MicroCapital Monitor
On Microfinance & Other Forms of Impact Investing

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MICROCAPITAL BRIEFS | TOP STORIES

Bridge Taxi of South Africa Borrows $20m for Leasing Minibuses
Please refer to page 3 for coverage of this MicroCapital *Deal of the Month*.

Triodos Renewable Energy Fund Debuts with $29m
Triodos Investment Management, an impact investing unit of the Netherlands' Triodos Bank, recently announced the launch of the Triodos Emerging Markets Renewable Energy Fund. The fund will deploy senior debt in low- and middle-income countries to support: (1) large-scale energy projects such as "wind, solar and run-of-the-river hydro"; and (2) smaller-scale industrial and commercial projects, such as mini-grids. Some of this will be via third-party renewable energy funds. Triodos Investment has raised USD 29 million for the fund from undisclosed sources, and the fund remains open for participation from additional investors. Triodos Investment, founded in 1990, is a subsidiary of Triodos Bank. The goal of Triodos Bank is to help individuals and businesses use their money to promote "positive social, environmental and cultural change." Triodos Bank has the equivalent of USD 23 billion in total assets under management, and Triodos Investment reports total assets of USD 7 billion. During 2020, Triodos Investment provided debt and equity to 109 financial institutions in Africa, Eurasia and Latin America. November 15. 2021

BFIU, IFC to Develop E-KYC System in Bangladesh
The Bangladesh Financial Intelligence Unit, a government agency that acts against financial crimes, and the World Bank Group's International Finance Corporation recently agreed to collaborate to establish an electronic know-your-customer (e-KYC) system to "fast-track financial inclusion" in Bangladesh. The goal of the system is to "cut time and cost of client onboarding" thus allowing financial services providers to reach 30 million first-time customers over the course of nine years. Usage of the e-KYC system will be mandatory for new customers at traditional and digital financial services providers as well as insurers and investment firms. November 10. 2021

Creation, Norwest, IIFL Place $200m in Equity in Vastu for Housing Loans in India
Two US-based firms, Creation Investments and Norwest Venture Partners, recently co-led a Series C financing round of USD 200 million for Vastu Housing Finance of India. Each investor committed USD 75 million to Vastu, with India's IIFL Finance investing the remainder. Vastu plans to use the financing to build on its Pulse platform, a "proprietary technology platform [that] helps customers estimate and demonstrate their undocumented income to access credit." Founded in 2015, Vastu operates 86 branches in 13 Indian states. Since its inception, the firm has served 35,000 customers, most of whom earn less than the equivalent of USD 600 per month. Vastu reports total assets of USD 372 million and total loans of USD 289 million. IIFL is the parent of IIFL Home Finance and Samasta Microfinance. November 5. 2021

Oikocredit, Opportunity Commit $100m to Education Finance
Opportunity International, a US-based nonprofit providing microfinance and other services in 30 countries, and Oikocredit, a Netherlands-based impact investor, recently announced a three-year partnership valued at USD 100 million. The collaboration is aimed at increasing education access and quality in low-income countries through Opportunity's EduFinance program. Oikocredit will supply the funding, and both organizations will provide training and other non-financial support to financial institutions to increase their provision of microloans for school fees as well as larger loans for schools to use for upgrades. The initial focus is to be on Ghana, Kenya, Nigeria, Senegal and Uganda with plans to expand across Africa, Asia and Latin America. Based in the UK, EduFinance seeks to increase access to and quality of education in developing countries by providing loans and technical assistance to microfinance institutions lending to students, their families and schools. EduFinance reports having served 85 financial institutions that reach a total of 1,600 schools and 9 million students. November 4. 2021

INSIDE Page

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

Armenia's ACBA, Symbiotics Partner on $6.7m Bond Issue

The Agricultural Cooperative Bank of Armenia (ACBA) and Symbiotics, a Switzerland-based impact investing firm, recently partnered to raise USD 6.75 million for on-lending in Armenia. Symbiotics will list a sustainability bond on the Luxembourg Green Exchange, meeting the Green Bond Principles of the Switzerland-based International Capital Market Association, and use the proceeds to fund a four-year, unsecured loan to ACBA. A portion of the funding is set aside for financing micro-, small and medium-sized enterprises with loans capped at USD 1 million and a lower ceiling of USD 10,000 for microenterprises. The other portion of the funding is for "agricultural loans focused on climate-smart farm inputs" as well as equipment that increases energy efficiency and the usage of renewable energy. Established in 1996, ACBA has 63 branches and 1,500 employees. Its products include savings, loans and foreign exchange services. The loan offerings are designed for consumption and housing as well as farm and non-farm businesses. During 2020, ACBA Bank generated a profit equivalent to USD 3.8 million on total assets of USD 852 million. November 23. 2021

Oikocredit Promotes Mirjam 't Lam to Managing Director

The Supervisory Board of Oikocredit recently announced that Mirjam 't Lam has accepted the role of Managing Director at the Dutch cooperative. Ms 't Lam has acted in the position on an interim basis since August 2021, after having been named Oikocredit's Director of Finance and Risk in November 2020. Previously, Ms 't Lam was at Arise, an investor in financial services providers in sub-Saharan Africa, after having "played a leading role in the creation of the organisation." She also held a range of positions at the Netherlands-based Rabobank Group, one of the three founders of Arise. November 22. 2021

Terabank Georgia Borrowing $7m from EIB for MSMEs

The EU's European Investment Bank (EIB) recently opened a credit line in an amount equivalent to USD 6.8 million - accessible in synthetic Georgian lari - for Terabank Georgia, which is owned by the UAE-based Abu Dhabi Group. Terabank focuses on retail customers as well as small and medium-sized enterprises (SMEs), and it plans to use the credit line to help SMEs sustain jobs and maintain liquidity. EIB is pairing the loan with technical assistance to help Terabank "improve and expand its offer available to local small businesses" under EIB's SME Outreach Initiative. Founded in 1999, Terabank operates 18 branches, offering deposits, loans, payment cards, transfers, payroll processing and trade operations. Its lineup of loans includes products designed for consumption, education, housing, vehicles, farming, working capital and asset purchases. The bank reports total assets of USD 412 million, a gross loan portfolio of USD 284 million and deposits of USD 273 million. November 12. 2021

Emprende to Incubate Women's Microenterprises in Latin America

US-based social enterprise Pro Mujer recently launched the pilot phase of its Emprende platform, a Spanish-language resource for women running "subsistence" enterprises. The three-month pilot is providing 600 women access to services such as connections to third-party online sales platforms and learning opportunities, including "edutainment" and content from US-based Platsi, a trilingual online learning platform targeting Latin America. Pro Mujer plans to begin charging a fee for the service to those who are able to pay, perhaps as soon as 2023. Established in 1990 in Bolivia, Pro Mujer serves clients in Argentina, Bolivia, Guatemala, Mexico, Nicaragua and Peru. During 2020, Pro Mujer provided access to online workshops for 90,000 people; health interventions for 126,000 clients, including 11,300 cancer screenings; and financial services to 195,000 people, including loans totaling USD 202 million. November 9. 2021

HDFC Bank to Lend $100m to Indian MSMEs - Half Led by Women

HDFC Bank, an affiliate of India's Housing Development Finance Corporation, recently agreed to lend USD 100 million to micro-, small and medium-sized enterprises (MSMEs) in India to support their usage of digital payments, including to adjust to the COVID-19 pandemic. Half of the credit facility is earmarked for women entrepreneurs. The government-backed US International Development Finance Corporation and the US Agency for International Development will mitigate an unspecified portion of the credit risk incurred by HDFC Bank. US-based payment technology firm Mastercard will support end-borrowers with training via the Mastercard Center for Inclusive Growth, the Confederation of All Indian Traders and the Confederation of Indian Industry. HDFC Bank, which was founded in 1994, has 5,600 branches and 16,000 automated teller machines in 2,900 cities and towns. For the quarter ending September 2021, the institution reported net profit equivalent to USD 1.2 billion on a balance sheet of USD 240 billion. November 9. 2021

Capital Bank's NBI to Borrow $10m from IFC for Iraqi SMEs

The International Finance Corporation, a member of the World Bank Group, recently agreed to loan the National Bank of Iraq (NBI) USD 10 million for on-lending to small and medium-sized enterprises (SMEs) as well as advisory services related to improving its service to this segment. NBI is a commercial bank owned by Jordan's Capital Bank Group. NBI Chairman Bassem Khalil Al-Salem stated the loan will help his institution "continue its consistent support of [SMEs] through increased financing and working capital, which will, in turn, propel business activity, preserve jobs and ensure further economic stability." Through its 18 branches, NBI provides services including deposits, loans, payment cards, e-wallets, transfers, foreign exchange and trade finance. Established in 1995, Capital Bank offers commercial and investment services to both companies and individuals. It reported net profits of USD 43 million during 2020 on total assets of USD 4.7 billion. November 8. 2021

Oikocredit Lends $13m to Fundación Génesis of Guatemala

Oikocredit, a cooperative based in the Netherlands, recently funded a four-year loan equivalent to USD 13 million in favor of Guatemalan microfinance institution (MFI) Fundación Génesis Empresarial. Génesis CFO Jim López said that the loan will allow the MFI "to support more rural Guatemalans in advancing their development path and improving their quality of life" and meanwhile "bring us closer to our strategic objective of serving 1 million clients." The organization serves 216,000 clients, of whom two thirds live in rural areas, three quarters are women and 40 percent earn less than the local poverty level. In addition to lending for small businesses and household needs, Génesis offers training in business development, financial literacy, health and women's empowerment. The MFI has 151 branches, 4,000 rural service points and a portfolio of USD 248 million. Oikocredit reports investments valued at USD 969 million deployed via 529 partners. November 2. 2021

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Please refer to MicroCapital.org for the sources of the information appearing in this publication. Among these, we recognize CGAP's FinDev Gateway for its outstanding work disseminating information on financial inclusion. Thank you!

NEWS FROM AFRICA

Co-operative Bank of Kenya Borrows $56m from EIB for SMEs

The EU's European Investment Bank recently loaned the equivalent of USD 56 million to Co-operative Bank of Kenya for "companies active in sectors most challenged by the COVID-19 pandemic." In particular, the line of credit will enable Kenyan firms with up to 250 employees to access local-currency loans "with tenors of up to 7 years, far longer than usually available." The maximum amount of each sub-loan is set at USD 13 million. November 30. 2021

Bridge Taxi of South Africa Borrows $20m for Leasing Business

Bridge Taxi Finance, which is based in South Africa, recently borrowed the equivalent of USD 20 million from a group of unidentified "international impact investors" to expand its leasing of minibus taxis with vehicles that are safer and less polluting. In addition to leasing minibuses, the firm provides drivers with repair, tracking and advisory services. Bridge Taxi funded 1,100 entrepreneurs during the year ending September 2021. Verdant Capital arranged the funding for Bridge Taxi. Verdant, which has offices in Democratic Republic of Congo, Ghana, Mauritius and South Africa, provides capital raising and financial advisory services as well as assistance in mergers and acquisitions. November 25. 2021

Sidian Bank Lends MSMEs in Kenya $4.6m for WASH

Loise Mwangi of Kenya's Sidian Bank recently described her institution's success in providing pandemic-relief loans supporting the distribution of water, sanitation and hygiene (WASH) equipment. Sidian lent about half of the funds, which total the equivalent of USD 4.6 million, to small and medium-sized WASH re-sellers, and the other half to community-based organizations, microenterprises, and small and medium-sized enterprises (SMEs) active in sectors such as agribusiness, bottling and health care. As a whole, borrowers used about half of the funds for access to clean water and half for access to sanitation. Each of the pandemic-relief loans carries a term of two years, an upfront fee of 2 percent and an interest rate of 11 percent per year, subsidized by the equivalent of USD 226,000 from the Dutch NGO Aqua for All. The loans ranged in size from USD 900 to USD 44,000 with a median size of roughly USD 4,400 and an average around USD 6,200. The program, which is ongoing, had reached 548 borrowers as of September 2021. Ms Mwangi reports the portfolio at risk (PAR) ratio is zero. For comparison, Sidian usually issues SMEs loans of around USD 38,000 for terms of three to four years with PAR near 10 percent. The bank has 2,900 SME clients and an SME portfolio of USD 112 million. Sidian is working with Aqua for All on a possible extension of WASH lending in the amount of USD 890,000. The organizations have also discussed partnering to monitor the impact of the program. Meanwhile, Sidian is considering expanding into loans for green energy and technology such as smart electric meters and online payments. November 18. 2021

MFS Africa Buying Baxi, E-payment Firm Serving SMEs in Nigeria

Mobile Financial Solutions (MFS) Africa, a digital payments network based in South Africa, recently announced it will acquire Baxi, a platform facilitating online payments in Nigeria. Verdant Capital, a corporate finance firm that specializes in mergers and acquisitions, is advising Baxi on the transaction. The pricing of the sale has not been disclosed, and it remains subject to approval by the Central Bank of Nigeria. Founded in 2014, Baxi offers handheld devices and apps for mobile phones that allow small and medium-sized enterprises to accept electronic payments, manage inventory and create reports. The firm also allows consumers to perform electronic payments via the internet and in-person to pay for services such as airtime, utilities and sending remittances. During 2020, Baxi processed transactions totaling the equivalent of USD 1 billion. MFS Africa works with a range of financial services providers to connect 320 million digital wallets in 35 African countries, enabling "accessible, affordable, inclusive alternatives for remittance/money transfers, microlending, microinsurance, micro-savings, and payments." November 18. 2021

Trafficking Survivors in Nigeria to Gain Access to Microloans

Nigeria's National Agency for the Prohibition of Trafficking in Persons (NAPTIP) recently announced it is planning to offer microloans to survivors of human trafficking as part of a set of "sustainable and evidence-based rehabilitation, reintegration and empowerment programs." These programs also will include grants for micro-, small and medium-sized enterprises, as well as education services and "innovation hubs" to help survivors reintegrate into society. The agency's other strategies include: (1) counteracting trafficking by furthering convictions of traffickers and prosecuting legal cases against them; and (2) enhancing public educational efforts on human trafficking. Founded in 2003, NAPTIP is a unit of Nigeria's federal government charged with carrying out the country's "international obligation under the Trafficking in Persons Protocol to prevent, suppress and punish trafficking in persons." The definition of trafficking in persons includes using force, the threat thereof, deception or other means to exploit people for the removal of organs, sexual purposes or other forms of modern slavery. November 9. 2021

Moneylenders Arrested for Impersonating MF Officials in Uganda

Police in the Buikwe district of Uganda recently arrested six employees of Moskal Enterprises, a moneylending firm based in the Luwero district, for impersonating staff of the Uganda Microfinance Regulatory Authority (UMRA). Some of the individuals were traveling in a vehicle marked with UMRA's logo at the time of their arrest. This comes after UMRA had received complaints that people were "extorting money from [microfinance] lenders to process operating licenses for them." In addition to charges for impersonating government officials, the suspects face punishment for operating a moneylending business without a license. November 8. 2021

SPECIAL FEATURE

This feature is part of a sponsored series on European Microfinance Week 2021, which was held online from November 17 to November 19. MicroCapital has been engaged to promote and report on the conference each year since 2012.

Konietzko: Business Leaders Must Fight Gender Inequality

As part of the opening of European Microfinance Week 2021, Daniela Konietzko of Fundación WWB Colombia discussed the impacts of the COVID-19 pandemic, the brunt of which has fallen on women. There has been more domestic violence, neighbors have quarreled more over land disputes, and pregnant women and children have suffered the worst increases in malnutrition. Meanwhile children have missed school, and women have taken on more unpaid caregiving responsibilities.

As COVID-19 threatens to undo the gains made against poverty in recent years, Ms Konietzko argued that we need to address development with a gender lens for many reasons. Women are five times more likely than men to have zero income. Meanwhile, women who do have earnings invest triple the proportion in their families, relative to the amount of their earnings that men invest. Women spend an average of eight hours per day performing unpaid labor in the household - also nearly triple the time that men do - making it harder for women to access training and other resources.

Not only should the financial inclusion sector fight inequality, Ms Konietzko said, but this is needed in all sectors, including business, politics and emergency response planning. In closing, she declared that business leaders have a responsibility to speak out on this and other social issues in all countries - rich and poor.

Measuring Outcomes: Aligning Incentives, Adjusting Expectations

During a meeting of the European Microfinance Platform (e-MFP) Investors Action Group, Célia Fernandez of the French NGO Comité d'Echange, de Réflexion et sur les Systèmes d'Epargne-Crédit (CERISE) described LabODD, a project to help mission-driven organizations measure their progress toward the UN Sustainable Development Goals (SDGs). Among the outputs LabODD is to create during its four-year period is a brief due for publication in December 2021 that will cover outcomes management for financial services providers (FSPs).

Cécile Lapenu, also of CERISE, described several trends that will be presented in the brief. For example, the demand of impact investors for accountability from FSPs is growing. However, the focus now is more on measuring outcomes - which can be *associated plausibly* with the work of FSPs - rather than impacts - which must be shown to *result* from client-FSP interactions. This is due to the expense and other difficulties of the latter. Meanwhile, the cost to collect outcomes data has been on the decline. There is also a sense among many stakeholders that it is too ambitious to expect FSPs to reduce poverty, as many hoped for in the past. Goals such as smoothing consumption and creating jobs are more attainable.

Veena Yamini of Ankuram Social Ventures described several strategies for success in measuring outcomes. The number of variables should be limited - not only to keep the process manageable, but because of the need for consistent data. Complex datasets that change each year are not useful for benchmarking progress year-to-year or for comparison to data from peer institutions. Also, staff will do a better job collecting quality data if they see how the data are used, for example to improve the products that they sell. Because data quality is key, it must be validated at each step in the process of collection and analysis. If managers do not trust a dataset, they will not use it.

An important part of motivating staff to create quality outcomes data is for the CEO to drive the effort. Consequently, the board of directors should include outcomes measurement among the criteria on which it evaluates the CEO.

Ariane Schoen of Invest in Visions described her firm's collection of output indicators from its 80 investees on a quarterly basis. One challenge is that some of the FSPs are quite limited in the depth of data they collect, which in turn limits the extent and usefulness of the portfolio-wide data that Invest in Visions is able to compile. Haruna Tanaka of Gojo and Company agreed that, "It's a very big challenge for investors to collect client impact data." One way to make it easier, she suggested, is to include data collection efforts as an extension of FSPs' existing satisfaction surveys.

Nicolas Karambadzakis of ECLOF described his network's experience working with 60 Decibels to conduct telephone interviews with hundreds of ECLOF clients in local languages. ECLOF used the surveys to learn how to support clients during the early stages of COVID-19, for example by allowing borrowers to use their guarantee funds (savings) to repay their arrears, determining when clients were interested in resuming borrowing to pay school fees and expanding farmer training.

Peer Networks Boost Trajectories of Women Staff, Clients

Mariana Martinez of FinEquity, a platform hosted by CGAP that promotes women's financial inclusion, described the platform's Spanish-language arm, FinEquityALC. FinEquityALC focuses on Latin America and the Caribbean, serving as a pilot project that may lead to FinEquity establishing other regional projects. The goals of FinEquityALC are to improve public policy that impacts women's financial inclusion as well as financial products and financial education that are targeted at women. Its 1,100 users work for 250 different institutions.

Barbara Magnoni of Andares and EA Consultants described how Andares connects 400 Spanish-speaking women who work in financial inclusion in 19 countries. Andares organizes networking and training opportunities in a range of formats, recognizing that women often have busy family schedules that compound the difficulty of finding time to access these resources during the workday. These opportunities include: in-person and online education, international exchange programs, scholarships for third-party training programs, and asynchronous networking via platforms such as WhatsApp. Maritza Ivón Pereda Ontón, who works for Symbiotics in Mexico, described her experience attending a program at the Boulder Institute of Microfinance, funded by a scholarship from Andares. Laura Elena Rosado of AXA said she has found Andares to be a safe space to share challenges and for younger participants to find role models. During the beginning of the COVID-19 pandemic, for example, Ms Rosado said the platform hosted a great deal of discussion of how to support women clients who were struggling to continue to repay their microloans. More broadly, she described the importance of helping more women grow into leadership roles - one reason being that subtle forms of bias are part of "almost every financial product."

Njideka Nwabueze of Nigeria's Sterling Bank noted that there is a surge currently in women taking leadership roles in banks in Nigeria. Echoing Ms Rosado, she predicted that this trend will result in products that better meet women's needs. Regarding the importance of developing women's careers, Ms Nwabueze noted that women agents in her department performed better than men when she was working at Access Bank. As for networking and training opportunities, she cited the work of the Nigerian nonprofit Women in Management, Business and Public Service (WIMBIZ). Its programming includes coaching sessions for future leaders, online events on topics such as building a personal brand, and mentoring for prospective board members addressing ethics and other elements of corporate governance.

Looking forward, Ms Magnoni expressed concern about financial services providers digitizing their operations, given that technology is a field that is even more male-dominated than finance. She also noted the trend in younger employees looking for work-life balance and that the microfinance industry has quite a bad track record in this regard.

Fonkoze of Haiti Wins $114k Award for Inclusive Healthcare

Fonkoze, a development organization in Haiti, recently won a cash prize equivalent to USD 114,000 as part of the European Microfinance Award given by the Directorate for Development Cooperation and Humanitarian Affairs of the Luxembourg Ministry of Foreign and European Affairs. Fonkoze won the award for its Boutik Santé program, through which nurses train Fonkoze's customers as community health entrepreneurs. These women carry out basic health screenings in their Boutik Santé franchises, run health education sessions, and sell health and hygiene products.

HRH the Grand Duchess of Luxembourg, Chair of the Award's High Jury, said, "In the context of the current pandemic, guaranteeing access to affordable, good-quality health care to the most vulnerable is even more crucial. It is encouraging to see that microfinance is helping to find appropriate solutions for people in need while guaranteeing quality education for children, and offering employment prospects to young people."

Franz Fayot, Minister for Cooperation and Humanitarian Affairs in the Grand Duchy of Luxembourg and another member of the High Jury, added, "If traditional insurers are reluctant to extend health care coverage to the people in need, we need projects promoting innovative solutions for improving access to health services. The financially excluded do not only need better access to health care, but also the ability to pay for it!"

Private, Public Funders on Microfinance for Climate Adaptation

At European Microfinance Week 2021, climate *adaptation* was a hot topic - in contrast to climate *mitigation*, which is more of a preventative measure. Panelists argued that the scale of funding for climate adaptation is much too small and that many of those who are most in need still lack access to funding. These groups include smallholder farmers, women, youth and members of indigenous groups. Meanwhile, financial services providers (FSPs) are reporting that climate change already is having negative impacts on their portfolios.

Another trend, which was widely discussed at COP26, is a much higher level of concern for biodiversity. Avril Benchimol Dominguez of the Global Environment Facility argued, "There is no economic system without nature." Sebastien Soleille of BNP Paribas noted that, although his bank has tracked climate-related metrics for over a decade, it has only tracked biodiversity indicators for approximately two years. When BNP Paribas was looking into which of its clients had the most negative impact, one was a major agro-industrial firm. A challenge in acting on this information was that the deforestation involved in creating the firm's products was not carried out by the company itself, but by its suppliers. This brings the focus back to reaching communities in rural areas to educate them on alternative practices and crops, Mr Soleille said. To do this, "It is clear that high-income countries need to finance adaptation and mitigation in low-income countries."

In order to develop the market for investors to support climate adaptation and biodiversity, BNP Paribas, the Grameen Credit Agricole Foundation and Yapu are collaborating to build a special-purpose institute. One of the goals of this entity is to pilot technical assistance products that FSPs can use to help them address climate change, habitat loss and related challenges.

The panelists agreed that - although some financing products have been tested sufficiently and are ready for scaling up - many still need public financing to de-risk them while they are tested. On an optimistic note, Ms Benchimol pointed out that investing in energy efficiency and renewables was esoteric 20 years ago but has since become mainstream.

Remittance Providers Nudge Users Online, Cut Costs, Boost Speed

Attendees at a session on remittances learned about innovations from representatives of Caixa Economica Verde, Mukuru and Swift as well as the FairRemit service, whose collaborators include Aktif Bank's UPT money transfer service and the World Savings and Retail Banking Institute.

Swift has a new product called Swift Go for low-value transactions, whose features include upfront visibility on cost. Among the selling points of FairRemit is that its transfers are instant. Mukuru focuses on migrants sending money to and from Africa, Europe and South Asia. It operates its own cash-in/cash-out locations as well as digital services, with some of its transfers available instantly.

Antonio Moreira of Caixa Economica Verde said the cost to send USD 230 from Luxembourg to Cape Verde, for example, might be USD 16 through traditional channels. Meanwhile online services, he and other presenters said, might charge USD 1 to USD 7 for the same transfer, although variation remains in transfer speeds.

Despite the efficiencies of online transactions, Cat Denoon-Stevens of Mukuru explained that many users - especially in rural areas - continue to use cash. To nudge users toward less-costly electronic options, Mukuru has used strategies such as discounts for cash-to-account payments and lower rates for paying recipients' bills directly to the billers.

PAYGo Firms Struggle with Supply Chains, Lack of Equity Funders

Mariama Kamara of Smiling Through Light, a women-run provider of solar products in rural Sierra Leone, stayed in business during the COVID-19 pandemic thanks to emergency funding from the Shine Campaign. Demand is high for Smiling Through Light's products, but the last shipment of solar appliances from the manufacturer took five months to arrive, causing a delay in paying staff. Only since the onset of the pandemic - and at the request of customers - did Smiling Through Light expand its payment choices from cash up-front to include a pay-as-you-go (PAYGo) option.

A survey by GOGLA, also known as the Global Off-Grid Lighting Association, found that write-offs in the sector doubled during 2020 to 14 percent. However, Daniel Waldron of Acumen Fund stated, "The resilience the companies have shown has been really impressive to us as investors." Nonetheless, Mr Waldron finds that there are not enough equity investors to support the range of strong, up-and-coming firms offering clean energy options in developing countries. The established firms could benefit from additional financing, as well, to help them expand into more difficult-to-reach communities. Mr Waldron also expressed chagrin that Acumen's peer investors were not as motivated as his firm had expected to help PAYGo firms adjust to the pandemic.

Alexander Brummeler of Azuri Technologies said that one of the ways his firm is managing supply chain problems is to redesign products to accept different components when the original types have become unavailable.

Early in the pandemic, some PAYGo leaders were interested in giving their customers a period of usage at no cost but worried that users would not begin paying again afterwards. However, Mr Waldron said that being very clear with customers that the relief was temporary prevented most difficulties with customers resuming payments.

All of the panelists noted the trend of PAYGo firms diversifying from solar products into consumer products such as mobile phones. One concern with this trend is that the firms may be lured by the profits of up-selling to existing customers at the expense of reaching new customers who still lack basic services.

SPECIAL FEATURE

This feature is sponsored by Agents for Impact.

AGENTS FOR IMPACT™ RISK. RATING. RESEARCH.

Agents for Impact: Driving positive impact... Together!

Founded in 2018, we are a Germany-based impact investing company. Agents for Impact (AFI) offers premium impact investment solutions, sustainability consulting and impact measurement services tailor-made for clients in the sustainable finance industry.

We provide our partners with a combination of expertise and experience across the following three pillars: RISK - RATING - RESEARCH.

We have Agents spread across Africa, India, Southeast Asia, Central Asia and Europe, each with in-depth technical expertise and located in close geographical proximity to our key partners and target countries to ensure optimal support.

We pride ourselves on being the partner of choice for impact investors and financial services providers (FSPs) seeking innovation and cooperation. Together with these partners, we pursue positive impact, contributing to the achievement of the SDGs as the common reference framework for sustainable development.

We support the Sustainable Development Goals

Check our news feed to find out more! Or to learn about our custom-built services, please email us at info@agentsforimpact.com or call +49 69 2043 69912.

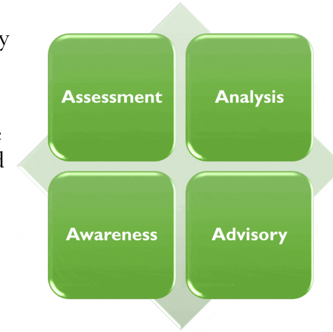
A strategic approach to sustainability risks and impact opportunities

Impact and sustainability require the same strategic approach as any other business objective. They must be integrated into an organization's structure, processes and culture. Today's increased awareness of sustainability risks and the need to provide data on environmental, social and governance (ESG) aspects to investors and other stakeholders is the "new normal." With our combined expertise and experience, we at AFI continuously strive to improve our ability to deliver on sustainability issues - bearing in mind that they translate into both risks and opportunities, with positive and negative impacts. Therefore, we aim to guide our partners to understand the interdependency of their impact objectives and their exposure to sustainability risks in order to manage them optimally.

What we do

Our sustainability RISK specialists perform plausibility checks for ESG ratings of listed companies by the major providers, such as MSCI ESG and ISS ESG. Through our partnerships in the micro- & SME finance sector, we also address ESG and other sustainability risks in impact measurement & management as well as sustainability-related regulatory developments such as the EU Sustainable Finance Action Plan.

Four elements of managing sustainability risks



- *Assessment:* We use our AFISAR© Tool to assess an FSP's sustainability performance based on the SDGs and ESG criteria.
- *Analysis:* We link positive & negative impacts with sustainability risks and opportunities for impact.
- *Awareness:* We address key sustainability issues, inspiring action for sustainable development.
- *Advisory:* We share our expertise in sustainability, microfinance and impact investing.

You may find more information about AFISAR© at https://www.agentsforimpact.com/de/afisar/.

"While mapping out the business plan for AFI back in 2018, it was clear to me that sustainability risk had a lot of potential to function independently and that the RATING and RESEARCH pillars would always need to incorporate sustainability risks on a day-to-day basis. Hence, we established our third pillar in 2020. I am proud to see how well the sustainability RISK pillar has developed and how much good work it is enabling for our clients."

- Dr Andrij Fetsun, CEO / MD

"Impact and sustainability require a strategic approach just like any other business objective. They must be integrated into an organization's structure, processes and culture - bearing in mind that they translate into both risks and opportunities, with positive and negative impacts."

- Manuela Fritzsch, Director of ESG Risks & Impact

Milestones

Since founding the sustainability RISK pillar in 2020, we have successfully completed:

- 100+ plausibility checks for the ESG ratings of listed companies across 30+ industries;
- consulting projects with the leading German financial institutions HANSAINVEST and SIGNAL IDUNA Asset Management to facilitate smooth implementation of the Guidance Notice on Sustainability Risks issued by BaFin, Germany's banking supervisor;
- several management workshops for AFISAR© partners on addressing sustainability risks and opportunities;
- several workshops building in-house knowledge on integrating sustainability into investment processes; and
- the development of pilot products on "sustainable finance literacy."

Initiatives

We are an active member of the Federal German Impact Investing Initiative, co-leading its "Initiative on Impact Measurement & Management."

Bundesinitiative IMPACT INVESTING

EAR TO THE GROUND

Building Farmers' Trust in Insurance Using a Method as Old as Time: Learning by Doing

This month, as COP26 dominated the airwaves, I was reminded of when I began working with Crezcamos, an MFI in rural Colombia, in 2017. I sat down with the CEO, Mauricio Osorio, and we dreamed up the ambitious goal of covering all of his farmer borrowers with agricultural insurance. A colleague of mine who joined one of the discussions told me, "It sounds too good to be true." Indeed, the conversations seemed like countless others I have had with representatives of MFIs, insurers, reinsurers and other stakeholders. Five years later, however, I can resolutely say the plan we laid out for Crezcamos was not only different but transformational.

With the generous and consistent support of the Insuresilience Technical Assistance Fund, we embarked on a journey to understand client needs, develop products that meet those needs, and re-engineer processes to commercialize and service agricultural insurance policies. Crezcamos engaged a broad set of actors, including the Colombian government's Finagro, which offered subsidies for the poorest farmers in the portfolio. Although I described our strategy as "complex," that word is not allowed within Crezcamos: "Everything is possible," insists Mauricio.

In 2020, despite the COVID-19 pandemic, the MFI issued parametric rainfall insurance to over 22,000 clients, some 1,200 of whom received a payout that same year, when rainfall exceeded the policy threshold. This never could have happened without Mauricio's undying persistence in figuring out a puzzle that has stumped so many in the development world: how to generate demand for insurance from poor farmers.

The first phase of our strategy was to use a simple insurance product as an "education" tool for farmers. What that means, in practice, is putting in a lot of work to ensure that farmers understand and believe in the product and - crucially - that they learn when their neighbors are paid. So much microinsurance today is bundled with loans as a mandatory product that farmers barely know whether and how they are covered. That sets them up for disappointment when they believe they are owed a claim and aren't paid. Trusts erodes quickly, and without trust you can't build an insurance business.

This month, we are testing out a new product for sugar cane farmers in central Colombia that offers higher payouts. The product is less simple and more expensive than the parametric insurance, so it won't work without trust. Our early field visits are encouraging, however. Farmers, already familiar with the parametric product and the claims it has paid, are listening. They do not doubt the insurance will pay, but they are going deeper, asking smart questions about premium-to-benefit ratios, exclusions and how the coverage period relates to crop cycles. This is what education does! It helps people know what questions to ask and gives them the confidence to ask them. Rather than sitting farmers in circles and explaining relatively costly and complex products, we started with a simple and subsidized product that required only a very brief explanation. This product familiarized farmers with the language of insurance and has built trust, enabling them to use their knowledge and agency to consider new coverage that can protect their crops from more elements of an ever-changing and uncertain climate. As we consider how we can apply some of the ideas we learned about during COP26, let's think about an age-old approach to adult education: learning by doing!

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, and you may follow her on Twitter at BarbaraatEA.

UPCOMING EVENTS

Ethical Enterprise Conference

December 6 - December 7, 2021; Melbourne, Australia

This conference - available either in-person or online - will address the capacity of social enterprises, "ethical businesses" and other purpose-driven organisations to create impact and change for a more sustainable future. The agenda topics include financial sustainability, building new revenue streams, change management, developing a commercial mentality, social procurement, transformational leadership and social innovation. Tickets range in cost up to AUD 676 plus tax, with discounts available for various groups, one-day passes and attendance only to the awards dinner on December 7. For more information, you may email info[at]moralfairground.com.au, call +61 (0) 409 943 254 or visit https://www.moralfairground.com.au/eec-2021.

Global Islamic Microfinance Forum

December 12 - December 14, 2021; Dubai, UAE

The 10th annual Global Islamic Microfinance Forum is a one-day event focused on increasing awareness of Islamic microfinance, that which complies with Shariah law, such as by using profit sharing in lieu of charging interest. The forum, which is subtitled "Evidence of Impact - Financial Inclusion," includes session titles such as Islamic Microfinance - Global Scenarios & Emerging Trends and The Digital Revolution & Financial Inclusion. The forum will be followed by a two-day workshop on "practical aspects of Islamic and rural microfinance," including using "microfinance as a tool of poverty alleviation." The fee to attend the forum is USD 395, and the fee for the workshop is USD 595. For more information, you may email info[at]alhudacibe, call +971 56 928 6664 or visit https://www.alhudacibe.com/gimf2021/.

World Finance Banking Symposium

December 17 - December 18, 2021; Budapest, Hungary

This event will promote the exchange of ideas in financial research, teaching and managerial practices through presentations and discussion. Sample topics include: "Credit or Not? Access to Finance for SMEs: Evidence from the West Balkan Market"; "Supporting Microfinance via Professional Associations: Analysis of the Tanzanian Case Through the Lens of Ostrom's Institutional Design Principles"; "Regulatory Constraint and Small Business Lending: The Role of FinTech Alternative Lenders"; and "Banking Systems and Their Effects on Regional Wealth and Inequality." Tickets to the event range up to EUR 475, with various discounts available, including a virtual option for EUR 150. For more details, you may connect via +351 961 317 366, worldfinanceconference[at]gmail.com or https://www.world-finance-conference.com/conference.php?id=22.

11th Biennial Microfinance Conference

January 25 - January 28, 2022; Bahirdar, Ethiopia

Organized by the Association of Ethiopian Microfinance Institutions, this conference is themed Promoting Digital Finance and COVID-resilient Financial Services Towards the Achievement of Financial Inclusion. Sessions will cover topics such as policy, client protection, digitization, governance, serving medium-sized enterprises, rural services, renewable energy, sanitation and microinsurance. Registration has not yet opened, but more information is available by calling +251 11 5572190, emailing aemfiet[at]gmail.com or visiting https://aemfi-ethiopia.org/j/5-content/annoucements/106-call-for-paper-11th-biennial-microfinance-conference.

MORE DETAILS COMING SOON ON:

Sankalp Africa Summit
March 1 - March 4, 2022; Nairobi, Kenya

Invest In Africa Summit
March 3 - March 4, 2022; Amsterdam, the Netherlands

Finovate Europe: Tech to Succeed Today. Vision to Thrive Tomorrow.
March 22 - March 23, 2022; London, UK

Skoll World Forum
April 5 - April 8, 2022; Oxford, UK

Africa SACCOs Week
April 25 - April 27, 2022; Nairobi, Kenya

Impact Investor Global Summit
May 18 - May 19, 2022; London, UK

Finovate Spring: Discover Tomorrow's Solutions to Today's Challenges
May 18 - May 20, 2022; San Francisco, California, USA

7th European Research Conference on Microfinance
June 20 - June 22, 2022; Glasgow, UK

World Finance Conference
August 3 - August 6, 2022; Turin, Italy

Finovate Fall: Cutting-edge Fintech in the World's Financial Capital
September 12 - September 14, 2022; New York, New York, USA

Opportunity Collaboration
September 25 - September 29, 2022; Miches, Dominican Republic

PAPER WRAP-UPS

The Power of Jan Dhan: Making Finance Work for Women in India

Published by Women's World Banking, August 2021, 53 pages, available at https://www.findevgateway.org/paper/2021/08/power-jan-dhan-making-finance-work-women-india

This paper documents a pilot savings program for women that was designed as an add-on to the Indian government's Pradhan Mantri Jan Dhan Yojana (Jan Dhan) scheme, which allows any previously unbanked person to open a savings account at any bank in the country. Jan Dhan accounts have no minimum deposits or balances to maintain, and the customer earns interest on his or her savings. Jan Dhan was launched in 2014, and it has been credited in the rise in percentage of women with access to financial services from 26 percent in 2011 to 77 percent in 2017. One of the successes of Jan Dhan is its reach to illiterate customers due its minimal paperwork requirements.

The pilot program offered "Jan Dhan Plus" accounts to encourage more women to save. These accounts came with a credit facility equivalent to USD 134 for users who made four savings deposits of USD 7 or more at any time during the course of one year. From February 2020 to August 2020, 50,000 people enrolled.

Over the course of the study, which was heavily impacted by the COVID-19 pandemic, 18 percent of women met the deposit requirements to receive the credit incentive. Whether or not they met this threshold, women with Jan Dhan Plus accounts grew their savings balances an average of 1.5 times more than customers enrolled in standard Jan Dhan accounts.

Regarding business correspondents (banking agents), the study showed that women business correspondents were better able to gain the trust of clients. Women agents had an average of 1.5 times more customers than the average business correspondent and were three times more profitable for the bank.

As of November 2021, all Jan Dhan accounts were amended to include the credit incentive.

Innovating Digital Financial Services for Posts

Published by the Universal Postal Union, November 2021, 72 pages, available at https://www.findevgateway.org/paper/2021/11/innovating-digital-financial-services-posts

Postal services have large networks of branch locations that give them the potential to reach many more underserved people with financial services, particularly in rural areas. Meanwhile, private companies have been increasing rural financial inclusion, particularly via digital financial services (DFS). Some postal services have expanded outreach in partnership with these firms, which include mobile network operators, financial technology firms (fintechs), microfinance institutions and banks. For example, some postal services support DFS providers by acting as agents for cash-in and cash-out transactions. Rather than focusing on traditional financial services, the authors suggest postal services replicate these partnerships to expand their provision of digital savings, domestic and international payments, cash-in/cash-out services, microinsurance, micro-investment opportunities and digital credit.

As for the role of policymakers, many countries have the potential to make significant gains in financial inclusion by boosting the "role of posts in the formulation and implementation of national development policies," supporting partnerships between postal services and fintechs, promoting competitive regulatory environments and strengthening consumer protection regulations.

COVID-19 and Fintechs in Bangladesh - Impact and Resilience

By Samveet Sahoo and Anik Chowdhury, published by MicroSave Consulting (MSC), October 2021, 40 pages, available at https://www.findevgateway.org/paper/2021/10/covid-19-and-fintechs-bangladesh-impact-and-resilience

This is the second part of a study analyzing the impact of the COVID-19 pandemic - including subsequent regulatory changes - on financial technology firms (fintechs) in Bangladesh. The authors analyzed 12 fintechs, categorizing them into three groups based on monthly revenue and number of customers.

Although public trust of fintechs increased significantly, early- and growth-stage fintechs struggled at the start of the pandemic, leading them to lay off staff and reduce pay, with senior leadership taking most of the salary cuts. As consumption patterns shifted, some firms some pivoted to add new services. For example, TallyKhata, whose app helps users maintain business records, added digital loans to its menu and experienced user growth by a factor of 25, to 2.6 million users.

While many smaller fintechs suffered, the mature-stage firms in the study experienced such rapid growth that they struggled to keep up with demand. Since the start of the pandemic, these firms' customer counts grew by factors of three to 20. They hired more employees, and many launched new products to expand market share, such as free peer-to-peer transfers and features allowing people to pay for COVID-19 tests.