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Microserfin Borrows \$2.3m from Huruma to Boost Ag Lending in Panama

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MFC, UNHCR Working Group to Boost Refugee Services in Europe


The Microfinance Centre (MFC), a network of 95 microfinance providers in Europe and Central Asia, and the UN High Commissioner for Refugees (UNHCR) recently launched a project to support refugees in Europe in becoming self-reliant via access to microfinance and business services. The partners plan to convene a working group of financial services providers, regulators and other stakeholders “to find practical solutions for addressing financial inclusion barriers faced by refugees.” Katarzyna Pawlak, MFC’s CEO, stated, “I am very encouraged by our cooperation last year, which already resulted in real help to refugee women in Bulgaria to obtain loans for their income-generating activities from MFC member organizations thanks to the UNHCR interventions and support in the country.” February 9, 2022

Sanad Sells Equity Stake in POSRocket to Foodics of MENA

Foodics, a technology firm serving restaurants in the Middle East and North Africa, recently bought an equity stake of unspecified size in POSRocket, a point-of-sale (POS) platform supporting businesses in the food, beverage and other industries. Foodics purchased the holding from the Sanad Fund for MSME, a Luxembourg-domiciled investor in micro-, small and medium-sized enterprises (MSMEs). The deal gives POSRocket’s customers access to Foodics’ services, which help users with “managing payments, supplies and capital lending infrastructure.” The terms of the sale have not been released. POSRocket provides cloud-based POS services, analytics, inventory management, customer relations management and call-center services. The firm reportedly has assisted 2,000 “merchants with an aggregate transaction value of over USD 2 billion” in Egypt, Jordan and Kuwait since its launch in 2016. Founded in 2014 in Saudi Arabia, Foodics serves 12,000 restaurants in 17 countries. Sanad, whose name can be translated from Arabic as *support*, is a public-private partnership that was founded in 2011. February 4, 2022

M&G Acquiring Majority Stake in Impact Investment Firm ResponsAbility

M&G, a UK-based holding company, recently struck a deal to acquire 90 percent of ResponsAbility Investments, a Swiss investor in increasing financial inclusion and reducing the effects of climate change in emerging economies. M&G CEO John Foley stated, “This acquisition strengthens M&G’s position in the rapidly growing market for sustainable investments, especially in the exciting area of emerging markets.” Rochus Mommartz, the CEO of ResponsAbility, said, “M&G’s financial strength, distribution network and its strong commitment to sustainability will accelerate our endeavors to meet the massive unmet demand in developing countries and the need for...”

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Coming Soon:

Features on Agents for Impact, e-MFP’s European Microfinance Award and Verdant Capital



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.

NEWS FROM AFRICA

Grameen Credit Agricole Lends \$1.3m to ECLOF Kenya

ECLOF Kenya, an affiliate of the Swiss nonprofit ECLOF (Ecumenical Church Loan Fund) International, has agreed to borrow local currency approximately equivalent to USD 1.3 million from Grameen Credit Agricole Foundation, which is based in Luxembourg. ECLOF Kenya serves 24,000 women and 14,000 men with training and loans - mainly in group formats - for purposes such as enterprise, farming, health, energy, housing and education. ECLOF International has 13 members in Africa, Asia and Latin America to which it provides services such as technical support and access to funding partners. February 28. 2022

Oikocredit Loans Ecoligo \$5.7m for Solar Energy in Ghana, Kenya

Oikocredit, a Dutch cooperative investor, recently loaned the equivalent of USD 5.7 million to Ecoligo, a German firm that provides solar-as-a-service solutions, to expand its operations in Ghana and Kenya. The loan is to finance solar energy equipment that will generate power for 15 clients, which will pay Ecoligo for the electricity on a monthly basis. Siebren Wilschut, an investment officer at Oikocredit, said, "With Oikocredit's support, Ecoligo will continue to scale up and increase its social impact to support SMEs [small and medium-sized enterprises] and NGOs. With significant cost savings, SMEs and NGOs will be able to secure more jobs in local communities at the same time as reducing their carbon dioxide footprint." Established in 2016, Ecoligo reports having prevented 987,000 tons of carbon dioxide emissions through its 58 projects in 11 countries in Africa, Asia and Latin America and the Caribbean. The firm, whose pipeline includes another 71 projects, has raised USD 23 million from 3,560 investors since its inception. Founded in 1975, Oikocredit invests debt and equity in financial inclusion, agriculture and renewable energy in Africa, Asia and Latin America. The organization holds investments valued at USD 991 million, deployed via 527 partners. February 23. 2022

Planet42 of South Africa Raises \$3.4m in Equity from Naspers

Planet42, a funder of vehicles on a rent-to-buy basis, recently acquired USD 3.4 million in equity funding from Naspers Foundry, a unit of the global technology investor Naspers. Both firms are based in South Africa, and Planet42 is expanding to Mexico. Since its founding in 2017, Planet42 has financed 7,000 cars through 700 car dealerships. Neither the size of the stake the firm sold to Naspers nor the firm's financial statements has been released. The deal was facilitated by Verdant Capital, which has offices in Democratic Republic of Congo, Ghana, Mauritius and South Africa, providing capital raising and financial advisory services as well as assisting in mergers and acquisitions. Naspers was established in 1915 and reported profits of USD 7.3 billion on assets of USD 54 billion for the year ending March 2021. February 21. 2022

Finclusion Raises Equity, Debt to Expand to Mozambique, Uganda

Eight individual investors reportedly are among the equity participants in a recent funding package assembled by Finclusion Group, a Mauritius-based financial technology firm serving five countries in Africa. A majority of the package, which totaled the equivalent of USD 20 million, was in the form of debt from unspecified "local-currency funds in Eswatini and South Africa." Finclusion plans to use the fresh cash to transition into a deposit-taking institution; grow its existing operations in Eswatini, Kenya, Namibia, Tanzania and South Africa; and expand into Mozambique and Uganda. Finclusion's eight brands serve employers, their employees and other consumers with products such as HelloHR, which offers payroll and other services to support human resources operations; SmartAdvance, which provides personal loans and insurance; and Happy Pay, a "buy-now-pay-later platform empowering consumers with a zero-interest financial solutions." The company's other brands are TrustGro, Fractal Labs, Debt Helper and GetBucks as well as Nifty, which comprises NiftyPay, NiftyCredit and NiftyCover. Finclusion serves 28,000 customers. Since its inception in 2018, the company has disbursed loans totaling USD 310 million to 240,000 people. February 17. 2022

AXA, KawiSafi Lead Investment in Biodigester Firm Sistema.bio

AXA IM Alts, an investment management unit of France's AXA Group, and KawiSafi Ventures, a Kenya-based fund managed by US-based Acumen Capital Partners, recently led an investment round totaling USD 16 million in Sistema.bio, a Mexico-based biogas company that is active on four continents. The funding package includes a mix of debt and equity with participation from 16 additional investors spanning Europe, Latin America and the US. Jonathan Dean, Head of Impact Investing at AXA IM Alts, said, "By converting polluting waste into high-value biofuels and sustainable agricultural inputs through proprietary cutting-edge technology, Sistema.bio's corporate mission directly aligns with AXA IM Alts' impact objectives to promote resource efficiency and innovative solutions to climate change...." Founded in 2010, Sistema.bio provides biodigesters to small- and medium-scale farmers in Africa, India and Latin America. The company has installed 19,000 units that produce gas used to provide electricity as well as for "cooking, heating water and industrial processing of agricultural products." February 15. 2022

LAPO SL Borrows \$700k for On-lending to Women in Sierra Leone

The Luxembourg-based Grameen Credit Agricole Foundation has lent approximately USD 700,000 to Lift Above Poverty Organization (LAPO) Microfinance Company SL, which is located in Sierra Leone and mainly serves women in rural areas. Its product lineup includes savings accounts as well as loans for consumption, energy, and small and medium-sized business. LAPO SL is controlled by the Nigerian NGO LAPO, which also is affiliated with Nigeria's LAPO Microfinance Bank. LAPO SL serves 23,000 clients with a loan portfolio equivalent to USD 1.6 million. February 8. 2022

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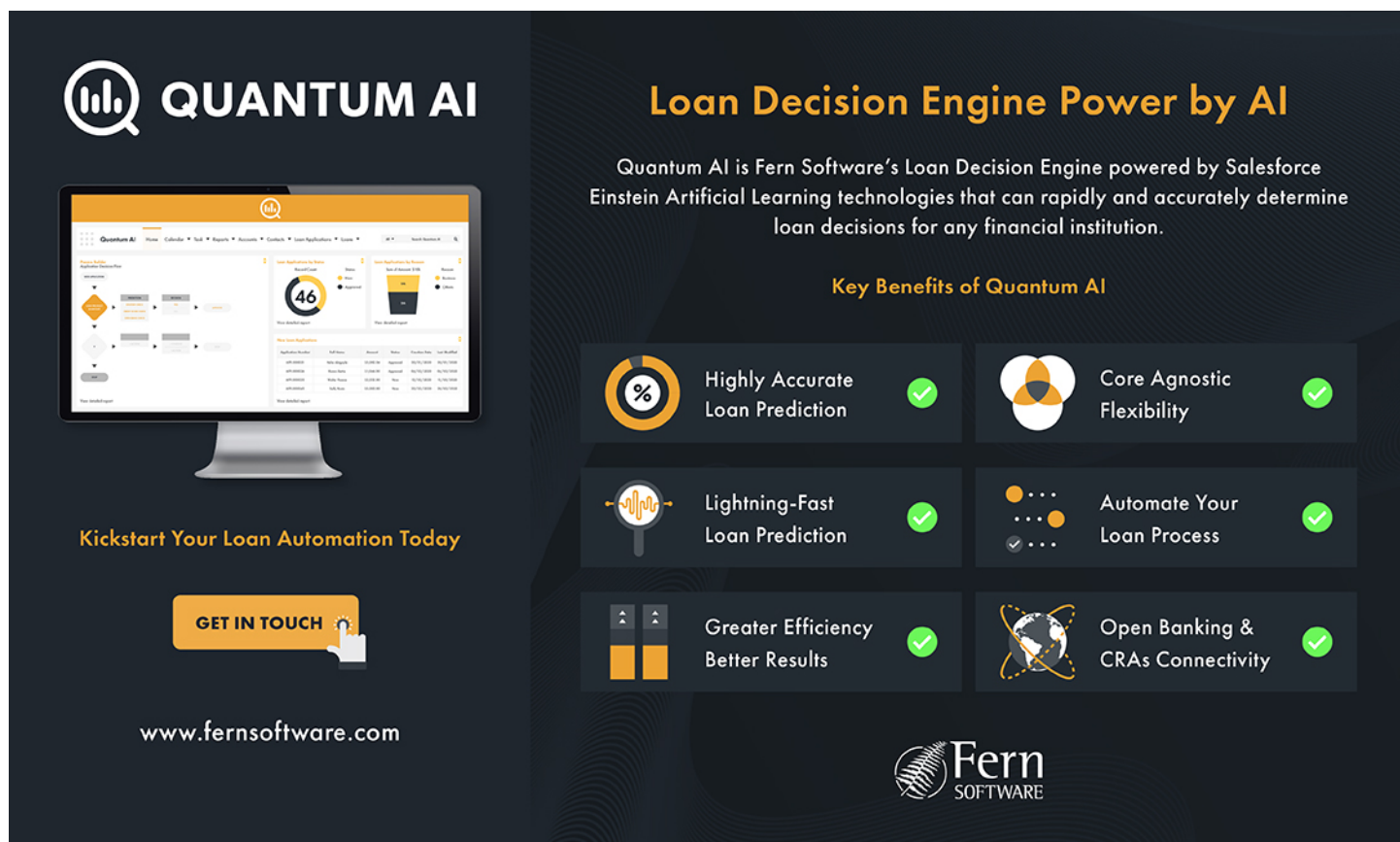


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Theme: Regulatory innovation: Bolstering Africa's role in the global economy



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Arnold Karamba
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EAR TO THE GROUND

Hacking the Digital System - Informality Dampens Hopes for Fintech Stars

A few months ago, as I thought about another winter without traveling to Mexico, I wanted to buy some trinkets from Chiapas. I found Damian, from San Cristobal de las Casas, on Facebook. He was selling what I was looking for, so I contacted him on WhatsApp. I eventually emailed him my final order, complete with photos of each product I wanted from his inventory. I sent him money on Xoom, paying the fee of USD 2.99. He sent me back a photo of my well-wrapped package at the post office in San Cristobal de las Casas, and I waited. The package arrived quickly and in good shape, and he asked me to mention this in a group chat on WhatsApp to reassure future customers.

Why am I telling this story? Because we did not use any traditional digital financial services, except for Xoom. Rather than signing on with an e-commerce platform that charges a fee for its services, my vendor promoted his inventory on Facebook groups used by Chiapas artisans. He wouldn't take my credit card because he didn't want to pay the 4-percent fee. Instead, I covered the 1.5-percent Xoom fee.

Our company in Mexico, Noahui Soluciones, is finding that these informal "hacks" are common among merchants. Noahui offers a range of digital financial services, including credit card readers. But we are finding that only about 40 percent of merchants who buy them end up using them with any regularity. In low-income communities throughout Mexico, vendors have figured out how to use digital money transfers to get paid without accepting credit cards. This hack saves merchants

money, partially because banks often offer free money transfers to avoid the expense of customers using branches and ATMs. Meanwhile, Facebook and WhatsApp allow merchants to avoid paying for advertising or using review-based merchant platforms that charge commissions.

The economic slowdown resulting from the COVID-19 pandemic has probably made these hacks even more attractive to merchants, who need to squeeze their profits from lower sales volumes. This does not bode well for fintechs. Fintechs need *active* users who are willing to move away from informal solutions. VC investors have pumped a lot of money into this concept: during 2020, more than 1,000 fintechs in Latin America received funding, according to Finnovista. Last year, investors placed USD 250 million in Clip, a portable credit card payment system (similar to the service that Square offers in the US). This has forced companies to push their fintech solutions to clients aggressively so they can show the sort of growth that appeases investors. Clip, for example, has a team of foot soldiers using a multilevel marketing model in which agents have to spend their own money to buy equipment that they then need to resell quickly to avoid losing money. While this may help secure a fintech's *scale*, it does not guarantee *usage* by those who still prefer to hack their way out of paying 4-percent commissions.

About the Author: Ms Barbara Magnoni is President of EA Consultants, a development-consulting firm based in New York. She has more than 25 years of international finance and development experience and has worked with organizations including Goldman Sachs, Chase and BBVA and has advised institutions such as the International Finance Corporation, the US Agency for International Development and the International Labour Organization. She may be reached at +1 212 734 6461 or [bmagnoni\[at\]eac-global.com](mailto:bmagnoni[at]eac-global.com), and you may follow her on Twitter at [BarbaraatEA](https://twitter.com/BarbaraatEA).

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PAPER WRAP-UPS

Financial Solutions for Women in Rural and Agricultural Livelihoods: Evidence and Strategy

By Jamie Anderson, Gerhard Coetzee and Max Mattern; published by CGAP (the Consultative Group to Assist the Poor); November 2021; 43 slides; available at <https://www.findevgateway.org/slide-deck/2021/11/financial-solutions-women-rural-and-agricultural-livelihoods>

The authors of this slide deck offer a strategy for increasing access to labor and market opportunities for women in rural and agricultural livelihoods (WIRAL). They address factors such as saved labor, wage labor, hired labor, digital markets, traditional markets and cultural norms.

Saved labor results from the use of time-saving tools such as smartphones, biogas systems, irrigation equipment and soil cultivators. To support the use of these technologies, the authors recommend: (1) employing women to teach women and men how to use them; and (2) engaging young people to share their digital skills with older household members.

By developing platforms to facilitate hiring and payments between wage workers and farm owners, service providers can increase rural women's access to labor opportunities that are more lucrative. Wi-Agri, for example, is a platform connecting producers and laborers in Cote d'Ivoire with buyers, agricultural information and financial services.

In addition to the challenge of finding workers, WIRAL have less access to savings and credit opportunities to help pay for workers. In a study in Cote d'Ivoire, for example, researchers found lack of access to financial services resulted in "women growing cotton [being unable to] harvest in the peak due to limited access to labor and then earn[ing 10 percent] less for their output...." WIRAL also lack equal access to...*

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Market Opportunities for Women's Savings: Evidence From India

By Justin Archer, Victoria Johnson, Sonja Kelly, Pallavi Madhok and Bhargavi Ramadugu; published by Women's World Banking; November 2021; 25 pages; available at <https://www.findevgateway.org/paper/2021/11/market-opportunities-womens-savings-evidence-india>

Approximately 80 percent of adults in India own a bank account, however only 34 percent - and just 30 percent of women - saved money in the year leading up to this study. To learn about what "women's savings behavior reveal[s] about their financial services needs," the authors surveyed 2,000 women in the states of Tamil Nadu and West Bengal who owned bank accounts and had histories of borrowing.

In Tamil Nadu, 41 percent of women reported making their own savings decisions - without intervention from spouses or others - while in West Bengal only 23 percent of women made their own savings decisions. In Tamil Nadu, 48 percent of women reported saving for their children's education, 33 percent saved for emergencies and 1.1 percent saved to invest in their businesses or to increase household financial security. In West Bengal, however, 34 percent of...*

Platform-based Business Models and Financial Inclusion

By Karen Croxson, Jon Frost, Leonardo Gambacorta and Tommaso Valletti; published by the Bank for International Settlements; January 2022; 33 pages; available at <https://www.bis.org/publ/work986.htm>

Many financial institutions are transitioning to platform-based business models, which leverage "big data and automation to offer third-party services, such as digital payments, credit insurance and wealth management...." Dr Croxson and her colleagues argue that although these platforms can lower costs and support financial inclusion, regulatory scrutiny is warranted because they can also lead to the formation of monopolies and oligopolies.

Platform models often use technology to contribute to financial inclusion by reducing the cost of financial services and easing access by underserved users. For example, over recent years, mobile money: (1) improved access to payment services and wealth management in the UK; and (2) brought low-cost payments to many underserved users in sub-Saharan Africa. However, platform models pose risks to market competition and data privacy, potentially causing: "(1) monopolistic behavior and price discrimination; (2) anti-competitive behavior; (3) algorithmic biases and..."

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