

## MICROCAPITAL BRIEFS | TOP STORIES

### Lami of Kenya Raises \$1.8m in Equity for Insurtech in Africa

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

### Ascent Rift Valley Fund II Raises \$100m for SMEs in East Africa

Kenya-based private equity firm Ascent Capital Africa recently secured USD 100 million in the first rolling close of its Ascent Rift Valley Fund II (ARVF II), surpassing its initial goal of USD 80 million. The funds will be invested in small and medium-sized enterprises (SMEs) in East Africa, targeting the “financial services, manufacturing, wholesale and retail trade and services, education, healthcare, and agro-processing sectors.” Ascent Capital seeks to direct these investments to “drive growth and value, create quality jobs, limit environmental impact, increase government tax revenues and further empower local economies.” The investors include the World Bank Group’s International Finance Corporation; unspecified “impact investors and major Kenyan pension funds;” and development finance institutions of the governments of Belgium, France, the Netherlands and the UK. Ascent Capital was founded in 2012 and established its first fund, ARVF I, in 2014. The firm plans to invest from ARVF II in amounts of USD 4 million to USD 15 million, reaching SMEs in Ethiopia, Kenya, Rwanda, Tanzania and Uganda. May 21. 2021


### True North Sells \$25m Stake in India’s Fincare to Motilal Oswal

Two India-based private equity firms recently exchanged a minority stake in India’s Fincare Small Finance Bank (SFB). Motilal Oswal Private Equity bought the shares through its India Business Excellence Fund-III for USD 25 million from True North. Although the size of the stake has not been disclosed, True North previously held 7.25 percent of the shares of Fincare SFB as well as 36.5 percent of the bank’s parent company, Fincare Business Services Limited. Based in the city of Bengaluru, Fincare SFB was founded as a microlender in 2007 and received its SFB licence in 2017. The firm promotes financial inclusion by providing individuals as well as micro-, small and medium-sized enterprises financial services such as savings and loans for business needs, housing and vehicles. The firm also provides institutional services, gold loans and non-resident Indian banking. As of March 2020, Fincare SFB served 2.5 million customers in 15 states and union territories, and it reported total assets of USD 971 million, a gross loan portfolio of USD 663 million and customer deposits of USD 635 million. For the 2020 fiscal year, the firm reported return on assets of 2.4 percent and return on equity of 18 percent. May 12. 2021

### YCash Adds Door-to-door Service, Partners with Red Cross

YCash, a company in Yemen also known as the National Cash Transfer Company, recently partnered with the International Committee of the Red Cross (ICRC), a humanitarian organization based in Switzerland, to provide cash transfers to ICRC clients “through mobile teams, fixed outlets and point[s] of sales.” Due to the disruptions caused by ongoing civil war and the COVID-19 pandemic, YCash recently began “moving to the beneficiaries,” offering door-to-door service. The firm, which acquired the Floosak digital wallet service in December 2020, already had been offering services via mobile phones and debit cards. These services include domestic payments, international remittances, loans, savings and mobile credit top-up. YCash was established in 2019; financial data on the firm have not been released. May 10. 2021

### Central Bank of Iraq, Mastercard Tie Up on Digital Payments

Mastercard, a US-based financial services company, recently partnered with the Central Bank of Iraq on an effort to expand Iraq’s digital finance ecosystem with the aims of furthering financial inclusion, moving toward a cashless society and promoting socio-economic development in general. The program will begin with the digitization of tuition payments before expanding to include consumer spending, government collections and salary payments. Among the reasons to promote digital payments are to decrease the administrative costs that businesses incur handling cash as well as to increase government revenue by reducing tax evasion. May 5. 2021 

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### Coming Soon:

Details on Frankfurt School’s online courses in sustainable finance



### 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

### Creation Lends \$12m for Range of Loan Products in India

US-based Creation Investments Capital Management recently lent a total of USD 12 million to three non-bank financial institutions in India: Berar Finance, Shri Ram Finance Corporation and Sindhuja Micro-credit. These investments are Creation's first from a fund of USD 100 million that the firm launched in February 2021 and plans to disburse in India by March 2022. Founded in 1990, Berar reports total assets equivalent to USD 76 million and specializes in vehicle financing, serving 300,000 customers through 95 branches across central and western India. Incorporated in 2004, Shri Ram operates 105 branches and 70 collection points targeting rural areas in four states with vehicle loans; gold loans; micro-, small and medium-sized enterprise (MSME) finance; and microinsurance. Headquartered in the city of Delhi, Sindhuja has USD 33.5 million in assets and offers loans for MSMEs via 70 branches across five states. May 28, 2021

### MercadoLibre to Test Behavioral Economics on Online Sellers

The Inter-American Development Bank, a multilateral financial institution promoting economic development in Latin America and the Caribbean, recently partnered with US-based Common Cents Lab, US-based financial services company Mastercard and Argentina-based e-retailer MercadoLibre on a program intended to improve the ability of small and medium-sized enterprises "to prepare for, deal with and recover later from economic shocks." Over two years, the partners will design and test "behavioral-informed interventions," such as reminders, deadlines and social pressure, "within the MercadoLibre platform and study its impact on profits, short- and long-term savings, or the use of credit products among its sellers." The program will debut in Mexico. Founded in 1999, MercadoLibre is a platform facilitating online sales and payments in 18 countries in Latin America and the Caribbean. The firm reported gross revenue of USD 4.0 billion during 2020. As of the first quarter of 2021, it had 70 million active users. May 27, 2021

### Fusion of India Borrows \$12m from BIB for On-lending to Women

India's Fusion Microfinance recently borrowed the equivalent of USD 12 million from Bank im Bistum Essen (BIB), a cooperative bank based in Germany, for Fusion to "on-lend to women borrowers from low-income households." The deal was facilitated by Northern Arc Capital, a non-banking financial company in India that focuses on financial inclusion. Markus Christ, a senior investment officer at BIB, said of the deal, "We believe that especially in these turbulent times it is more important than ever to show a strong commitment and support to the underprivileged women entrepreneurs active in the rural areas of the country." The loan is BIB's first in India. Founded in 2010, Fusion offers financial education and loans to joint-liability groups of women. The institution serves 1.8 million customers, all living in rural and semi-urban areas, via approximately 591 branches in 18 states. The microlender has a gross loan portfolio USD 490 million. May 25, 2021

### EBRD Lends \$1.2m to Sparkasse Leasing Doo Skopje SMEs

The UK-based European Bank for Reconstruction and Development (EBRD) recently lent Sparkasse Leasing Doo Skopje, a unit of Sparkasse Bank of Macedonia, the equivalent of USD 1.2 million to fund equipment to be leased by small and medium-sized enterprises (SMEs) in North Macedonia. The equipment is meant to boost the SMEs' usage of renewable energy and help them meet EU standards for product health, safety and quality. To support the loan, the EU will fund technical assistance and cash incentives to promote the standardization process. Founded in 1992, Sparkasse Bank is controlled by the Erste Group, a financial services provider based in Austria. As of 2020, Sparkasse Bank's total assets amounted to USD 519 million, and it generated return on average assets and return on average equity of 1.2 percent and 10 percent, respectively, during 2019. Erste Group serves 16 million clients in seven Central and Eastern European countries. May 22, 2021

### Google Pay Offers Remittance Services via Western Union, Wise

Google Pay, a unit of US-based technology firm Google, recently partnered with money transfer companies Western Union and Wise to allow Google Pay users in the US to send money to individuals in India and Singapore. The service does not allow payments to the US or payments to or from businesses. However, Google reportedly plans to expand the service during 2021 to 80 countries via Wise and 200 countries via Western Union. After a one-month promotional period, Wise will charge a fee for each transfer. While Western Union will not charge fees, the company makes a profit on currency exchange. May 20, 2021

### Positive Ventures of Brazil Raises \$10m for Impact Fund

Positive Ventures, a Brazilian venture capital and private equity firm, recently raised USD 10 million for an impact investment fund from its limited partners, including Cândido Bracher, who previously served as Chairman of Brazil-based Itaú Unibanco; Teresa Bracher; and Luis Stuhlberger, who co-founded Brazil-based Verde Asset Management. Positive Ventures invests in companies seeking to "create an economic, social and environmental value," such as teaching English as a foreign language and expanding access to healthcare through technology. The firm was founded in 2016 and has invested in eight companies in Brazil and the US. May 19, 2021

### Georgia to Support MSMEs with Fintech, Guarantees, Grants

The World Bank recently approved the equivalent of USD 103 million to support micro-, small and medium-sized enterprises (MSMEs) in Georgia. The project includes funding to expand the country's financial infrastructure, such as to improve online banking, know-your-customer protocols and "the use of movable collateral, such as vehicles, equipment and intellectual property." MSMEs also will gain access to technical assistance relating to "managerial, digital and other COVID-proofing practices." This is to include a particular focus on digitalization support for female entrepreneurs and entities working to minimize climate change and its effects. In addition, local financial institutions will receive partial guarantees for MSME lending. Lastly, through the government's Enterprise Georgia agency, businesses will be able to apply for grant funding, including to cover interest payments due on existing loans. May 18, 2021

### Lami of Kenya Raises \$1.8m in Equity for Insurtech in Africa

Kenya-based insurance technology firm Lami Technologies recently raised USD 1.8 million in a seed investment round led by Accion Venture Lab, a unit of US-based NGO Accion. Lami's digital platform allows insurers to offer instant quotations and subsequent distribution of their products. The other participants in the funding round are the following US-based firms: Acuity Ventures, Arlington Asset Investment, Consonance Capital, Continent Venture Partners, Future Africa and P1 Ventures. Jihan Abass, Founder and CEO of Lami, said the platform delivers "more value to [insurance] customers, while enabling large volumes of users to access insurance, often for the first time." Founded in 2018, Lami Technologies has sold 5,000 policies, spanning 30 products including medical, vehicle, employee benefits and electronic device insurance. May 18, 2021

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*Please refer to [MicroCapital.org](https://microcapital.org) for the sources of the information appearing in this publication. Among these, MicroCapital recognizes CGAP's FinDev Gateway for its outstanding work disseminating information on financial inclusion. Thank you!*

### **Amartha Raises \$28m for Women in Rural Indonesia**

Amartha, a firm offering peer-to-peer lending and other services in Indonesia, recently raised USD 28 million in equity from two previous investors in the firm as well as Indonesia-based Metra Digital Innovation Ventures and the Women's World Banking (WWB) Capital Partners II fund of the US-based nonprofit WWB. The previous investors increasing their stakes are Indonesia-based Mandiri Capital and Singapore-based United Overseas Bank Venture Management. Amartha plans to use the funding to support women microentrepreneurs in rural areas by: (1) expanding its peer-to-peer lending; (2) providing financial literacy and entrepreneurship training; (3) building out its new Amartha Plus e-commerce platform, which allows users to access lower-cost goods; and (4) launching Amartha Score, which allows people to build digital credit histories. The firm was founded in 2010 and is active in the provinces of Java, Sulawesi and Sumatra. Its peer lending service offers groups of rural women enterprise loans ranging from the equivalent of USD 200 to USD 700. During 2018, the most recent year for which data are available, Amartha facilitated loans totaling USD 56 million. The firm reports being cash-flow positive and expects to achieve profitability during 2021. May 11, 2021

### **DFC to Loan \$100m to WaterEquity Global Access Fund**

The government-backed US International Development Finance Corporation (DFC) recently agreed to loan USD 100 million to the WaterEquity Global Access Fund and disbursed 25 percent of that total as a first tranche. US-based investment manager WaterEquity launched the Global Access Fund with the goal of raising USD 150 million to "empower at least 5 million people to access improved water and sanitation across Asia, Latin America and Africa." WaterEquity was founded by Water.org, a US-based NGO launched in 2009 "to bring water and sanitation to the world." The Global Access Fund has a volume of USD 125 million. May 11, 2021

### **Applications Open for Arab Financial Inclusion, Green Prizes**

The organizers of the Arab Financial Inclusion Innovative Prize (AFIIP) are now accepting applications from financial services practitioners to compete for USD 60,000 in cash plus technical assistance in implementing their ideas. As in past years, AFIIP will recognize innovation that improves financial services catering to low-income individuals as well as micro-, small and medium-sized enterprises (MSMEs) in Arab nations. This year, applicants also may win for solutions that "mitigate the risks of climate change, increase environmental resilience for the low-income and MSMEs, provide sustainable opportunities to the underserved and enhance the green finance ecosystem." The closing date for applications is June 25. AFIIP was founded in 2018 by Rakiza, a Lebanon-based NGO. May 11, 2021

### **BancoSol of Bolivia Adds "GanaSol" Game to Mobile App**

Banco Solidario (BancoSol), a Bolivian commercial bank that primarily offers microfinance services, recently upgraded its mobile app to include "gamified" features intended to boost its customers' usage of mobile banking. GanaSol allows users to earn points when they save. These points can be used to play "virtual roulette" or enter drawings to win cash prizes. BancoSol's national deputy manager of corporate social responsibility and marketing, José Luis Zavala, stated, "We're going to use the game as a tool to break down the psychological barriers between people and finance." BancoSol developed GanaSol with support from two US-based partners, Accion Global Advisory Solutions, which is a unit of the NGO Accion, and the Mastercard Center for Inclusive Growth, which is a unit of the financial services corporation Mastercard. Banco Solidario was founded in the 1980s and provides 1.2 million clients with savings, loans, insurance, remittances and financial education as of 2021. May 11, 2021

### **FINCA Adds Fintech Services in 3 Countries**

FINCA Impact Finance, a US-based network of financial institutions, recently carried out campaigns catering to people with low incomes through three of its 20 affiliates. FINCA Uganda launched a "Digital is Here" campaign in partnership with Centenary Bank, a commercial institution serving 1.8 million customers. This service allows FINCA Uganda customers - individuals as well as micro-, small and medium-sized enterprises - to use Centenary services including: (1) internet-based and mobile banking services, such as person-to person and business-to-business payment services; and (2) automated teller machine cards that offer access to the network of US-based financial services firm Visa. FINCA Azerbaijan is launching a chatbot that leverages the WhatsApp service of US-based technology firm Facebook. The goal is to accelerate the pace of loan applications and approvals. The chatbot also will guide customers through performing transactions, educate them about available products and facilitate banking via social media apps. Lastly, FINCA Bank Kyrgyzstan launched an online queue service, through which customers can reserve a place in line before they visit a branch, enabling them to minimize waiting in line and hence their potential exposure to COVID-19. FINCA Impact Finance is partially held by US-based FINCA International, which was launched in 1984 as the Foundation for International Community Assistance. May 11, 2021

### **Eamar Microfinance Launches Digital Services in Yemen**

Eamar Microfinance of Yemen recently began piloting digital micro-finance services in the country. The institution offers: (1) funding for micro-, small and medium-sized enterprises; (2) housing loans; (3) money transfers; and (4) advisory, training and marketing services. The goal of the institution is to increase financial inclusion by providing "high-tech, sustainable and innovative financial and non-financial services," particularly to facilitate the development of value chains. Financial data on the organization are not available. May 10, 2021

### **IFC Invests \$24m in EEPIF to Boost SMEs in Europe**

The International Finance Corporation (IFC), a member of the World Bank Group, recently invested the equivalent of USD 24 million in the Evolving Europe Principal Investments Fund (EEPIF) with the goal of improving the financial inclusion of small and medium-sized enterprises (SMEs) in 14 countries. Among the target countries are Bosnia and Herzegovina, Bulgaria, Kosovo and Serbia. EEPIF is managed by UK-based private equity firm Integral Venture Partners, which will also provide support to EEPIF investees in implementing IFC's environmental and social standards. Wiebke Schloemer, IFC's Director for Europe and Central Asia, said of the deal, "This regional fund provides an opportunity to substantially deepen the private equity market in the region by attracting institutional equity. This will help fund the needs of fast-growing SMEs and improve their governance and business practices." EEPIF achieved its first close in 2019 and has a target size of USD 181 million. It seeks to invest in companies with valuations ranging from the equivalent of USD 12 million to USD 120 million. In addition to IFC, Integral's investors include the UK-based European Bank for Reconstruction and Development and the EU's European Investment Fund. May 7, 2021

### **Finnvera to Issue \$780m in Pandemic Relief with EIB Guarantee**

Finnvera, which is owned by the government of Finland, recently joined the Pan-European Guarantee Fund (EGF), an investment vehicle providing liquidity for firms adjusting to the COVID-19 pandemic. Under the program, Finnvera plans to lend the equivalent of USD 780 million by December to medium-sized firms in Finland. EGF, which was founded by the EU's European Investment Bank, will cover 75 percent of any losses Finnvera may experience from these loans. May 4, 2021

### Sri Lanka Seeks to Cut Overindebtedness Among Microborrowers

The government of Sri Lanka recently announced the following strategies in its continuing efforts to address overindebtedness, primarily in the Northern and North Central provinces: (1) the issuance of subsidized loans targeted at rural women; (2) the construction of rural infrastructure to improve the outreach of microfinance institutions; (3) fostering collaboration among for-profit actors and NGOs to develop microcredit products that are more accessible and flexible; (4) developing a new legal framework to address unregulated moneylending; and (5) providing the equivalent of USD 1.8 million to rural banks to offset losses from bad loans. This follows reports of 2.8 million people in the region having fallen into cycles of debt and 200 people having committed suicide since 2018 after being unable to repay their loans. In contrast to previous similar efforts in the country, the subsidized loans will be larger - up to USD 300 - and no debt is to be waived. May 4, 2021

### E-marketplace Cívico Offers Colombian MSMEs "Negocios" App


Cívico, a Colombia-based online marketplace with networking and lending features, recently launched a mobile app called Negocios that allows micro-, small and medium-sized enterprises (MSMEs) to "create a digital presence for their businesses, upload and sell their products, and connect with their clients." Cívico also is using the app to collect data on the MSMEs' interactions with their customers "to identify how to better use alternative data for credit scoring, improve [Cívico's] direct lending product, and... provide a multi-partner flexible lending product...." Accion Global Advisory Solutions, a unit of US-based nonprofit Accion that is active in microfinance and financial technology, supported the development of the app with "client capability building for 12,000 merchants, ...strategy definition, product development, scorecard modeling, piloting, launching and monitoring." Founded in 2012, Cívico operates in Chile, Colombia and Mexico. The firm reports serving 35,000 MSMEs and 4 million of their customers. May 4, 2021

### ADB Loans \$40m to CD Finance of China, Mainly for Rural Women


The Chinese microfinance institution CD Finance recently secured a loan of USD 40 million from the Philippines-based Asian Development Bank to finance microloans intended to improve the quality of life of farmers and others in rural areas. Sixty percent of the total is allocated to female borrowers, an amount expected to reach 30,000 women. The agreement also includes a "gender action plan" for providing support such as financial education to women customers. Established in 2008, CD Finance serves 420,000 people with products such as "microcredit, microinsurance, agricultural input e-commerce, direct procurement of agricultural outputs, and technical training." Of its borrowers, 72 percent are women, most of whom live in rural areas and are classified as having low to moderate incomes. The lender, whose average outstanding loan size is equivalent to USD 4,400, operates 397 branches across 20 provinces. May 4, 2021

### Solomon Islands Launches 3rd Financial Inclusion Strategy

The Solomon Islands recently launched its third National Financial Inclusion Strategy, which includes using the Inclusive Digital Economy Scorecard of the UN Capital Development Fund to track progress toward digital transformation. This involves identifying barriers, such as lack of financial institutions in certain areas and high minimum balance requirements, and suggesting actions that public and private stakeholders can take to overcome them. Another part of the five-year strategy is to apply research to improve policies to address the needs of marginalized people to help them build resilience and develop into "fully engaged participants in the formal financial sector," including through digital finance. The planned action steps include improving data collection, updating policies, developing infrastructure and boosting financial literacy. April 29, 2021



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## NEWS FROM AFRICA

### Tugende to Lease Boat Engines for Fishing in Uganda

Tugende, a technology-driven lease-to-own firm, recently expanded its product portfolio to finance boat engines for informal workers in the fishing industry in Uganda. The company provides “financing for income-generating assets,” such as motorcycle taxis; associated resources, such as insurance and training; and digital profiles demonstrating clients’ repayment histories in Kenya and Uganda. Tugende expects to increase its social impact with this new product as more women have been interested in financing boat engines relative to the firm’s other products. While the terms of the engine leases have not been published, the firm’s motorcycle leases run as long as two years. Tugende, whose name can be translated as “Let’s Go,” has opened 17 branches in Uganda since its launch in 2012. In 2019, it expanded to Kenya, where it opened its first branch in the city of Kisumu. The company has served 47,000 customers as of 2021. May 17. 2021

### Madagascar, IFC, Local Insurers Partner on Agricultural Cover

The International Finance Corporation (IFC), a member of the World Bank Group, recently announced a partnership with the government of Madagascar to boost farmers’ access to insurance. The project will engage Malagasy insurers to create products to protect against risks such as drought, cyclones, pests and flooding. Marcelle Ayo, IFC’s country manager for Madagascar, said, “Agricultural insurance can help [smallholder farmers] enjoy a more predictable and stable cash flow, enabling them to repay loans and improve credit worthiness, boost production, and build more resilience against natural disasters and other shocks.” The project is supported by the Global Index Insurance Facility, which is managed by the World Bank Group and funded by the African, Caribbean and Pacific Group of States; the EU’s European Commission; and the governments of Germany, Japan and the Netherlands. May 14. 2021

### Baobab+ Raises \$5m for Pay-as-you-go Solar, Tablets in Africa

The French technology company Baobab+ recently raised the equivalent of USD 2.4 million in equity from the Facility for Energy Inclusion Off-Grid Energy Access Fund, an initiative of the African Development Bank. Baobab+ also secured a loan of the same amount from the Energy Entrepreneurs Growth Fund, which is managed by Netherlands-based Triple Jump. Baobab+ CEO Alexandre Coster stated that the funding will help the firm “expand its distribution network of solar kits while targeting more microentrepreneurs” in Côte d’Ivoire and Senegal. In addition to solar products, Baobab+ offers technology such as tablets for agricultural, healthcare and educational purposes. Each of these is offered on a pay-as-you-go model, allowing users to possess the items while they make periodic payments, rather than being required to pay the full cost upfront. The firm serves Cote d’Ivoire, Madagascar, Mali and Senegal, and it is expanding to Democratic Republic of Congo and Nigeria. In total, Baobab has equipped 200,000 homes with solar kits since its launch in 2015. May 12. 2021

### Incofin Assists SOPROCOPIV of DRC with Fairtrade Certification

Incofin, an investment management firm based in Belgium, recently launched a technical assistance project for Solidarité pour la Production et la Commercialisation des Produits Industriels et Vivriers (SOPROCOPIV), a coffee cooperative in Democratic Republic of Congo. The goal is to help SOPROCOPIV meet documentation requirements and train 5,000 producers on the guidelines they must follow for the cooperative to become certified by Germany’s Fairtrade International. The certification will allow farmers to receive higher prices in general as well as to qualify for guaranteed minimum prices. It also signals to customers that the products are produced with high quality standards, environmental sensitivity and non-exploitative working conditions. Due to security and infrastructure challenges in the region, Fairtrade is conducting its audit remotely, as a pilot test for making remote certification an option for more producer organizations. Incofin is funding the technical assistance project in partnership with entities backed by the governments of Belgium, Germany and the Netherlands. These four funders also have launched a Fair Trade COVID-19 Producer Fund, through which SOPROCOPIV is receiving cash for personal protective equipment, health education and general business costs. Founded in 2008, SOPROCOPIV serves 7,600 people. May 12. 2021

### Numida of Uganda Raises \$2.3m for E-lending via MFS Africa

Numida, a financial technology (fintech) firm in Uganda, recently raised USD 2.3 million in seed funding from a group of investors led by South Africa’s Mobile Financial Solutions (MFS) Africa, whose infrastructure Numida plans to use to expand outside of Uganda and launch unspecified additional digital financial products. The other investors were the US-based Draper Richards Kaplan Foundation, Bermuda-based Equilibria Capital, the US-based Segal Family Foundation, and several angel investors. Numida was founded in 2016 and offers an app that provides working capital loans ranging from USD 100 to USD 5,000. The loans carry no collateral, and loan approvals are promised within two hours. Numida has lent a total of USD 2 million to 3,000 businesses in Uganda. MFS Africa works with financial services providers to connect 200 million digital wallets, enabling “accessible, affordable, inclusive alternatives for remittance/money transfers, microlending, microinsurance, micro-savings, and payments.” May 3. 2021

### ECCAS, UNCDF Promote E-remittances To, Within Central Africa

The 11-member Economic Community of Central African States and the UN Capital Development Fund (UNCDF) recently entered a two-year agreement through which they aim to expand “affordable and convenient access to digital remittances” for migrants transferring money to family members in their home countries. Priti Sinha, the Executive Secretary of UNCDF, said, “Our goal at UNCDF is to support creation of coherent and interoperable systems, both technological systems as well as the policy systems that govern the technology.” The effort includes research on “how remittances, if shifted from cash to digital channels, could be the gateway to other financial services supporting the resilience and financial health of migrant households.” To support this work, UNCDF will arrange peer-learning meetings among regulators, financial service providers and other stakeholders. April 28. 2021

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## EAR TO THE GROUND

### Women on the Verge of... Borrowing

Last week, as part of the LEADS Mujer program of INCAE Business School, I led a workshop with a group of women who own medium-sized enterprises in Central America. The plan was to discuss digital financial services, but we spoke a lot more about the women's broader financing needs and their experiences with financial institutions in general. This is partly because many of them are already using the limited digital financial tools available in their countries.

I was struck by their enthusiasm but also by their fears of taking on risk. Despite the confidence and soft skills they have developed, few were excited about borrowing. Some mentioned fearing the commitment of a loan in these uncertain (post-?) pandemic times. That brought me to reflect on past instances when I have been fearful and what was helpful to me during those turning points. Generally, a combination of advice, encouragement and leveraging a tried-and-true skill set have worked best to help me feel comfortable taking on risk. At times, I got feisty when faced with others' skepticism, and that motivated me to prove myself. But that's gotten tiring now that a few decades have gone by!

The experience of María, a young woman on the webinar whose firm processes cocoa in Honduras, reminded me of some of those challenges I had to overcome. She needed to update her processing machines and walked into her bank for a loan. The loan officers asked her to bring in some paperwork, which she did. Then they asked for more paperwork. After a few iterations, she gave up and went to a different bank; she needed to replace her machinery quickly, and the process was taking too long. At the second bank, she was greeted by a group of male employees. She got the feeling right away that they either didn't understand or didn't believe her. But they made an appointment to visit her factory. When they arrived, she felt a bit intimidated. It was a group of four

men, who questioned every detail of her plant. She was asked to describe each machine, what it did, and what components needed to be replaced and why. During the webinar, María told the group, "They would never have asked a man those questions; they would have assumed he knew his business." She proudly recounted how she explained the details of each machine, pointing out every nut and bolt that needed attention. She eventually got the loan, but she was resentful of the extra stress the bank employees put her through.

Jumping through hoops - like María had to do - is a lot of work. Many women get discouraged after the first, second or third attempt. Some won't even approach a bank for fear of feeling intimidated or being rejected. Helping women overcome these barriers will be a key component of jumpstarting many economies that have withered since the onset of the COVID-19 pandemic.

The LEADS program offers some clues of how to address these barriers. In a small "community of practice," women business owners can strengthen their soft skills, build confidence and find encouragement to take risks. They can share successes and failures, and they can learn new business and management tools. Together, these steps significantly reduce the risk of these women's businesses failing.

One limitation of LEADS is that it only tackles the demand side of the gap in women's financing, but it's a great start. The supply-side barriers are also an important challenge - one that I expect to address in a future column!

*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), and you may follow her on Twitter at [BarbaraatEA](https://twitter.com/BarbaraatEA).*

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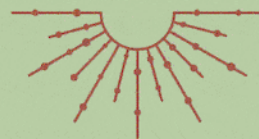


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## UPCOMING EVENTS

### Africa Trade and Investment Convention

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: remittances, agriculture, value chains, 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 tax.

More details are available via <http://www.investinginafrica.eu>, +31 616 950 384 or [info\[at\]investinginafrica.eu](mailto:info[at]investinginafrica.eu).

### World Finance Conference

August 3 - August 6, 2021; Kristiansand, Norway

The papers accepted for presentation at this event cover topics such as microsavings, interest rates, gender issues, the impact of microfinance on poverty, financial literacy, regulation, and small and medium-sized enterprises. The registration fee is EUR 170, with a discount of EUR 20 offered until June 7. For more details, you may call +351 961317366, visit <https://www.world-finance-conference.com>, or email [worldfinanceconference\[at\]gmail.com](mailto:worldfinanceconference[at]gmail.com).

### FinovateFall: Cutting Edge Fintech in the World's Financial Capital

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

This event includes demonstrations of new financial technology (fintech) products; pitch sessions for new business ideas; and presentations on topics such as the effects of COVID-19, women in fintech, artificial intelligence and the entry of "big tech" into finance. Although the full fee to attend in-person or virtually is USD 3,098, a range of discounts are available, including for those registering by June 18. For more details, you may call +1 888 670 8200 or +44 0 20 7017 7149, visit <https://informaconnect.com/finovatefall/> or email [register\[at\]informaconnect.com](mailto:register[at]informaconnect.com).

### Africa Financial Services Investment Conference

October 11 - October 12, 2021; London, UK

AFSIC will cover topics such as "sustainable" finance, financial technology and banking in Africa. Attendees may also access investor-project matchmaking sessions, country-specific presentations and an app for networking in advance. The full registration fee is GBP 1,295, with discounts offered, including for various early registration dates. For more details, you may visit <https://www.afsic.net/> or email [event\[at\]afsic.net](mailto:event[at]afsic.net).

### MORE DETAILS COMING SOON ON:

#### Super HappyYness Festival

June 26 - June 29, 2021; Munich, Germany

#### Asia-Africa Financial Inclusion Summit

September 28 - September 29, 2021; Dubai, UAE

#### FinnoSummit Mexico 2021 - NEW DATES

September 28 - September 30, 2021; Mexico City, Mexico

#### MEDA Convention

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

#### European Microfinance Week

November 17 - November 19, 2021; Luxembourg

#### World Finance Banking Symposium

December 17 - December 18, 2021; Budapest, Hungary

#### Finovate Spring 2022: Discover Tomorrow's Solutions to Today's Challenges

May 18 - May 20, 2022; San Francisco, California, USA 🇺🇸



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## PAPER WRAP-UPS

### The Future of Government-to-Person (G2P) Payments: Three Years of Learning About G2P Choice in Zambia

By Silvia Baur-Yazbeck, Emma Wadie Hobson and Mutale Chimba; published by CGAP (Consultative Group to Assist the Poor) and the World Bank Group; April 2021; 12 pages; available at <https://www.findgateway.org/sites/default/files/publications/2021/Disclaimer-The-Future-of-G2P-Payments-Zambia.pdf>

The authors of this paper evaluated methods that Zambia's Ministry of Community Development and Social Services (MCDSS) uses to issue certain government-to-person (G2P) payments to very low-income women in rural areas. The women who were studied receive mobile phones, two digital transfers totaling the equivalent of USD 167, and business and life skills training. The payments are unusual in that they are delivered through a range of payment intermediaries. Recipients use an online portal to choose their preferred provider from a group of participating commercial banks; mobile money providers; the nation's postal service; and NatSave, a government-owned institution.

The authors found that: (1) MCDSS had to expend resources after the initial rollout to revise recipient and staff training as well as to expand access via partnerships with emerging financial services providers; (2) beneficiaries benefitted from the choice of providers, such as by selecting those with service points closer to their homes; (3) the government benefitted from using multiple providers, for example, in that there was minimal disruption when one dropped out of the program; (4) the program encourages more financial service providers to enter the market, which can lead to benefits such as expanded service in rural areas and improved customer service; (5) access to phones and choice among payment providers increased women's control over their businesses as well as their level of participation in decisions over household finances; and (6) the government is replicating the choice-based G2P payment model in its Social Cash Transfer program.

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### Savings and Climate Resilience

By Elisa Sandri, Leonie Beckmann and James Robinson; published by Itad; April 2021; 17 pages; available at <https://www.itad.com/wp-content/uploads/2021/04/Savings-and-Climate-Resilience-Knowledge-Review.pdf>

This paper cites various instances of savings groups being used to accrue capital for "income diversification activities." For example, a village savings and loan association in Ethiopia trained members in running microbusinesses. The resulting income was reinvested to buy feed in bulk to help livestock survive a period of drought. Although savings groups mostly generated positive impact, they sometimes led to investment in "climate vulnerable activities." For example, a set of women's savings groups in Ethiopia planted crops and bought livestock through a project intended to diversify their incomes. However, prolonged drought resulted in poor crop yields and deaths of many of the animals. Hence, when climate variability is high, it may be wiser for farmers to diversify into sectors unrelated to agriculture.

The authors conclude with the following findings: (1) while informal savings is important, its effectiveness wanes when shocks are larger; (2) the advantages of savings are increased when combined with interventions such as the "adoption of climate-smart technologies and innovations to reduce exposure to climate shocks;" and (3) there is great need to support communities during and after climate shocks, given the increasing frequency of such events.

### Trends in International Funding for Financial Inclusion

By Moly Tolzman, published by CGAP (Consultative Group to Assist the Poor), February 2021, 14 pages, available at [https://www.cgap.org/sites/default/files/publications/2021\\_02\\_Focus\\_Note\\_2019\\_Funder\\_Survey.pdf](https://www.cgap.org/sites/default/files/publications/2021_02_Focus_Note_2019_Funder_Survey.pdf)

According to CGAP's most recent annual funder survey, investors deployed USD 52 billion in the financial inclusion sector during 2019, a 12-percent increase from 2018. This was a record high, and "public funding grew more quickly than private funding for the third year." Public funders accounted for 73 percent of the yearly total, with the bulk of this coming from development finance institutions. A significant minority was from bilateral institutions. The private funding was divided among for-profit investors and foundations.

Of the total funding for the year, USD 2.3 billion was directed to digital financial services, of which 46 percent was for retail financing, 30 percent went to infrastructure, 12 percent was directed to retail capacity building, 8 percent went to policy development and 4 percent was to build client capacity.

Despite the UN adopting the Sustainable Development Goals (SDGs) in 2015, "the largest funders of financial inclusion [still] are not reporting their projects by SDGs." Since 2015, 21 percent of financial inclusion projects have explicitly addressed the goals. During 2019, just 18 percent of the commitments to financial inclusion addressed specific SDGs. 📊

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