

MICROCAPITAL BRIEFS | TOP STORIES

Proximity Raises \$14m in Equity from DFIs for Farmers' Services in Myanmar

Please see page 4 for coverage of this MicroCapital *Deal of the Month*.

World Bank Approves \$750m Loan for 1.5m MSMEs in India

The World Bank's Board of Directors recently approved a 19-year loan of USD 750 million, with a 5-year grace period, as an emergency response for 1.5 million micro-, small and medium-sized enterprises (MSMEs) in India that "have been severely impacted by the COVID-19 crisis" and yet are deemed "viable." The program includes: (1) guaranteeing loans to MSMEs by retail financial institutions; (2) supporting the Indian government's existing refinance facility for non-banking financial institutions; (3) investing in small finance banks via loans and equity; and (4) incentivizing wider usage of e-payments by financial institutions and MSMEs for loan transactions, purchasing and other purposes. July 22. 2020


MAPFRE, GSI Raising \$57m for Social Impact Fund Targeting Africa, Central America

The Spain-based insurance firm MAPFRE (Mutualidad Agrupación Propietarios Fincas Rústicas de España) and Global Social Impact (GSI), a Spanish investment firm, recently announced the creation of the GSI Fund to invest in "companies with high social impact on both frontier and emerging markets." The fund, which will invest primarily via debt, has a target volume equivalent to USD 57 million. Its sectors of focus are agriculture, energy and financial inclusion. MAPFRE's asset management unit will begin deployments from the fund in sub-Saharan Africa and later expand to Central America. Jose Luiz Jimenez, the Chief Investment Officer at MAPFRE, stated, "We believe that impact investment has a long way to go and, after the pandemic, socially responsible investment is going to emerge stronger." MAPFRE offers life, vehicle and multi-risk insurance in 44 countries. It reports assets of USD 83 billion. GSI has a portfolio of seven investments in Spain and East Africa. July 21. 2020

MicroEnsure, STP, TonkaBI Merge to Form "MicroInsurance Company"

In an effort to expand access to microinsurance for both individuals and businesses, UK-based companies MicroEnsure and TonkaBI along with the US-based STP Group recently merged to form the MicroInsurance Company. The new firm describes itself as "the first global end-to-end digital micro insurance solution," benefitting from the three firms' "reinsurance capacity, in-country insurance licenses, world-class distribution and market-leading artificial intelligence functionality." Founded in 2002, MicroEnsure has sold insurance to 65 million individuals through partnerships with banks, telecommunications companies, microfinance institutions and ridesharing companies. With offices in India, the UK and the US, TonkaBI has provided solutions related to "robotic process automation," machine learning and artificial intelligence in industries such as insurance, transportation, finance and logistics. STP Group specializes in straight-through processing (STP) technology, which leverages automation to "eliminat[e] the need for human outreach or processing delays [and]... allow for a low-cost and high-volume distribution..." July 20. 2020

After 4-month Loss Near 3%, IIV Continues Disbursements in Kenya, Mexico, Tajikistan

During the first four months of 2020, the two share classes of IIV Mikrofinanzfonds, a microfinance fund managed by Germany-based Invest in Visions (IIV), generated losses of 2.7 percent to 2.9 percent. This follows two years of positive annual returns of 1.0 percent to 1.7 percent. More recently, IIV Mikrofinanzfonds bought packages of non-securitized loan claims for a total equivalent to USD 4.1 million from microfinance institutions in Kenya, Mexico and Tajikistan. Of this total, USD 720,000 went to Kenya's Premier Credit, which has sibling institutions in Tanzania and Uganda. Premier Credit provides group and individual business loans with terms of 1 month to 2 years; loans to salaried employees with terms up to 5 years; and "partnership products," through which the lender works with retailers to finance clients' purchases of durable goods, such as water tanks, solar lamps and biogasifiers. The microlender has a gross loan portfolio of USD 36 million outstanding to 69,500 borrowers. July 2 and July 6. 2020 

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Frankfurt School e-Campus: A decade of online education



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 many of our colleagues are not able to do so. We wish you and your loved ones good health and resilience during this challenging time.

MICROCAPITAL BRIEFS

USAID Gives \$2.5m to Set Up Kiva Invest in Women Fund

The US Agency for International Development (AID) recently gave USD 2.5 million from the Women's Global Development and Prosperity (W-GDP) Initiative to US-based nonprofit Kiva for it to develop the Kiva Invest in Women Fund. Kiva's initial steps for building the fund, through which Kiva expects to mobilize USD 100 million, include: (1) executing a "global investor listening tour" on the topic of "investing in women for both the social and financial returns;" and (2) creating "an impact framework and a shared learnings platform." Kiva's Director of Impact, Goldie Chow, holds, "We know that investing in women's economic empowerment can boost country-level GDP and is vital for achieving the [UN] Sustainable Development Goals, but critical funding gaps were thwarting progress even before the COVID-19 crisis." W-GDP was established by the office of the US President in 2019 to promote the economic empowerment of women with a total allocation of USD 300 million for the fiscal years 2018 through 2020. July 27. 2020

FNFI Cuts Interest Rates, Boosts Commissions for 9 MFIs in Togo

To support nine of its 26 partner microfinance institutions (MFIs) in adapting to the COVID-19 pandemic, the Togolese government's Fonds National de la Finance Inclusive (FNFI) is taking the following measures: (1) cutting interest rates on its loans to the MFIs by 1 percentage point; and (2) boosting the management fee that the MFIs receive for delivering FNFI products by 1 percentage point. FNFI offers 10 microloan and insurance products, including coverage for personal injury, fire and illness. Its microloan products are designed for income-generating activities including trading, crafting, mechanical repairs, animal husbandry, agriculture and fishing for the following target groups: women, youth, farmers and "poor men and women." The sizes of these loans range from the equivalent of USD 70 to USD 9,000 with terms of 6 months to 3 years. The loans carry fees up to USD 4 and interest rates of 2.5 percent to 10 percent "constant per year." Since its inception, FNFI has funded 1.7 million loans to 1.6 million people totaling USD 16 million. July 23. 2020

ProCredit Borrows \$100m from IFC to Finance SMEs in 9 Countries

To support small and medium-sized enterprises (SMEs) during the COVID-19 pandemic, the International Finance Corporation (IFC), the private-investment arm of the World Bank Group, recently issued a senior loan of USD 100 million to Germany-based ProCredit Holding. The financing will benefit ProCredit entities in Ecuador and eight countries in Eastern and Southeastern Europe. IFC is funding the loan through Working Capital Solutions, a program that provides one-year, renewable loans to banks to on-lend to SMEs for working capital and trade finance "in markets where macroeconomic factors have caused a reduction in the availability of US dollars." ProCredit Holding is the parent company of ProCredit, a group of commercial banks serving SMEs in 12 countries. ProCredit Holding has total assets equivalent to USD 7.5 billion. July 22. 2020

TerraPay, Visa Partner to Boost Interoperability

TerraPay, a digital payment firm headquartered in the Netherlands, recently partnered with Visa, a US-based payment technology company, to increase the availability of contactless digital payments, both domestic and cross-border. Otto Williams, a Visa executive focusing on Central Europe, the Middle East and Africa, said the partnership will "drive seamless and interoperable financial services and products to push much desired financial inclusion in our communities..." and that "Interoperability is key to a digitally connected payments ecosystem..." Founded in 2015, TerraPay is a business-to-business, cross-border digital payment service that seeks to enable its clients' customers to "send money to any mobile" phone. TerraPay's technology is available to 1.2 million bank accounts and mobile wallets in 45 countries. Visa payment cards are used at merchants in 200 countries. July 21. 2020

FinDev Canada, FMO Loan \$72m to LAAD for SMEs in Americas

Development finance institutions FinDev Canada and the Netherlands Development Finance Company (which also is known by its Dutch acronym FMO) recently provided a syndicated loan of USD 72 million to the US-based, for-profit Latin American Agribusiness Development Corporation (LAAD). LAAD will use the funds to finance term loans and revolving lines of credit for small and medium-sized enterprises involved in agriculture in Latin America and the Caribbean. LAAD, which requires that each of its loans is used according to an "environmental and social assessment," also provides advisory services for efforts such as attaining fair-trade certifications. LAAD loans, which typically range in term from five to seven years, support "all phases of production, processing, storage, services, technology and marketing." LAAD reports one-year disbursements of USD 307 million via 343 loans in 15 countries, generating average return on assets of 2.5 percent and average return on equity of 13 percent. July 20. 2020

Enygma Places \$1m in Equity in Digital MFI Lupiya of Zambia

Enygma Ventures, which provides female-led startups with funding and incubation from its headquarters in South Africa, recently placed an equity investment of USD 1 million in Zambian online microfinance institution (MFI) Lupiya. Lupiya describes its offerings as "simpler and easier so that people and businesses located across the country even in rural, remote areas can access financial services." The MFI offers personal loans of up to the equivalent of USD 1,100 for as long as 12 months, categorized into Collateral Backed Loans, Salary Advance Loans and Scheme Loans. Lupiya also offers working capital loans of up to USD 3,300 for as long as 6 months with fees of 5 percent to 15 percent plus interest. The MFI's Financial Inclusion for Women program offers "management training and start-up best practices in addition to providing financial support through flexible credit" meant to allow "women without financial assets to progress economically." July 16. 2020

AfDB Lists 10 Offerings on NASDAQ Sustainable Bonds Network

The African Development Bank (AfDB), a multilateral institution that works to alleviate poverty in Africa, recently joined the NASDAQ (National Association of Securities Dealers Automated Quotations) Sustainable Bonds Network (NSBN), an online platform promoting bonds that fund projects addressing the UN's Sustainable Development Goals (SDGs). Of the 10 AfDB bonds on the platform, five are "green" bonds with target raises totaling USD 1.0 million, and five are "social" bonds, which seek total investments of USD 5.5 billion. One of the latter is the Fight COVID-19 Social Bond, which is meant "to alleviate the impact of the pandemic on African economies and livelihoods." Ann-Charlotte Eliasson, the Head of EU Bond Listings and Sustainable Debt at NSBN, said, "We are proud to offer visibility to an issuer with such a strong social mandate, which the world needs more than ever, especially in these challenging times." NSBN was founded in 2019 to increase the transparency and awareness of "green, social and sustainability bonds." It lists 4,000 bonds from 50 issuers, offering investors a central source of documents such as annual reports and the planned allocations of each bond's proceeds to various SDGs. NASDAQ reports an equities market volume of USD 213 billion. July 16. 2020

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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!

ADA, GCA Foundation Issue Range of Responses to COVID-19

Luxembourg-based NGOs ADA (Appui au Développement Autonome) and the Grameen Crédit Agricole (GCA) Foundation have launched a range of resources in response to the COVID-19 pandemic including: (1) “Response COVID-19,” through which ADA has directed the equivalent of USD 1.1 million to help businesses in developing countries continue operations while protecting their clients and staff; (2) a toolbox from ADA to facilitate implementing the guidelines in the “Guidance Note on Business Continuity for MFIs [Microfinance Institutions],” which was summarized in the April issue of this newspaper; (3) a guidance note published in French by the Banque Centrale des Etats de l’Afrique de l’Ouest and ADA addressing maturity deferral and systems of internal control for financial services providers (FSPs); (4) the COVID-19 Observatory, an online resource from GCA Foundation with articles on COVID-19 and GCA Foundation’s insights regarding the effects of the pandemic on the MFIs it supports; and (5) a monthly survey through which ADA, GCA Foundation, and Inpulse, a Belgium-based investment manager, have collected data from 110 FSPs on the effects of the pandemic, sharing the results via the COVID-19 Observatory. July 15, 2020

BCEAO Revising Microfinance Regulation for West Africa

The Banque Centrale des Etats de l’Afrique de l’Ouest (BCEAO), the central bank of the eight countries of the Union Economique et Monétaire Ouest Africaine (UEMOA), is finalizing an updated set of regulations on microfinance with support from institutions including the Fédération des Associations Professionnelles des Systèmes Financiers Décentralisés (FAPSFD), which represents groups of microfinance practitioners in each country of UEMOA. FAPSFD President Azartou Sondo Nignan explains that “BCEAO has been in the process of revision for over a year in order to create the conditions for the harmonious development of the UEMOA economies, through the restructuring of the sector, pledging adequate funding and promoting responsible and sustainable financial inclusion.” Another goal of revising the law is to address the technological advancements that have taken place since the law was last revised in 2007. July 14, 2020

Unibank of Armenia Offers Digital Remittances Via Unistream

Unibank, an Armenian commercial bank, recently announced that its customers can use the bank’s mobile banking apps to send and receive money transfers through Unistream, a remittance service that reaches 150,000 cash-out points in 90 countries. The apps are UNIMobile Banking, which is available through Apple’s App Store, and Unibank Mobile Banking, which is on the Google Play platform. According to a statement from the bank, “During the COVID-19 pandemic, it is especially important to follow the rules set for the quarantine and think not only about the relatives’ health, but also about your self-security. If you want to make a transfer to Armenia, there is no need to leave the house.” Unibank, which is controlled by Gagik Zakaryan and George Piskov, seeks to help “develop retail business and the promotion of small and medium enterprises” in Armenia. It serves 400,000 customers through 51 branches with total assets equivalent to USD 609 million, return on assets of 0.53 percent and return on equity of 3.9 percent. Unistream is a Russia-based money transfer service that was launched in 2001 by Mr Zakaryan and Mr Piskov within Russia-based Uniastrum Bank, from which it has since spun off. July 13, 2020

Vancity Loans \$740k to Brighter Investment for Ed Loans in Ghana

Vancouver City Savings Credit Union (Vancity) of Canada is lending the equivalent of USD 740,000 to Brighter Investment, a Canadian lender to university students in Ghana. Of the total, half of the funds were disbursed to Brighter Investment in April, and the remainder is scheduled to be distributed in September. Brighter Investment is using the cash to expand its funding of students, who agree that upon graduation they will repay their loans based on a “percentage of their income...typically 25 percent [of their income] for six years.” The terms of the loans from Vancity to Brighter Investment remain confidential. Established in 2015, Brighter Investment is a privately-held financial services company. In addition to lending, Brighter Investment arranges mentorships for its borrowers to support them in their academic and career endeavors. The company has invested in 389 students, of whom 93 have graduated. July 9, 2020

DIPLOMA IN FINANCIAL INCLUSION

Take a step beyond the certified expert?

Solomon Islands Adding Positive Data to Credit Reporting System

The International Finance Corporation (IFC), a member of the World Bank Group, recently signed an agreement with the Central Bank of Solomon Islands (CBSI) that is intended to improve the country's "credit reporting legal framework," promote financial inclusion and protect the credit reputations of borrowers during the COVID-19 pandemic. As part of the effort, CBSI will begin supervising the Solomon Islands Credit & Data Bureau (CDB), and IFC will assist the credit bureau in implementing "comprehensive credit reporting." This will include collecting and sharing data on successful payments by individuals and companies. CBSI Governor Dr Luke Forau stated, "Shifting to Comprehensive Credit Reporting will complete the nation's credit infrastructure, which currently only includes reporting on negative credit behavior..." Meanwhile, "regulated financial institutions will be mandated to participate in [credit reporting], ensuring widespread uptake and stronger credit data." Solomon Islands CDB is a unit of CDB, which is based in Papua New Guinea and is owned by 11 financial institutions. Solomon Islands CDB has 13 participating members as of 2020. The cost for low-volume users is the equivalent of USD 300 to join plus USD 180 per year and USD 2.50 per inquiry. July 7. 2020

Proximity's \$14m Equity Raise to Expand Ag Services in Myanmar

Proximity Finance, a unit of Myanmar-focused social enterprise Proximity Designs, recently agreed to a package of equity investments totaling USD 14 million in equal shares from three European institutional investors: Proparco (Promotion et Participation pour la Coopération Économique), the Nordic Microfinance Initiative and Finnfund. The deal, which is pending regulatory approval, would support Proximity Finance's services to small-scale, rural farmers in Myanmar, including plans to disburse 1.5 million loans within four years and expand its active clientele by threefold, while increasing its loan cap and rolling out its first "individual lending product and savings products tailored for small farmers." Proximity Designs will remain a shareholder and the primary operator of Proximity Finance. The sizes of the stakes that the four investors will hold remain confidential. Proximity Designs is a social enterprise in the US that serves Myanmar exclusively, offering technical assistance and research services as well as - through Proximity Finance - loans for farming, raising livestock, small business and relocation. Per its December 2019 quarterly report, Proximity Designs had 3-month operating income of USD 3.67 million. Its "Farm Finance" platform had 3-month net operating profit of USD 359,000 on a loan portfolio equivalent to USD 34.9 million outstanding to 112,000 borrowers. July 6. 2020

ID4D Offering \$150k in Prizes for Innovation in Digital IDs

The World Bank's Identification for Development (ID4D) initiative recently announced the launch of the second Mission Billion Challenge, offering cash prizes totaling USD 150,000 for ideas that increase vulnerable groups' access to digital identification (ID) systems. The target groups include women and girls as well as informal workers whose income has been reduced by COVID-19. The window for submissions is open until August 14, and finalists will be invited to present their solutions at the World Bank Group's Annual Meetings in October. ID4D, which mobilizes countries, companies and NGOs to increase access to digital ID for the estimated 1 billion people who do not have official ID, has USD 1.2 billion in active and upcoming projects. July 6. 2020

DBP Dropping Plans for Rural Branches in Favor of Mobile Money

The Development Bank of the Philippines (DBP), whose board is appointed by the President of the Philippines, reports it is "re-assessing plans for further branch expansion in the mid-term." Instead, DBP President Emmanuel G Herbosa explains that the bank "views its partnerships with fintech [financial technology] firms, NBFIs [non-bank financial institutions] and potential alliances with progressive rural banks as a means to bridge the so-called 'last mile' in providing essential banking services especially in the far-flung and unbanked communities." Based in Makati City, DBP provides lending, investment and no-minimum deposit services to individuals, NGOs, corporations and local government units via 137 staffed locations and 789 automated teller machines (ATMs). As of 2018, the bank reported total assets equivalent to USD 13.5 billion. July 3. 2020

AFD Loans \$14m to NamPost for Pensioners in Namibia

The French government's Agence Française de Développement recently issued a concessional loan in local currency equivalent to USD 13.6 million to NamPost, Namibia's postal service, to increase its micro-lending to pensioners. NamPost will disburse the funds via PostFin, a unit of NamPost that provides financial services such as credit-life insurance and personal loans. The cash will support PostFin's plans to "reach a market share within pensioners of about 20 to 30 percent over the next five years." Festus Hangua, the CEO of NamPost, said, "I strongly believe that pensioners have a great role to play in our society. This partnership...coupled with the expertise of our subsidiary, PostFin, in providing financial services to low-income populations, will enable us to support pensioners who wish to launch small business[es] or simply improve their living conditions and those of their family members." NamPost operates 137 post offices and reports total assets of USD 376 million. July 1. 2020

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SPECIAL REPORT

This feature is part of a sponsored series on European Microfinance Week 2020, which will take place online from November 16 through November 20. The event is held each year by the European Microfinance Platform (e-MFP). MicroCapital has been engaged to promote and report on-site from the event each year since 2012.

Stakeholders Fearful, But with Tentative Hope Too in e-MFP's Just-published "COVID-19 Financial Inclusion Compass"

The European Microfinance Platform (e-MFP) has published the *COVID-19 Financial Inclusion Compass*, a special edition of the *Compass* series specifically focused on the current challenges, medium-term priorities, concerns, opportunities and forecasts for a sector facing probably the greatest crisis in its modern history.

The world - the financial inclusion sector included - is in the midst of twin crises: (1) a novel and highly contagious virus with no vaccine or cure that shows no signs of abating; and (2) a genuinely global recession as a result of the unavoidable containment measures put in place. The situation is uncertain and dynamic. Six months from now, the landscape will surely be unrecognisable from today.

Since 2018, e-MFP has published an annual *Financial Inclusion Compass* - a cross-sector, mixed-methodology survey looking at current trends, new areas of focus and sector stakeholders' perceptions of challenges and opportunities. Clearly, though, these are different times. The impact of the pandemic on the sector is profound - even existential. With this in mind, e-MFP decided to re-purpose this year's survey for this critical moment, to ask: How severe are the various challenges facing different stakeholder groups? What should be the priorities of the sector in the medium-term (both to recover from this crisis and put in place measures to mitigate the next)? And how will this year transform the sector - for better or worse?

About the "COVID" Compass

The *COVID-19 Financial Inclusion Compass* survey was open for two weeks in June 2020, and was available in English, Spanish and French. The survey had two sections, with the first section having two parts. In Section 1A, respondents were asked to score various challenges facing different stakeholder groups on a severity scale of 1 to 10 (or "I don't know"). In Section 1B, respondents were asked to rate the importance of various medium-term priorities for different stakeholder groups (again, with options of 1 to 10 plus "I don't know") and offer comments. Section 2 was entirely optional and involved three open-ended questions on concerns, opportunities and forecasts.

There were 108 complete responses to the *COVID-19 Financial Inclusion Compass* from 44 different countries. The pie charts on the right show the distribution of respondents by stakeholder category (first chart) and primary geographical region of focus (second chart).

Quantitative Responses

The first table on the next page shows the top three current challenges facing different stakeholder groups, as rated by all respondents.

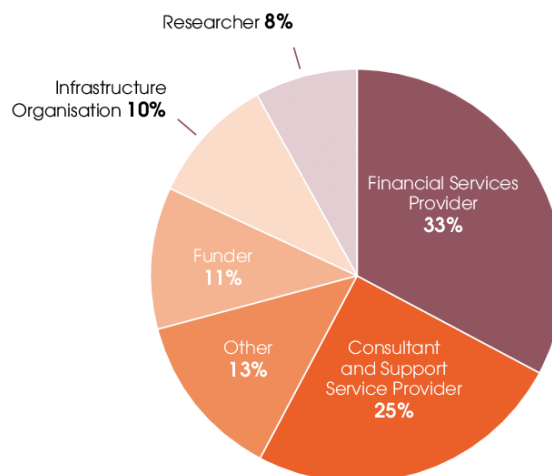
The second table on the next page shows what the top three priorities should be for different stakeholder groups in the next 6 to 12 months, as rated by all respondents.

All the scores in Section 1 on Challenges and Priorities were disaggregated by respondent type too, revealing interesting variations in perspectives. Respondents provided hundreds of comments as well and expanded upon them in the open-ended questions of Section 2.

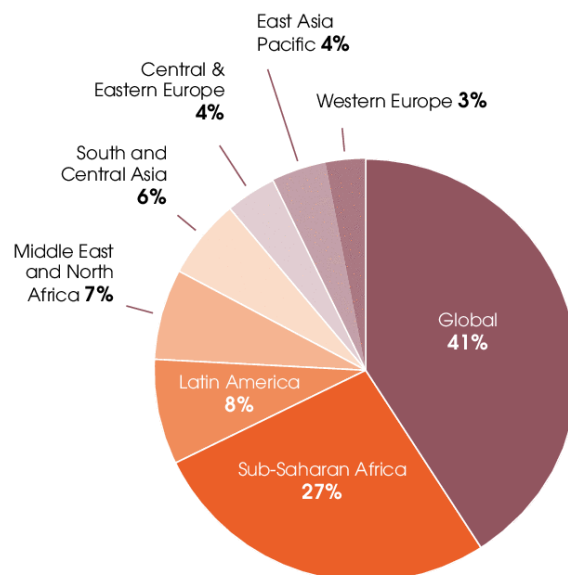
What do stakeholders think?

The *COVID-19 Financial Inclusion Compass* reveals a sector that is highly anxious about the consequences of the pandemic - and especially the economic downturn - on liquidity-starved providers; investors; and, most of all, clients. There is palpable concern that this crisis may be the death-knell for the sector, undoing decades of progress.

Distribution of Respondents by Organisation Type



Distribution of Respondents by Primary Geographical Region of Focus



Most Significant Current Challenges Facing Different Stakeholder Groups



Facing Clients

1. Financial Pressures
2. Immobility
3. Reduced Remittance Flows



Facing FSPs

1. Client Repayment
2. Macroeconomic Context
3. Liquidity Constraints



Facing Funders

1. Informational and Operational Challenges
2. Financial Losses
3. Inability to Meet Investees' Needs



Facing Others

1. Field Work
2. Demand Decreased
3. Strategic (Re)alignment

Most Significant Medium-term Priorities for Different Stakeholder Groups



For FSPs

1. Expanding Digital Finance
2. Protecting Staff and Maintaining Morale
3. Maintaining Collections Where Possible



For Funders

1. Rescheduling Existing Loans Where Relevant
2. Ensuring Special Support for FSPs Serving Most Vulnerable Groups
3. Coordinating Collective Action with Other Investors (including Data Sharing)



For Regulators/ policy-makers

1. Promoting Use or Expansion of Digital Finance Services or Branchless Banking Models
2. Developing an Exit Strategy from Covid-19-Specific Measures
3. Encouraging Financial Institutions to Allow Borrowers with Temporary Cash-flow Problems to Delay Interest and Principle Repayments



For Consultants & support service providers, researchers & infrastructure organisations

1. Researching Impact on Clients
2. Facilitating Support for the Most Vulnerable Providers Who are Serving the Most Vulnerable Clients
3. Facilitating Data Information and Sharing

There are concerns about maintaining client protection among the FSPs that survive; concerns about the continued uncertainty from macro-economic trends and their effects on trade, tourism, transport and prices; concerns about the future responses needed from investors, regulators and providers; and indeed about the uncertainty surrounding the lethality and endurance of the coronavirus itself.

But there are glimmers of hope, too. There is a genuine sense among survey respondents that once the acute crisis brought about by economic shutdowns passes, there are opportunities to make changes that the gravitational pull of the *status quo* would never allow in more normal times. There has been unprecedented collaboration and cooperation among sector stakeholders these past months - perhaps heralding a permanent new approach. Innovations may be catalysed, especially in the use of technology that genuinely improves clients' access to valuable products and services. New resilience can be built in to better face future challenges. And, more nebulous but no less important, there is the opportunity for a re-think about the sector's purpose. Can we, once this is all over, "build back better"?

Overall, if there is agreement on one point at all throughout the *Compass* survey, it is that COVID-19 will profoundly change the entire business of financial inclusion. The sector remains in the relatively early days of the crisis. There will undoubtedly be insolvency among providers. Possibly millions of small businesses likewise will not recover. Donor largesse from advanced economies may retreat, as those governments feel they have to take care of their own first. And aside from the consequences of the global economic shutdown, the coronavirus itself continues. It may be years until we are rid of it. It may recur, leading to cycles of economic standstill and misery.

The *COVID-19 Financial Inclusion Compass* and previous editions of the *Compass* are available on [e-MFP's website](#), including a [webinar](#) held on July 13 to present pre-publication findings. We hope that this resource serves as a valuable compass for all stakeholders in the financial inclusion sector as they seek to navigate beyond this crisis to better times ahead.

Sam Mendelson is a Financial Inclusion Specialist at e-MFP and the lead author of the Compass series.

EAR TO THE GROUND

Insurers Can Help... But Perhaps Not Alone

In the early 2000s, I was asked to pull together some case studies of innovation in SME lending. I turned to Banco Santander, which at the time was very active in Chile, including in the hiring of women loan officers, who were able to convince more female SME owners to become customers. Back then, I had high hopes for the role of large banks in financial inclusion in Latin America. However, a series of factors have since quelled those hopes. These factors include many unsuccessful attempts at providing loans to microentrepreneurs, rushed and poorly underwritten consumer lending at the bottom of the pyramid, and the global financial crisis. What I have learned is that for a behemoth to change its approach to serving low- and middle-income customers, it needs a combination of capacity, capital and long-term commitment. Luckily, most of the world has cooperatives, microfinance institutions, fintechs and MNOs that can take care of the unbanked. Not so with insurance. While most insurers are analogous to large banks, there are almost no equivalents to MFIs and cooperatives in the insurance space. Intermediaries (brokers, insurtech, etc) that are innovating in the space rely on the backing of big, highly capitalized insurers.

This week, I had the pleasure of running some online workshops on inclusive insurance in Colombia. In that country, large insurers operating in the “micro” space have innovated very little, at the expense of client value. Most life and accident policies offered to low-income clients, for example, have stringent conditions, including maximum age limits of 65 years and long waiting periods for people with pre-existing conditions. Some 30 percent of homes in Colombia are excluded from property coverage because of the materials they are built with. Between 50 percent and 75 percent of microbusinesses are run from the home, yet their machinery, tools and inventory are excluded from homeowners

coverage. Among the topics of our workshops was how companies might offer products that are more appropriate for these client segments.

Our conclusion was that there is a vicious negative-feedback cycle. The less relevant products seem to clients, the more likely the products will have to be force-fed to clients, bundled with loans at low premiums, like the kale in a fruit smoothie. Thus, insurers can't charge sufficient premiums. After all, we are happy to have the healthy kale in our smoothie, but we might not be willing to pay more for the bitter aftertaste. If farmers were only selling kale to smoothie drinkers, the market for kale would be quite small, and perhaps farmers would decide to grow more palatable greens. Similarly, insurers seem unconvinced that the market for inclusive insurance is interesting enough to develop new products that clients will understand, value and buy more often.

During the workshops, we agreed that disruption is in order, which is encouraging. I worry, however, that the COVID-19 pandemic will slow progress. The pandemic has hit insurance companies on both sides of their balance sheets: investments are down, while claims are mostly up. Insurers don't seem to have the capital and patience to take on more risk and “disrupt” the market at this time. Yet these companies are needed now more than ever as climate, health and labor risks are on the rise worldwide. The participants in our workshop included representatives of government, insurers, financial intermediaries, NGOs and brokers. The disruption we need will require multiple stakeholders and coordinated initiatives that include rather than isolate insurers in the process.

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

Please note: For 15 years, we have used this page to share listings of in-person events with you. We appreciate that there are more high-quality virtual events now than ever. Hence, we are re-evaluating what we will include on this page going forward!

Future Banking 2020

September 9 - September 10, 2020; Bucharest, Romania

Originally scheduled for May 2020, this event will cover artificial intelligence and customer centricity as they relate to financial services, as well as e-commerce, biometric payment cards and online mortgage lending. The full fee to attend is EUR 129, but various discounts are available. More details are available via <https://www.futurebanking.ro/>, which includes an email contact form, or +40 212 015 000.

Asia - Africa Financial Inclusion Summit

September 15 - September 16, 2020; Dubai, UAE

This event will address topics including regulation, how to manage change, digital financial services, attracting funding, blockchain technology and "Building Trust and Overcoming Barriers in Digital Financial Services." The fee to attend is USD 500. More details may be requested from Ademola Tosoye via [ade\[at\]microfinanceassociation.org](mailto:ade[at]microfinanceassociation.org) or +44 (0) 1322 312078.

FinnoSummit Mexico 2020

September 21 - September 24, 2020; Mexico City, Mexico

The detailed agenda for this conference on financial technology (fintech) and insurance technology (insurtech) has not yet been released. Last year's topics included: (1) Empowering Communities + Expecting Returns: Lessons Learned from Impact Investing; (2) Fundraising 101 for Fintech Entrepreneurs; and (3) Venture Debt: Insights on Liquidity & Long Term Growth for Fintechs. The standard fee to attend is MXN 8,590, but a rate of MXN 6,200 is available to representatives of startups. You may seek more information via +52 (55) 41691361, <https://www.finnovista.com/en/evento/the-fintech-and-insurtech-innovation-summit-mexico-2020/> or [info\[at\]finnovista.com](mailto:info[at]finnovista.com).

Mondato Summit Africa

September 23 - September 24, 2020; Maputo, Mozambique

This summit, originally scheduled to begin on March 31, is themed Beyond Access: Generating Value Through Digital Inclusion Across Sub-Saharan Africa. It will address the development of the digital financial services ecosystem in sub-Saharan Africa, as well as the evolution of policy and regulation regarding financial inclusion. The cost to attend is USD 1,750. For more details, you may email Arielle Jaffe at [ajaffe\[at\]mondato.com](mailto:ajaffe[at]mondato.com), visit <http://www.mondatosummit.com/africa> or call +33 6 95 93 43 95.

Africa Fintech Summit

October 16 - October 17, 2020; Washington, DC, USA

This event will include sessions on blockchain, insurance technology, revenue models for financial technology and "Digital Identity and Financial Inclusion." There will also be an expo of 15 early-stage startups and a pitch competition serving as a regional final for the StartUp World Cup, which has a grand prize of USD 1 million. The delegate pass costs USD 950 with various discounts available, including for all who register by September 18. For additional information, you may call +1 202 774 6383, visit <https://africafintechsummit.com/>, or email [info\[at\]dedalusglobal.com](mailto:info[at]dedalusglobal.com) or [info\[at\]africafintechsummit.com](mailto:info[at]africafintechsummit.com).

APAC Microfinance Forum

October 20 - October 21, 2020; Kuala Lumpur, Malaysia

Topics at this forum include the impact of COVID-19, gender disparities in financing, overindebtedness, transforming into a digital institution, alternative methods for assessing risk and alternative funding sources such as peer-to-peer lending. The fee to attend is EUR 1,300. For additional information, you may visit <https://www.uni-global.eu/portfolio-page/3rd-annual-apac-microfinance-forum/>, call +420 226 220 400 or email [office\[at\]uniglobal.eu](mailto:office[at]uniglobal.eu).

Global Insurtech Summit

October 21 - October 22, 2020; Istanbul, Turkey

Approximately 70 speakers and panelists at this summit will demonstrate products and address topics in insurance technology (insurtech) such as getting more out of partnerships, bancassurance, distribution channels, and the "smartphone as a digital marketplace." In addition, the CEO of Democrance will discuss how digital platforms can help insurers increase sales and access new markets in developing countries. A delegate pass costs EUR 1,195. You may seek additional information from Nevena Atan via [nevena.atan\[at\]euro-events.co](mailto:nevena.atan[at]euro-events.co) or +420 234 261 963, or you may visit <https://insurtechsummit.io/>.

MORE DETAILS COMING SOON ON:

Digital Investing

November 24, 2020; London, UK

Inclusive Finance India Summit

January 18 - January 19, 2021; New Delhi, India

Finnovate Europe

February 9 - February 11, 2021; Berlin, Germany

Africa Trade and Investment Convention

March 26 - March 27, 2021; Amsterdam, the Netherlands

AFSIC (Africa Financial Services Investment Conference)

May 5 - May 7, 2021; London, UK

Global Forum on Remittances, Investment & Development - Africa

June 16 - June 18, 2021; Nairobi, Kenya

Super HappyYness Festival

June 26 - June 29, 2021; Munich, Germany

16th International Conference on Inclusive Insurance

October 26 - October 28, 2021; Kingston, Jamaica 🇯🇲

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PAPER WRAP-UPS

COVID-19 Crisis Through a Migration Lens

By Dilip Rath, Supriyo De, Eung Ju Kim, Sonia Plaza, Ganesh Seshan and Nadege Desiree Yameogo; published by the World Bank Group; April 2020; 42 pages; available at <http://documents1.worldbank.org/curated/en/989721587512418006/pdf/COVID-19-Crisis-Through-a-Migration-Lens.pdf>

The findings of this paper include: (1) migrant workers are more susceptible than others to illness, wage losses and unemployment because of the COVID-19 pandemic; (2) although some migrant workers who lose their jobs will return home, the rate of voluntary return migration is “likely to fall” because of travel restrictions; (3) as a result of migrants’ declining income, remittances to low- to middle-income countries are expected to fall 20 percent in 2020 from USD 554 billion the previous year, with the greatest drop in flows to Latin America and the Caribbean.

In conclusion, the authors argue it is “important for RSPs [remittance service providers] and authorities to work together to mitigate the effects of the crisis and encourage the adoption of digital payments, greater use of regulated channels, and wider availability of cost-efficient services.”

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The Impact of the COVID-19 Pandemic on Education Financing

By Samer Al-Samarrai, Omar Arias, Jaime Saavedra Maulshree Gangwar and Priyal Gala; published by the World Bank Group; May 2020; 12 pages; available at <http://documents1.worldbank.org/curated/en/479041589318526060/pdf/The-Impact-of-the-COVID-19-Pandemic-on-Education-Financing.pdf>

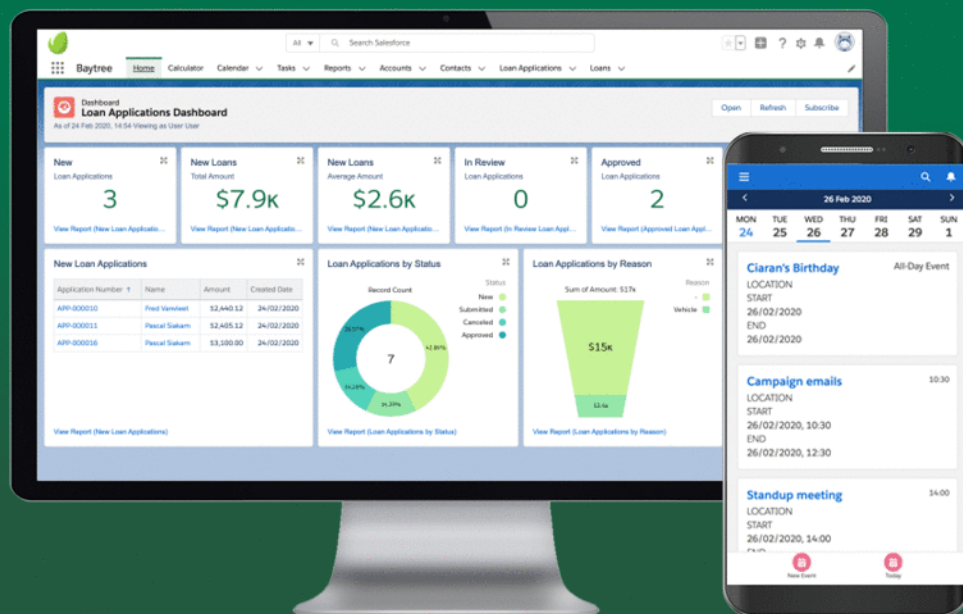
According to this research, government, donor and household spending on education is expected to decline due to the pandemic. Meanwhile, provisions such as stipends and “feeding programs” can facilitate remote and in-person learning. Success in these areas can support parents in returning to work, thus stimulating economic growth.

Lessons on Enhancing Women’s Financial Inclusion Using Digital Financial Services

Published by the Alliance for Financial Inclusion, May 2020, 20 pages, available at https://www.afif-global.org/sites/default/files/publications/2020-05/AFI_WFI_DFS_SR_AW_digital.pdf

From 2011 to 2017, the number of countries with a gender gap greater than the average of 7 percent grew from 46 to 65, mostly due to a rise in Africa. The authors suggest policymakers use strategies such as: (1) evidence-based approaches with gender-disaggregated data; (2) policies to increase interoperability and the number of agents; (3) social welfare programs that increase women’s capacity; and (4) awareness campaigns that fight gender discrimination. 📖

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