

Under a pilot program of the World Food Programme and the US-based nonprofit International Rescue Committee, a very small number of FDPs in Kenya are being allowed to receive food assistance via bank accounts. There are also a few refugees who have managed to become registered as retailers, which gives them more access to financial services. Mr Okech describes this as having a positive ripple effect through the FDP community. He added, "In terms of credits, refugees are very creative - creating their own credit groups and accessing hawala," a form of long-distance value transfer that is based in Islamic tradition. Meanwhile, some retailers in Kenya have been willing to lend to FDPs, who use the credit to manage the difficulties of being provided only about 60 percent of the food they need.

Erica Van Eeghen of the Netherlands Development Finance Company, which is also known by its Dutch acronym FMO, described her organization's Nasira fund, which offers partial guarantees to banks that lend to FDPs and other target populations. For most FDPs, FMO has found, "credit alone does not serve the group well because they are too vulnerable." Hence Nasira focuses on refugees who live outside of camps, are more integrated with host communities and often operate small businesses.

## Housing Investment Notches Better Returns During Pandemic

Maria Claudia Rojas of the Netherlands' Triple Jump described her firm's experience managing the MicroBuild Fund that it created with US-based Habitat for Humanity in 2012. Compared to Triple Jump's portfolio as a whole, MicroBuild has maintained higher asset quality, and that margin has doubled during the COVID-19 pandemic.

Lucie Astier Such of the French government's Agence Française de Développement explained her agency's role in providing technical assistance, loans and data to support housing finance in developing countries. This includes connecting households and microfinance institutions (MFIs) with reputable builders and suppliers of construction materials. One tool for this purpose is the iBUILD app, which facilitates networking among lenders, contractors and households in five countries in Africa and Asia. Ms Such also cited the work of the Center for Affordable Housing in Africa, which tracks 80 indicators, such as home prices and loan costs.

Regarding MFIs expanding from enterprise lending into housing loans, Ms Rojas discussed the importance of training loan officers on the basics of construction, such as region-specific building materials and contractor selection. To help with this, Habitat for Humanity developed agreements with materials suppliers to control prices and quality. Deborah Burand, who teaches at the New York University School of Law and sits on the MicroBuild Board of Directors, explained that the credit analysis of a mortgage applicant is quite different than for someone seeking a micro-enterprise loan, because a housing loan does not increase household income directly. She also noted the importance of the wholesale lender understanding this difference. In borrowing from investors, a housing lender generally is looking for local-currency investments with longer terms and lower rates than for microenterprise lending.

Brett Gwinner, formerly of the International Finance Corporation, underscored that - unlike a working capital loan with a term of a few weeks or months - a housing loan is repaid over years. A home improvement loan, such as to install a toilet, might be paid over one to three years, whereas a construction mortgage might have a term of 20 years.

Mona Kachhwaha of India-based Unitus Capital discussed the affordable housing market in India. Four of the 11 active lenders there have been established during the past five years. These 11 firms serve a total of 750,000 clients with assets equivalent to USD 9 billion. To meet the need, Ms Kachhwaha says, "We need equity capital in large portions; the capital needs to be developmental capital." This is despite her reports that: (1) the process of "underwriting informal incomes has been refined;" and (2) enough housing loans have closed over the last several years to prove that default rates are low. Going forward, she encourages investment in technology to streamline micro-mortgage lending as well as proactive interaction with policymakers and regulators. As an example, she cited recent improvements in foreclosure laws that have stemmed from collaboration among investors, lenders and government. Lastly, Ms Kachhwaha notes that Unitus is now raising money for a new housing fund that will prioritize serving women.

Vinod Kothari of India-based Vinod Kothari Consultants argued in favor of securitization to grow housing lending. Pools of housing loans can be divided into three tranches, for example, with a first-loss tranche and a mezzanine tranche increasing the rating of a senior tranche, which is where most investor interest lies. The senior tranche indeed can be made investible, Mr Kothari argues, given the 50-year safety record of prime mortgage loans. While defaults are slightly higher among affordable housing loans, the interest rate is significantly higher, more than offsetting the marginal risk. To boost the micro-mortgage ecosystem, Mr Kothari underscores the need for improved bankruptcy laws as well as leveling the playing field for off-shore investors. On the topic of enabling environments, Mr Gwinner advocated for improvements to land titling systems. In West Africa, for example, title transfers often take two years or more. ■

## EAR TO THE GROUND

### 2021 Outlook: The Kids Will Be OK

As a mom, some of the greatest apprehension I felt during the course of 2020 was for young people. My heart sank as my kids' and their friends' study-abroad programs and summer internships were cancelled, schools moved online, and friendships were relegated to masked activities in parks and city streets due to the COVID-19 pandemic. I have been haunted by thoughts of them missing out on jobs, classes, social activities and travel that I was lucky enough to have experienced.

This has been a hard time for most youth. According to the Economic Policy Institute, young workers' already-high unemployment rates in the US jumped from 8.4 percent to 24 percent from spring 2019 to spring 2020, compared to 2.8 percent to 11 percent for older folks. In the developing world, where young people make up the bulk of the population, the impact of COVID-19 has been even more dramatic. The African Union expects some 20 million African youth to lose jobs during the pandemic. In Latin America also, youth are losing jobs by the millions.

Yet kids have certain advantages over middle-aged people. They are digital natives and are in the learning phase of life. They also are low-cost, which means some employers prefer them to older workers and some will accept lower productivity from them. Over the course of 2020, despite my worries, one of my children got into her first-choice college while the other lined up her dream job for after she graduates - all thanks to digital platforms. My girls have found ways to make it through ok, and I suspect they are not alone. In Mexico, I spoke to a former employee whom we had to let go during the pandemic. She is still out of work, but her 26-year-old daughter has flourished. During lockdown, she

began delivering pre-sorted boxes of groceries to her neighbors - using WhatsApp as her main business tool. She has been expanding her client list since then, allowing her to support her family, including by buying a car and paying for her daughter's school fees. Her 45-year old mom is still unemployed.

Looking to 2021, I suspect much attention will turn to unemployed youth in the hopes of averting a "lost generation." Indeed, young people cannot sit idle until the global economy recovers. I am optimistic, however, that they won't. Young people are connected, agile and able-bodied. They offer cheap and flexible labor, and they grew up in a time when steady incomes were not to be assumed. When economies begin to bounce back, we will need to leverage these assets. In the meantime, we can't cut off their oxygen, but rather we must take advantage of young people's willingness to learn. One example of how to do this is Laboratoria, a six-month bootcamp that trains young women in UX and web development. The program, now in Peru, Chile, Mexico, Colombia and Brazil, provides women from low- and middle-income households with a pathway to tech careers. Many of the students are former public servants or have worked in the tenuous and low-paid services industry. After the bootcamp, many go on to work for fintechs, banks, other large firms or as consultants. It would serve us well to nurture young folks like the students of Laboratoria - after all, one day we probably will be working for them!

*About the Author: Ms Barbara Magnoni is President of EA Consultants, a development-consulting firm based in New York. She has more than 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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## UPCOMING EVENTS

### AFSIC (Africa Financial Services Investment Conference)

May 5 - May 7, 2021; London, UK

This event offers sessions on “sustainable” finance, financial technology, banking in Africa and “informed” investing. Attendees may also access investor-project matchmaking sessions, country-specific presentations and an app allowing attendees to arrange meetings in advance of the event. The full registration fee is GBP 1,295, but there are various discounts, including for several early registration dates, the soonest of which is January 31. For more details, you may email [event\[at\]afsic.net](mailto:event[at]afsic.net) or visit <https://www.afsic.net/>. No telephone number is offered.

### Africa Trade and Investment Convention - NEW DATES

June 11 - June 12, 2021; Amsterdam, the Netherlands

Participants in this event may attend a B2B Matchmaking Forum; country-specific meetings; and sessions on topics such as: “The Role of the Diaspora,” financing agriculture, value chains, magnifying the potential of youth and women, public-private partnerships, regulation, financial technology, and small and medium-sized enterprise. The cost to attend is EUR 500 plus value-added tax. You may seek more details via <http://www.investinginafrica.eu>, [info\[at\]investinginafrica.eu](mailto:info[at]investinginafrica.eu) or +31 616 950 384.

### World Finance Conference

August 3 - August 6, 2021; Kristiansand, Norway

This program will cover Sustainable Finance, Investments, Corporate Governance and Accounting. While the detailed agenda has not yet been released, the 2020 iteration of the event included papers titled “Bank Lending and Small and Medium-sized Enterprises? Access to Finance? Effects of Macprudential Policies” and “Goal Congruence Contract Between the Manager and the Loan Officer in Microfinance.” Researchers may submit papers for possible presentation at the conference until March 1. The full registration fee is EUR 430, with various discounts available, including for those registering by May 20. For more details, you may visit <https://www.world-finance-conference.com>, call +351 961317366 or email [worldfinanceconference\[at\]gmail.com](mailto:worldfinanceconference[at]gmail.com).

### MORE DETAILS COMING SOON ON:

#### Global Forum on Remittances, Investment & Development - Africa

June 16 - June 18, 2021; Nairobi, Kenya

#### Super HappyYness Festival

June 26 - June 29, 2021; Munich, Germany

#### International Conference on Sustainable Development

September 8 - September 9, 2021; Rome, Italy

#### FinovateFall: The Future of Finance is Digital

September 13 - September 15, 2021; New York, New York, USA

#### FinnoSummit Mexico 2021

September 21 - September 23, 2021; Mexico City, Mexico

#### APAC Microfinance Forum - NEW DATES

October 26 - October 27, 2021; Kuala Lumpur, Malaysia

#### 16th International Conference on Inclusive Insurance

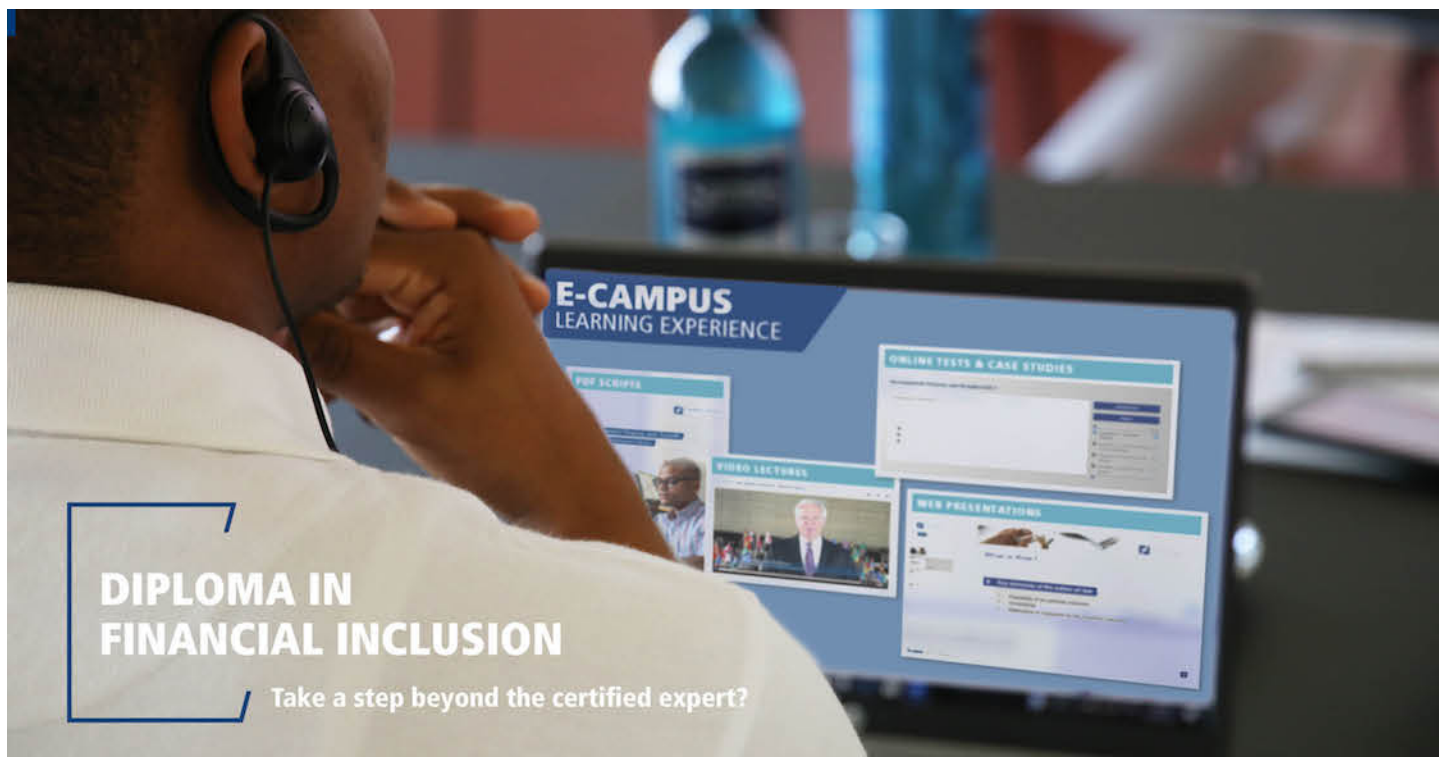
October 26 - October 29, 2021; Kingston, Jamaica

#### MEDA Convention

November 4 - November 7, 2021; Atlanta, Georgia, USA

#### AfricaTech

November 8 - November 12, 2021; Cape Town, South Africa 🇿🇦



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## PAPER WRAP-UPS

### Protecting Low-income Communities Through Climate Insurance

By Will Bugler, Lydia Messling, John Firth, Virginia Fayolle and Maribel Hernández; published by InsuResilience Investment Fund; October 2020; 48 pages; available at <https://www.blueorchard.com/protecting-low-income-communities-through-climate-insurance/>

Launched in 2015, the InsuResilience Investment Fund (IIF) is dedicated to increasing access to financial services that increase resilience to climate change in developing countries. The report focuses on IIF's "achievements in facilitating adaptation of climate insurance to improve productivity and resilience of small-holder farmers and agribusinesses." As of September 2020, IIF has invested USD 133 million in debt and equity in 21 companies based in 14 countries. These companies serve 25 million beneficiaries in 25 countries. Blue-Orchard Impact Investment Managers, which is based in Switzerland, manages the fund.

IIF combines private and public monies, partly by encouraging private investors to participate by reducing their risk. It does this using the equivalent of USD 64 million in first-loss funding from Germany's Federal Ministry of Economic Cooperation and Development, which is also known by its German acronym BMZ.

IIF is projected to reach 90 to 145 million indirect beneficiaries by the end of 2025, an extension of the same goal previously set for 2020. It has taken longer than expected for investees to build strategic partnerships with insurers and distributors as well as to develop products and achieve regulatory approvals. Meanwhile, investees launching new products in 2019 and early 2020 experienced slower growth due to the COVID-19 pandemic. However, the authors foresee notable expansion in outreach, as approximately one third of IIF's investees are too early in their work to have reported significant progress. Also, IIF plans to add up to 15 additional investees in the coming years.

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### Digital Cash Transfers for Stranded Migrants

By Anit Mukherjee, published by the Center for Global Development, October 2020, 7 pages, available at <https://www.cgdev.org/publication/digital-cash-transfers-stranded-migrants-lessons-bihars-covid-19-assistance-program>

Through its Corona Sahayata (Assistance) program, the Indian state of Bihar distributed welfare transfers equivalent to USD 15 directly to the bank accounts of migrants from the state who were stranded away from home during the early days of the COVID-19 pandemic. Workers could register through a mobile app or by contacting the Bihar State Disaster Management Agency. Many migrants were unable to utilize the program because they could not show proof of residence outside Bihar or of having a bank account registered in Bihar. Within a month of the program's launch, however, 2.9 million people applied, and - as of May 24 - 2.0 million were paid through India's Direct Benefit Transfer platform.

As shortcomings of the program, Mr Mukherjee notes the limited amount of cash assistance and difficulties in verifying bank accounts. The author does, however, approve of the general idea "of a sub-national government's effort to identify, onboard and pay a specific segment of the population... remotely, at scale and without the benefit of an existing database, using a 'digital first' identification and payments approach...."

### Gender Data in Financial Inclusion

Published by FinEquity, November 2020, 17 pages, available at <https://www.findevgateway.org/paper/2020/11/gender-data-financial-inclusion>

The authors of this brief argue that the use of sex-disaggregated data can allow stakeholders to accelerate the financial inclusion of women, bridging the gaps in women's account ownership and finance for women-owned micro-, small, and medium-sized enterprises.

To increase the availability and usage of sex-disaggregated data: (1) regulators and policy makers can "conduct national-level, sex-disaggregated demand surveys to complement international data collection;" (2) financial services providers (FSPs) can "collect, analyze, and share anonymized sex-disaggregated data on variables such as market size, profit, and revenue;" and (3) international organizations can "provide technical guidance on definitions and indicators for women's financial inclusion."

The document also reviews case studies, including: (1) the annual *Gender and the Financial System* report from Chilean regulators, which has driven FSPs to create gender-inclusive financial products; (2) increased cash transfers from the government of Mexico to women, which have considerably decreased the gender gap in account ownership; and (3) the Women's Guarantee Fund of the National Bank of Rwanda, which has reduced barriers to borrowing for women who do not have traditional collateral or credit histories. <sup>4</sup>

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