MicroCapital Monitor
On Microfinance & Other Forms of Impact Investing

SEPTEMBER 2021 | VOLUME.16 ISSUE.9

MICROCAPITAL BRIEFS | TOP STORIES

EBRD Loans $50m to QNB Alahli for Green Lending in Egypt

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

PaygOps Enables PAYGO Solar Firms to Sell Receivables

PaygOps, the primary service of UK-registered Solaris Offgrid, recently released a platform through which providers of pay-as-you-go (PAYGO) solar products can raise funds by selling their receivables. The software allows investors to study and purchase PAYGO providers' contracts. This reduces the extent of due diligence lenders must perform on the providers relative to the more common practice of using the contracts as collateral for a loan. PaygOps envisions this bringing down investment costs sufficiently to reduce the minimum profitable PAYGO investment size from approximately USD 500,000 to less than USD 100,000. Solaris CEO Siten Mandalia said, "With this new facility, we aim to segregate credit provision by enabling investors to participate directly in pools of receivables. By streamlining financing in this way, we can facilitate hundreds of distributors in reaching the… unbanked population in need of essential products." Providers of PAYGO solar products offer equipment such as home solar electricity systems and water pumps that can be enabled and disabled remotely as users choose to purchase units of service. Kenya-based Pawame, which provides PAYGO solar products to 16,000 households, is the first to be selling a portion of its contracts to investors via PaygOps. The seed investor in these sales is First Growth Ventures, a France-based impact investor. September 20. 2021

Bank of Abyssinia Funding MFIs in Ethiopia to Lend Based on Movable Collateral

Ethiopia-based Bank of Abyssinia (BOA) recently agreed to loan local-currency equivalent to USD 13 million to four Ethiopian microfinance institutions (MFIs) to increase financial access for micro-, small and medium-sized enterprises (MSMEs) by harnessing moveable collateral such as machinery, vehicles, livestock and accounts receivable. Dynamic MFI, Harbu MFI, Metemamen MFI and Nisir MFI are to access the funds in unspecified portions. The loan program enjoys unspecified support from the Bridges program, which is funded by the Canada-based Mastercard Foundation and implemented by Ethiopia's First Consult and the US-based consultancy DAI. The agreement helps BOA meet a requirement of the country's central bank to support the use of moveable collateral by issuing "funds to individuals in the agricultural sector, including cooperative unions and MSMEs" directly or via wholesale lending to MFIs. BOA, established in 1996, serves 5 million customers through a network of 610 branches. The bank reports total assets of USD 1.2 billion, net deposits of USD 1 billion and an outstanding loan portfolio of USD 811 million. September 16. 2021

Visa Testing Offline Card Payment System in Rural India

Visa Incorporated, a US-based payments company, recently announced the expansion of its pilot-testing of a system to enable payments in areas without a stable internet connection. Having completed a successful trial in five villages in the Indian state of Karnataka, Visa is partnering with Axis Bank, Innoviti Payment Solutions and Yes Bank to broaden the availability of the technology. The system, which relies on the "chip of Visa debit, credit and prepaid cards," enforces a cap equivalent to USD 2.70 per transaction and a daily limit of USD 27. T R Ramachandran, Visa's group manager for India and South Asia, reportedly noted that "offline payments have the potential to catalyze digital payments usage even where internet connectivity is a challenge and failed transactions are a top concern. With this solution, Visa aims to work with our clients to see if this can scale with mass adoption." Visa-branded payment cards can be used at merchants in 200 countries. The company reports total assets of USD 82 billion. September 9. 2021

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MicroCapital

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

TriLinc Nets $18m from BlueOrchard to Lend to SMEs

Through its TriLinc Global Sustainable Income Fund II (TGSIF II), US-based TriLinc Global has agreed to invest USD 18 million raised by BlueOrchard Impact Investment Managers, a member of the UK-based Schroders Group. The funding is aimed at small and medium-sized enterprises, particularly in the agriculture, infrastructure and manufacturing sectors. TriLinc invests in developing countries, seeking both a “competitive return and measurable impact” in terms of social and environmental factors, primarily by investing via collateralized debt instruments. In addition to TGSIF II, a debt fund, TriLinc manages the TriLinc Global Impact Fund II. These funds’ assets are valued at USD 368 million. September 22. 2021

Dual Return Vision Funds Loan $16m in Central Asia, LatAm

C-Quadrat Impact Asset Management (IAM), a member of the Austria-based C-Quadrat Investment Group, recently loaned a total equivalent to USD 16 million to unspecified microfinance institutions (MFIs) in Armenia, Bolivia, Costa Rica, Panama and Tajikistan from its Dual Return Vision Microfinance Funds. The Dual Return sub-funds are Vision Microfinance, whose USD and EUR share classes generated one-month returns ranging from 0.14 percent to 0.23 percent during August, and Vision Microfinance Local Currency, whose USD and EUR share classes generated returns of 0.85 percent to 0.97 percent during the same period. C-Quadrat IAM, which was founded in Vienna in 2006 as Absolute Portfolio Management, “focuses on sustainable investments and microfinance products.” It reports USD 3.5 billion in assets under management. September 21. 2021

Cebuana Luhillier to Debut E-money Service in the Philippines

The Western Union Company, a US-based financial services and communications firm, recently partnered with Cebuana Luhillier, a microfinance provider in the Philippines, to allow international money transfers via the Cebuana Luhillier app. The microbank’s CEO, Jean Henri Lhuillier, reportedly said, “Following the successful launch of Western Union services at our retail locations, we are now excited to roll out a digital solution for convenient money transfers in the Philippines….” Established in 1988, Cebuana Lhuillier is a member of the PJ Lhuillier Group of Companies, providing services such as “pawning, remittance, microinsurance, microsavings, and business-to-business microloan solutions.” The group also is active in hospitality, jewelry and technology. Western Union provides services through 550,000 agent locations in 200 countries and territories. September 13. 2021

Affirma, Maj, Muthoot Place $48m in Equity in Belstar of India

Belstar Microfinance, a non-banking financial company controlled by India-based Muthoot Finance, recently raised the local-currency equivalent of USD 48 million in equity. An unspecified portion of the funds are from Affirma Capital, a Singapore-based private equity firm that is investing in Belstar for the first time. The remainder of the new equity comes from Muthoot Finance and another previous investor in Belstar, Denmark-based Maj Invest. The Managing Director of Belstar, Kalpanaa Sankar, said of Affirma Capital, “Their investment in Belstar during such a difficult pandemic period validates the large market opportunity in microfinance... and Belstar’s potential to capitalise on the[se] opportunities.” Founded in 1988, Belstar is a microfinance provider that aims to boost the economic empowerment of women and low-income households in India. The company reports total assets of USD 343 million and total one-year income of USD 68 million from 566 branches serving 1.2 million active customers. Muthoot Finance is a holding of Muthoot Pappachan, which is active in the financial services, hospitality, automotive, real estate, infrastructure, information technology and healthcare sectors. September 9. 2021

GCAF Lends $4.6m to MFIs in Kosovo, Moldova, Montenegro

The Grameen Credit Agricole Foundation, whose head office is in Luxembourg, has informed MicroCapital that it is disbursing loans to: (1) Agency for Finance in Kosovo (AFK) in euros equivalent to USD 1.8 million; (2) Moldova-based Microinvest in local currency equivalent to USD 1.7 million; and (3) Montenegro-based Monte Credit in euros equivalent to USD 1.2 million. AFK is a non-banking financial institution based in the city of Peja that reports a gross loan portfolio of USD 43 million outstanding to 19,300 micro- and small enterprises, which it serves via 20 branches. Microinvest has a portfolio of USD 114 million in collateral-based and collateral-free loans outstanding to 35,000 clients. Monte Credit is a non-banking financial institution controlled by UK-based NGO VisionFund, which offers microfinance in 32 countries for World Vision, a US-based Christian relief and development organization. Monte Credit reports a gross loan portfolio of USD 8.7 million and 4,400 customers served. September 9. 2021

COVID-19 Program in India Includes Cash for On-time Repayments

The government of the Indian state of Assam recently announced it has reached an agreement with 38 microfinance institutions (MFIs) to launch the Assam Microfinance Incentive and Relief Scheme. For those who have been late in repaying their microloans, the “relief under the scheme shall be extended to… loans from up to three lenders and for loan amount[s] of up to [USD 1,710].” For those who have managed to make their payments on time, the program will offer a “one-time incentive to the extent of their outstanding balance, subject to a cap of [USD 340].” Approximately 2 million women are expected to qualify for the program. The CEO of Microfinance Institutions Network, Dr Alok Misra, stated, “We are confident that the implementation of the scheme will ensure continuity of microfinance for supporting economic activities of low-income households in the state while providing immediate relief to eligible customers for tiding over current stress... accentuated by [the] COVID-19 pandemic. The government’s focus on maintaining credit discipline and responsible finance is evident.” September 8. 2021

Capshift Raises $5m in Equity for Impact Platform

Capshift, a US-based facilitator of impact investments, recently closed an investment round totaling USD 5 million to expand its “technology platform, impact investment research database and advisory capabilities.” Investing in Capshift for the first time were the “co-founders or former heads of… Bain Capital Europe, Aperio and Addepar” as well as three US-based organizations: Brazen Impact, a private equity fund; Gratitude Railroad, a “social and environmental impact” fund; and Impact Investors, an investment planning and advisory services firm. Three additional US-based entities increased their exposure to Capshift during the round: the Grantham Foundation, which focuses on the environment; the Heron Foundation, which seeks to reduce poverty; and Spring Point Partners, which issues funds in both non-refundable and return-seeking formats. Founded in 2018, Capshift connects investors with 1,000 enterprises and impact funds. September 1. 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

Babylon's E-health Reaches 30% of Rwandans via Phone-sharing

Babylon, a digital healthcare firm with offices in five countries, recently expanded its Babyl service in Rwanda so that multiple users can access the service from the same mobile phone, including if the phone is not a smartphone. Previously, the service only was accessible by one user per phone. As a result, the number of daily Babyl consultations has risen from 3,000 to 5,000 since early 2021. During the same time period, the number of women registering for the service has risen 64 percent. Since its launch in 2016, Babyl has reached 30 percent of the population of Rwanda with 2 million consultations. The service, which is linked to Rwanda's National Insurance Scheme, allows each user to interact online with a nurse or doctor and receive a prescription if needed. Shivon Byamukama, the Managing Director of Babyl, stated, "I'm proud that Babylon has been able to remove another barrier to healthcare for Rwandans, especially for women. We're committed to working with the government and relevant authorities, such as NIDA [National Identification Agency], to continually improve and innovate Rwanda's healthcare system as [it] becomes one of most advanced countries for digital health. This important change brings us one step closer to our mission of putting high-quality accessible and affordable healthcare in the hands of every person on Earth." Babylon, which was founded in 2013, is active in Canada, Rwanda, Singapore, the UK and the US. During 2020, it facilitated 2 million human consultations plus 3.9 million via artificial intelligence. September 27. 2021

Ericsson, Orange Partner on E-wallets in 14 African Countries

France-based telecom Orange recently inked a partnership with Swedish phone-technology firm Ericsson to roll out the Ericsson Wallet Platform to users of the Orange Money service in 14 African countries. Without requiring a bank account, the service allows users to store, send and withdraw money via their mobile phones. Senegal is to be the first country where users can access the new service. Orange Middle East and Africa CEO Alioune Ndiaye stated, "Stable, secure, reliable and compliant mobile financial services are fundamental to building the foundations of economic growth for many people in Africa. As we continue to work to support our customers and enhance the services offered to them, we are very pleased to work with Ericsson, as [its] financial services platform is built upon the latest security technologies and open architecture framework principles, which can further expand our ecosystem and achieve our vision of financial inclusion in Africa." Orange Money was founded in 2008. Its Africa and Middle East division serves 60 million users with a 2020 transaction volume equivalent to USD 73 billion. Orange Money is also available in France, India and Vietnam. The Ericsson Wallet Platform has 300 million users. Ericsson, which was founded in 1876, has 102,000 employees and is publicly traded on the Nasdaq exchanges in New York and Stockholm. For the second quarter of 2021, it reports net sales of USD 6.3 billion. September 27. 2021

Tagit Developing Mobile App for Advans MFIs in Africa, Asia

Advans Group, a Luxembourg-based microfinance organization with operations in nine low- and middle-income countries, recently partnered with Tagit, a Singapore-based mobile technology company, to develop a mobile banking application for Advans customers. The app will be based on Tagit's Mobeix retail banking product, which offers functions such as person-to-person transfers, bill payments, top-up of mobile device credit, card-less transactions via automated teller machines, and the scheduling of payments and transfers. The Advans app is to be rolled out in eight markets in Africa and Asia. Advans Nigeria, which is also known as Advans La Fayette Microfinance Bank, already offers an app called Adspire. Founded in 2004, Tagit operates in 10 countries in Africa, Asia and North America. Its services include platforms for "digital government," online commerce, online payments, payment cards, personal banking, agent banking and corporate banking. Advans was launched in 2005 by the EU's European Investment Bank, the World Bank Group's International Finance Corporation and development finance institutions of the Dutch, French, German and UK governments. The entity is organized as a holding company whose mission is to increase access to financial services for micro-, small and medium-sized enterprises (MSMEs) in emerging economies. In addition to supporting MSMEs, Advans' subsidiaries also offer loans to individuals for agriculture, education and housing. The network serves clients in the following countries: Cambodia, Cameroon, Côte d'Ivoire, Democratic Republic of Congo, Ghana, Myanmar, Nigeria, Pakistan and Tunisia. In aggregate, the units of Advans hold a gross loan portfolio equivalent to USD 1.27 billion and customer deposits of USD 720 million. September 15. 2021

EBRD Loans $50m to QNB Alahli for Green Lending in Egypt

Qatar National Bank (QNB) Alahli, an Egyptian member of the QNB Group, recently accepted a loan of USD 50 million from the multilateral European Bank for Reconstruction and Development (EBRD) to fund on-lending to individual borrowers as well as small and medium-sized enterprises (SMEs) undertaking "green, energy efficiency, water efficiency, renewable energy and resource efficiency projects." The target SMEs are in "the residential, agribusiness, industrial, commercial and service sectors." The loan is part of the second Green Climate Fund (GCF) Green Economy Financing Facility designated for Egypt. GCF, which was founded by 194 countries to mitigate the negative effects of climate change, also has committed concessional financing of USD 7.5 million to the project. Meanwhile, the EU is supporting the loan with technical assistance plus the equivalent of USD 6.1 million for incentive payments to end-borrowers upon the successful completion of their projects. QNB Alahli serves 1.3 million retail and corporate customers through a network of 231 branches. It reports total assets equivalent to USD 19 billion, customer deposits of USD 15 billion and total loans of USD 11 billion. For the year 2020, it generated return on average assets of 2.7 percent and return on average equity of 20 percent. QNB Group is a Qatar-based entity with operations in 31 countries in Africa, Asia and Europe. September 7. 2021

SPECIAL FEATURE

This feature is part of a sponsored series on European Microfinance Week 2021. MicroCapital has been engaged to promote and report on the conference each year since 2012.

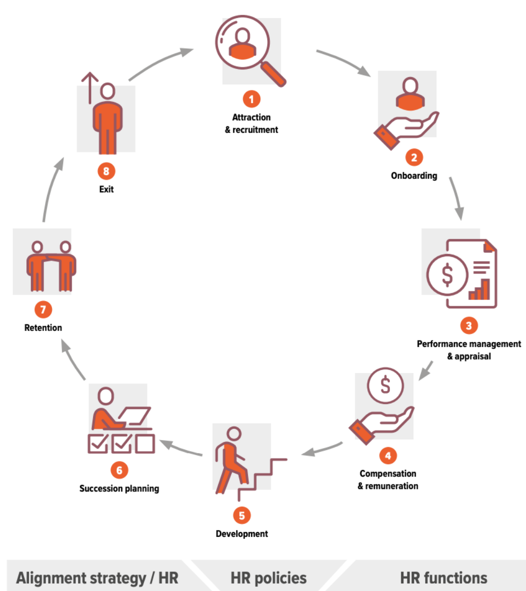
People Power: A New e-MFP Paper Shines a Light on the Human Resources Landscape in Financial Inclusion

Human resources (HR) is a critical success factor for financial institutions to become - and remain - competitive in a changing and increasingly complex business environment. Although most institutions would agree that HR functions - recruitment, onboarding, performance management, training and development, among others - are important, some questions remain: How can HR functions be carried out in a strategic and sustainable way? Are MFIs in a strong position to develop and retain the workforce they need to pursue their business and social objectives? How can they strengthen their capacity in these areas?

The lack of recent global data on MFIs' HR management practices has made it difficult to answer these questions. To address this, e-MFP's HR Action Group has conducted a large-scale survey of financial inclusion professionals to map out the current landscape of HR practices among MFIs and to shed light on the relationship between HR practices and MFI performance. e-MFP therefore is pleased to share the result of this work by launching "Human Resource Development Practices in the Microfinance Sector," written by Cheryl Frankiewicz in collaboration with the Action Group, whose members include the International Labour Organization, the Academy of German Cooperatives (ADG), the Social Performance Task Force, ADA, the Microfinance Centre, Triple Jump and Incofin.

In the early years of modern microfinance, MFIs were smaller and were typically NGOs with a social mission, with loan officers acting as a crucial element to guarantee proximity to and trust of clients. As the sector grew, NGOs became banks, digital players entered the sector, and the HR needs of the institutions changed and became more complex - but without any recent information on global HR practices and trends. The HR Action Group's survey seeks to fill this information gap by offering insights that can shape standards related to human resource development (HRD) and build HRD capacity in financial institutions that provides a strategic and sustainable impact on their financial and social performance.

"Human Resource Development Practices in the Microfinance Sector" is based on a survey of MFIs that builds upon the Talent Management Life Cycle (TMLC), a tool developed by ADG that systematizes the elements of HR management and the connections among them. The TMLC, illustrated at right, follows the typical life cycle of an employee. The 68-question survey broadly tracks this cycle, exploring HR practices in each stage of the life cycle and integrating HR-related practices from the Universal Standards of Social Performance Management where relevant. It was administered via Survey Monkey in six languages from late November 2020 to the end of February 2021.



Source: Academy of German Cooperatives. (2018) Talent Management Life Cycle. Unpublished internal company document.

The Action Group received 342 survey responses, of which 195 comprised the valid data set. The respondents were from 56 countries representing all regions, as well as diverse organisational types and sizes.

The findings of the paper are comprehensive, as one would expect from an initiative of this complexity. However, there are key takeaways for any stakeholder interested in this subject, including five "opportunities for action":

1. Strengthening the alignment between HRD and business strategy

A lack of both HR management capacity and financial resources are identified by survey respondents as the two main constraints to HRD. These can only be addressed if MFIs' leaders believe that HRD has a *strategic role to play in achieving the institutions' goals*.

2. Monitoring the cost effectiveness of HRD activities

HR professionals need to be able to provide decision makers with information on both the cost and the effectiveness of HRD initiatives. However, survey results show that this information is seldom gathered, and - too often - what is gathered is not being analysed. *Data must be both collected and used effectively for it to have value.*

3. Engaging employees

MFIs want employees who are committed and motivated to achieve organizational goals. Bringing people into an MFI whose priorities already align with the institution's mission and values is good practice. Remuneration and rewards are also necessary, but it seems to be *workplace culture and relationships that keep people engaged in the long term*.

4. Supporting managers in their HRD roles

Most respondents rely significantly on managers to implement the functions of performance management and learning & development, yet only one third of respondent MFIs provide managers with both HRD targets and training on how to assess skills and provide feedback. *Training and supporting managers in their HRD functions is vital.*

5. Gauging the strength of current HDR practice

The relationship between HRD and performance is complex, and not all factors that influence it are well understood. Nevertheless, it is possible to identify some factors that can be incorporated into any due diligence process. The paper presents *10 potential indicators to assess the strength of an MFI's HRD practice*. Some of these have been a priority only for a minority of respondents; others are already widely implemented.

We hope that the survey and this new paper present an opportunity for many financial institutions to assess and reflect on their current HR practices and benchmark them against the sector. We further hope it can facilitate self-reflection and discussion within MFIs and other stakeholders to improve their HR practices. Indeed, the feedback received from some of the participating MFIs is that the survey itself has already supported the review of their HR strategies.

The report would not have been possible without the collaboration of the e-MFP Secretariat and the HR Action Group's individual and institutional members, all of which were indispensable to the design, implementation and promotion of the survey. Finally, the HR Action Group is especially grateful for the excellent support of consultant Cheryl Frankiewicz - and of course all of the organisations that took part, contributing the effort and time to so comprehensively share their experiences.

By Joana Silva Afonso, Financial Inclusion Specialist & Action Group Coordinator, e-MFP, and Sam Mendelson, Financial Inclusion Specialist, e-MFP

SPECIAL FEATURE

This feature is sponsored by Agents for Impact.

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

Founded in 2018, we are a Germany-based impact investing company. We offer premium impact investment solutions, sustainability consulting and impact measurement services tailor-made for clients in the sustainable finance industry.

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.

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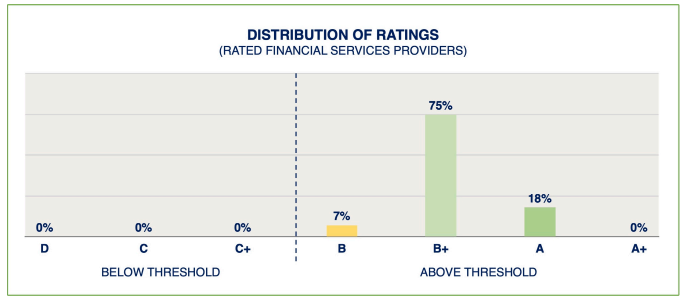

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During the conception of AFI's rating tool back in 2017, we recognized the importance of the SDGs in impact investing - especially for microfinance - and wanted to ensure our tool incorporates the same. Hence, when the AFISAR tool was developed by our impact assessment team together with microfinance professionals and an ex-Moody's rating specialist, the SDGs were already anchored in its origins.

- Dr Andrij Fetsun, CEO / MD

We see impact measurement not just as the starting point for impact management, but as one of the core characteristics of impact investing.

- Juliane Boeselager, Director Sustainability Rating

Initiatives

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

SPECIAL FEATURE

This feature is part of a sponsored series on the SAM 2021, which is organized by ADA, the Microfinance African Institutions Network, the African Rural and Agricultural Credit Association, and the Association of Microfinance Institutions in Rwanda, with the support of the Directorate for Development Cooperation and Humanitarian Affairs of Luxembourg and the government of Rwanda. The SAM 2021 will take place from October 18 to October 22 in Kigali, Rwanda. MicroCapital has been engaged to promote and document each of the SAMs since 2015.

SIDI Credits the SAM Investors' Fair with Seeding Partnerships with Emerging MFIs in Burundi, Ethiopia, Mozambique

During the SAM (Semaine Africaine de la Microfinance - African Microfinance Week in French) in October, the 2021 Investors' Fair will build on the 2019 Investors' Fair, during which 120 microfinance institutions (MFIs) and 24 investors met in over 500 "speed-dating" sessions to explore whether they might be compatible partners. Of the MFIs, which represented 24 countries, about half were for-profit firms, and about half were organized as cooperatives or NGOs.

At the 2019 event, Altemius Millinga, the Managing Director of Tanzania's **Yetu Microfinance Bank**, told MicroCapital that the Investors' Fair "was the best part of the SAM because I was able to interact with investors, while at the same time sharing experiences immediately with other MFIs. The SAM gave me the opportunity to meet investors and make several preliminary proposals on funding; it was surely worth the investment!"

FEFISOL, an Africa-focused fund launched by **SIDI**, has had a presence at all four of the SAM Investors' Fairs to date, and its representatives will return this year. The CEO of SIDI, Dominique Lesaffre, reports that his institution has leveraged the Investors' Fair not only to develop relationships with "successful institutions such as Centenary Bank in Uganda or Kafo Jiguinew in Mali - with their massive social-financial outreach - but also with emerging MFIs such as Microbanco Confiança of Mozambique, Ishaka of Burundi and Buusaa Gonofaa of Ethiopia."

Edmund Higenbottam, the Managing Director of **Verdant Capital**, also cited the diversity of MFIs at the Investors' Fair. He said his firm "is looking forward to meeting leading and emerging microfinance companies from different parts of Africa at the SAM, and we hope to be able to provide them with differentiated and flexible funding solutions from our specialist funds business."

Oikocredit Regional Manager Yves Komaclo said, "We were delighted to participate in the Investors' Fair at the SAM 2019 in Ouagadougou, as we had done in previous ADA conferences. We had the opportunity to meet a range of institutions - developing, mature, with a rural focus or generalist - that helped us to not only identify new trends and understand their financial and technical needs but also to build a pipeline of exciting new leads. The Investors' Fair is also the right environment for us to connect with our MIV and DFI colleagues, thus facilitating future collaboration and joint operations. We look forward to the upcoming event in Kigali!"

Philippe Guichandut, the **Grameen Crédit Agricole Foundation**'s Head of Inclusive Finance Development, notes, "The SAM, organised by ADA, is a unique opportunity for the Grameen Crédit Agricole Foundation to meet its African partners, which represent more than half of the MFIs it supports worldwide and more than 40 percent of its portfolio." In addition, at each of the SAMs, the Foundation organizes a meeting with the partners it supports through the African Facility technical assistance program, which is financed by AFD. The Grameen Crédit Agricole Foundation has been a partner of SAM since the Dakar event in 2015, and Mr Guichandut considers, "the biannual meeting a great opportunity to offer training on themes that are close to our hearts, such as microinsurance or the integration of refugees through entrepreneurship."

Olivier Deiters of Triple Jump sees the SAM as an "African platform that facilitates formal and informal meeting spaces for all microfinance industry stakeholders at one venue. We believe it is an important event to build connections and learn about the latest industry practices." For example, during the SAM 2019, Triple Jump staff met a representative of the MFI Agora Zambia at the Investors' Fair, beginning a successful partnership that remains ongoing.

The Netherlands-based fund manager and advisor **Triple Jump** has participated in each of the SAMs since the first one in 2013 - originally by sending staff to attend and more recently as a sponsor. Olivier Deiters, the firm's Regional Manager for Africa & the Middle East, sees the SAM as an "African platform that facilitates formal and informal meeting spaces for all microfinance industry stakeholders at one venue. We believe it is an important event to build connections and learn about the latest industry practices." For example, during the SAM 2019, Triple Jump staff met a representative of the MFI Agora Zambia at the Investors' Fair, beginning a successful partnership that remains ongoing. Mr Deiters adds that, "Triple Jump's African Team is very much looking forward to participating again at the SAM in Rwanda. Not only is this a great platform to meet prospective investees and many of our peer investors, but this event will also be the first time since the start of the pandemic to meet all the industry stakeholders again in person!"


SAM 2021 KIGALI - RWANDA
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EAR TO THE GROUND

Today's Arbitrage Is Tomorrow's Fight for Equity: The Persistent Gender Gap in Financial Services

This week, I had the pleasure of moderating a panel at the Impact Capital Forum titled "Bridging the Financial Inclusion Gap for Women-Led Businesses." The financial inclusion gap is significant and sticky - and it looks to have worsened rather than easing since the onset of COVID-19. Experts suggest this is because women have experienced higher rates of unemployment during the pandemic and thus have been less interested in financial services.

The World Bank reports that 72 percent of men and 65 percent of women have a bank account globally - a gap of 7 percentage points. Fintech - despite its promise to close this gap - is lagging: the gender gap is 8 percentage points for services provided by new fintech providers and 9 points for digital services provided by incumbents such as traditional banks.

Participants at the webinar seemed perplexed. Why is there a financial inclusion gap at all if indeed women are more loyal customers, save more, save for longer, and repay their loans in a more timely way than their male counterparts - as Helene Meurisse from the IFC explained during the webinar? Apparently, two factors play a role. The first is that women tend to have smaller businesses. As a result, they generally ask for smaller loans, which are less profitable to banks - in the short term, that is. Although the time horizon is longer, the benefits to lenders that serve women, says Ms Meurisse, are greater, as women are more likely to stay loyal to a bank and hence are more open to cross-selling. Women also can grow their enterprises to take on bigger loans over time, especially with the support of non-financial services such as business planning assistance. By focusing too much on the short term, financial institutions have missed this opportunity.

A second reason for the gap may just be plain discrimination. This plays out both on the demand and supply sides, as bankers may look down on women who come through their doors, while women often avoid those doors in the first place because they don't want to get looked down on.

Camilla Nestor, CEO of MCE Social Capital, offered an argument based on her work with the MIX: women are better positioned to grow their businesses after their first round of funding than are men with similarly sized businesses. This is because it takes a lot more effort, skill and commitment to have raised funding in an investment universe that was biased against you.

The webinar discussion highlighted the clear arbitrage opportunities in offering financial services to women at all levels of the MSME spectrum. Carmen Correa from Pro Mujer spoke of her NGO's interest in widening the segments it serves to include SMEs in addition to microentrepreneurs. But arbitrage, while attractive, is not enough of an argument for focusing on women. Last week, I began teaching the latest semester of my class at Columbia University's School of International and Public Affairs. Reflecting on a reading about the business case for gender diversity, my students asked whether it would not be useful - as many multilaterals do - to tout the financial advantages of having more women involved in management and on corporate boards. However, we agreed in the end that the business case should not be the only rationale. Fairness matters too. One day, we may find that women's businesses don't perform better than men's. Will that be an excuse to stop caring about the gender gap? Not if equity matters.

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

Africa Financial Services Investment Conference

October 11 - October 12, 2021; London, UK

AFSIC will cover topics such as "sustainable" finance, financial technology, affordable housing, banking, and small and medium-sized enterprise in Africa. Attendees also may access investor-project matchmaking sessions, country-specific presentations and an app for networking in advance. The full registration fee is GBP 1,295, although various discounts are available. For more information, you may visit https://www.afsic.net/ or email event[at]afsic.net.

European Microfinance Network 18th Annual Conference

October 14 - October 15, 2021; Brussels, Belgium

The provisional agenda of this conference includes sessions such as: (1) "Preparing for the future while still managing the crisis;" and (2) Digital delivery of non-financial services: What offers for which category of Client?". The second day of the event coincides with the seventh annual European Microfinance Day, which highlights institutions that comply with the European Code of Good Conduct for MicroCredit Provision. The fee to attend ranges up to EUR 484, with various discounts available. For more details, you may call +32(0) 2 329 00 30, email emn[at]european-microfinance.org or visit https://www.european-microfinance.org/event/emn-annual-conference-2021.

The SAM (Semaine Africaine de la Microfinance)

October 18 - October 22, 2021; Kigali, Rwanda

This set of conference sessions, training opportunities and associated events is themed *resilience*. Attendees also will explore financial inclusion in Africa, how the African financial sector is working toward the UN Sustainable Development Goals, and topics such as digital innovation and client protection. The ticket price of EUR 550 includes access to the conference, training sessions, gala dinner, the Innovators' Village, and - for investors and microfinance institutions - the Investors' Fair. For more details, you may call +352 45 68 68 1, visit https://sam.africa or email info[at]ada-microfinance.lu. *This event is sold out.*

10th Social Business Academia Conference

November 5 - November 6, 2021; Nairobi, Kenya

At this event, researchers will share their work on topics relating to social business as it applies to arenas such as COVID-19, poverty, climate change, health, pollution, technology, innovative funding avenues, education, measuring impact, business management, marketing, robotics and sports. The fee to attend has not been published. You may visit https://socialbusinesspedia.com/sbac/2021 for more details or email Ashir Ahmed at ashir[at]ait.kyushu-u.ac.jp, M Jahangir Alam Chowdhury at mjac[at]du.ac.bd, Lamiya Morshed at lamiya[at]grameen.org or Nazneen Sultana at nazneen[at]grameen.org.

MORE DETAILS COMING SOON ON:

World Finance Banking Symposium

December 17 - December 18, 2021; Budapest, Hungary

Finovate Europe: Tech to Succeed Today. Vision to Thrive Tomorrow.

March 21 - March 23, 2022; London, UK

Skoll World Forum

April 5 - April 7, 2022; Oxford, UK

Africa SACCOs Week

April 25 - April 27, 2022; Nairobi, Kenya

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

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

Opportunity Collaboration

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

Mondato Summit Africa

Dates to be determined; Maputo, Mozambique

PAPER WRAP-UPS

Microfinance Clients Facing the COVID-19 Crisis: From Findings to Action for MFIs

By Mathilde Bauwin and Thu Hien Dao, published by ADA (Appui au Developpement Autonome), July 2021, 21 pages, available at https://www.findevgateway.org/paper/2021/07/microfinance-clients-facing-covid-19-crisis-findings-action-mfis

This paper explores the impact of the COVID-19 pandemic on clients of microfinance institutions (MFIs) via surveys in seven countries. The researchers found that "most" MFI clients experienced worsening personal financial conditions, especially "during periods of severe restriction and… in urban areas." MFI clients reacted by using personal savings, skipping loan repayments, borrowing from family and friends, consuming fewer meals per day, and switching to less nutritious foods. Also, a "few engaged in risky long-term coping strategies such as selling assets."

While the self-employed were severely impacted, most employed individuals in all countries reported income stability. However, 80 percent of respondents working in retail and services experienced income declines. In Bhutan, the decline in incomes was less than in other countries, with half of respondents reporting no change in income - likely because 84 percent work in agriculture and live in rural areas. Respondents reported the steepest income decreases in Cape Verde, Rwanda and Senegal. Among the groups reporting the worst effects was women active in the trade sector in Senegal.

Since the onset of the pandemic, MFI clients in Bhutan, Cape Verde, El Salvador and Myanmar consumed less food and food with lower nutritional value due to reduced household income. This coping strategy was most common in Cape Verde, where 60 percent of respondents took these steps. The country with the most people reporting an increase in hunger during the pandemic was Rwanda - likely because the agriculture sector there was affected simultaneously by inclement weather.

In response to the pandemic, MFIs took steps such as restructuring loan repayment schedules, offering larger loans, removing the requirement to pledge savings in order to qualify for loans, and distributing food packs and health kits. Among these options, MFI clients generally expressed greater need for additional liquidity than for relaxed repayment schedules. Looking ahead, several MFIs plan to develop savings offerings to bolster "clients' resilience to economic shock" in the future. In a few countries, survey data were "shared with regulators to create dialogue on policy." Meanwhile, since the beginning of the pandemic, MFIs became more aware of the importance of regularly delivering information to and soliciting feedback from their clients.

Central Bank Digital Currencies: A Potential Response to the Financial Inclusion Challenges of the Pacific

By Anton N Didenko and Ross P Buckley, published by the Asian Development Bank, August 2021, 40 pages, available at https://www.findevgateway.org/paper/2021/08/central-bank-digital-currencies-potential-response-financial-inclusion-challenges

This paper explores how central bank digital currencies (CBDCs) might promote financial inclusion in the Pacific Islands, which include some of "the world's most remote and geographically dispersed" populations.

One of the barriers to the usage of digital currencies is access to government-issued identification. For example, "An estimated 80 percent of the people in Papua New Guinea lack any clear form of identification." Another barrier to central banks issuing digital currencies is that such programs would require shifting funding away from other efforts, such as countering money laundering and terrorism financing.

Among the questions to be settled would be the ongoing role of bank notes and whether the currency would use a "token-based" or "account-based" verification system. Token methods works similarly to cash, in that the critical factor is whether the money is genuine. This can be verified using "a digital signature [as] used in public-key cryptography." In account designs, however, there is a strong focus on verifying the identity of the account holder, much as in the use of a typical bank account. However, account-based designs are only "feasible in places with strong identity verification systems, and typically require good internet connectivity and smartphone use." For this reason, a token-based CBDC may be much more suited to the Pacific Islands. However, one of the drawbacks of token-based systems is that they are more vulnerable to illegal activity, such as money laundering.

Given these complexities, the authors conclude that "now is not the time for countries in the region to issue a CBDC, but it is the time to begin to develop the expertise and understanding" needed for potential future rollouts.

Fintech and Financial Inclusion in Latin America and the Caribbean

By Dmitry Gershenson, Luis Herrera, Frederic Lambert, Grey Ramos, Marina Rousset and Jose Torres; published by the International Monetary Fund; August 2021; 77 pages; available at https://www.findevgateway.org/sites/default/files/publications/2021/IMF%20publication%20-%20Fintech%20and%20Financial%20Inclusion%20in%20LAC.pdf

Among the challenges of addressing financial exclusion is its association with "institutional weaknesses, low levels of bank competition resulting in high cost of financial services, inadequate infrastructure, and an excessively restrictive regulatory environment." Since 2011, the effects of financial technology (fintech) on financial inclusion in Latin America and the Caribbean (LAC) have been mixed. While many indicators suggest improvement over that period, the progress has been weaker in LAC than in most other regions the authors studied.

Within LAC, there is wide variance. For example, in the Caribbean, Trinidad and Tobago has the highest level of financial inclusion per 11 out of the 12 measures used in the study, while Haiti has the lowest in 10 of the 12 measures. In Central America, Costa Rica has the highest levels of inclusion according to every indicator. In South America, the differences are less stark, with Chile, Uruguay and Venezuela having the highest levels of financial inclusion. Across all countries, poor, young and uneducated adults are the most likely to be excluded.

The authors argue that fintech can increase financial inclusion by increasing access to information and decreasing the cost of services. Their case studies indicate barriers such as high lending rates, strict documentation requirements and excessive regulation have prevented greater development of fintech and, in turn, financial inclusion. However, the authors argue that governments' "adoption in most countries of financial inclusion strategies and discussions of new fintech strategies" could have a positive impact on inclusion in the near future. Further, the increase in use of digital payments due to the COVID-19 pandemic, particularly as encouraged by government cash-transfer programs, could pave the way for better utilization of fintech going forward.

