

## MICROCAPITAL BRIEFS | TOP STORIES

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#### Shubham Raises \$78m in Equity for Housing in India

Please request a sample of the subscriber-only edition of the *Monitor* for more on this *MicroCapital Deal of the Month!*

#### CMA, SPTF Partner on Consumer Protection in Cambodia

Two NGOs, the 120-member Cambodia Microfinance Association (CMA) and the US-based Social Performance Task Force, recently agreed to collaborate on a plan to foster “responsible growth, financial stability and customer protection in Cambodia’s microfinance and broader financial sector.” The effort is to include financing for CMA member microfinance institutions to bring their practices more in line with these goals. July 28, 2022

#### SAFCO of Pakistan Transforming into For-profit

The Securities and Exchange Commission of Pakistan (SECP) recently issued a license to Sustainable Actions to Access Financial Capital Opportunities (SAFCO) Microfinance Company, a for-profit unit of the SAFCO Support Foundation, allowing it to offer microfinance services. The announcement comes as SECP is encouraging NGO microfinance organizations to transform into for-profit entities so they may raise equity funding to grow more quickly to serve more customers. Founded in 2009, SAFCO Foundation offers micro-insurance and loans for farming, raising livestock, vehicles, solar panels, education and other purposes. It also offers programming for “ultra poor” citizens. SAFCO Foundation reports the equivalent of USD 22 million in total assets and a gross loan portfolio of USD 16 million. Its staff of 586 people serve 119,000 clients, of whom 62 percent are women. July 25, 2022

#### ElectriFI, Oikocredit Invest \$8m in Solar Panda to Expand in Kenya

The Electrification Financing Initiative (ElectriFI), which is funded by the US and several European governments, and Dutch cooperative investor Oikocredit recently announced equity investments in Solar Panda, a Canada-based provider of solar technology to households in Kenya. The goal of the two USD 4 million placements is to allow Solar Panda to grow its product lineup and to expand in Kenya and elsewhere in Africa. Founded in 2016, Solar Panda offers lease-to-own home solar electrification kits that power lighting, televisions, radios and phone chargers provided by the firm. Since its founding, Solar Panda has provided electricity to about 200,000 households. July 22, 2022

#### Digitizing Fish Farming in India, AquaExchange Raises \$3m

AquaExchange, a firm digitizing operations for fish farmers and shrimpers in India, recently obtained USD 3 million in equity funding in a round led by Accion Venture Lab, a unit of US-based nonprofit Accion, and Endiya Partners, an India-based venture capital fund, with additional participation from unspecified ongoing shareholders in the company. Among the goals of the capital injection is to strengthen AquaExchange’s...

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### 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

### FMO Guarantees \$15m for I&M Bank of Kenya for MSMEs

Investment and Mortgages (I&M) Bank, a unit of Kenya-based I&M Group, recently signed an agreement with Financierings-Maatschappij voor Ontwikkelingslanden (FMO), a Dutch development bank, whereby FMO will deploy a guarantee from its Nasira risk-sharing facility to encourage USD 15 million in lending by I&M Bank. The loans are to target micro-, small and medium-sized enterprises (MSMEs) in Kenya that were impacted negatively by the COVID-19 pandemic. Founded in 1974, I&M Bank has total assets of USD 3.1 billion and serves individuals as well as companies of all sizes in Kenya with deposits, loans, payment cards, money transfers, investments and insurance. The I&M Group holds investment advisory businesses, an insurance company and subsidiary banks in Kenya, Mauritius, Rwanda, Tanzania and Uganda. Founded to support youth, women and migrant entrepreneurs in Sub-Saharan Africa, Nasira now also targets MSMEs adjusting to the pandemic. July 25. 2022

### BII Lending \$20m to Moove, Funder of Business Vehicles in Africa

British International Investment (BII), the UK government's development finance institution, recently announced a four-year structured debt package of USD 20 million for Moove, a Nigeria-based financial technology firm that helps drivers in Africa acquire motorcycles, cars and trucks to work for passenger and delivery driving services. Moove plans to use the proceeds to buy fuel-efficient cars for drivers in Nigeria to acquire through payments made over periods of up to four years. Moove's vehicle financing packages include gasoline, insurance, maintenance, mobile phone service and dashboard cameras. The firm's drivers work with ride-hailing and delivery services such as Lori, Sendy and Uber. BII CEO Nick O'Donohoe stated that "Moove's clear focus on gender diversity will foster inclusive economic opportunities for women, both within the company's workforce and among its drivers." Founded in 2002, Moove provides access to vehicle financing in six African countries and is in the process of expanding elsewhere in Africa as well as to India, UAE and the UK. Moove drivers have completed 6.2 million passenger rides since the company's inception. July 21. 2022

### EIB, Banque Misr Partner on Financial Inclusion for SMEs in Egypt

Banque Misr, a financial institution owned by the government of Egypt, recently agreed to work with the EU's European Investment Bank on a technical assistance program to: (1) enhance Banque Misr's risk management and company-wide best practices for lending to small and medium-sized enterprises (SMEs); and (2) create new financial services to support SMEs detrimentally affected by the COVID-19 pandemic. Banque Misr Vice Chairman Akef El Maghraby said the effort will "help smaller companies to grow, create jobs and harness new business opportunities." Banque Misr, established in 1920, has 20,000 employees at 756 branches serving 13 million customers. It recently reported quarterly profits equivalent to USD 1.1 billion on total assets of USD 79 billion. July 18. 2022

### IFC Loans \$105m to CRDB Bank for MSMEs in Tanzania, Burundi

The World Bank Group's International Finance Corporation (IFC) recently announced a loan equivalent to USD 100 million - half in local currency - to Tanzania-based Cooperative Rural and Development Bank (CRDB Bank) and a loan of USD 5 million to CRDB Bank Burundi. The goal of the loans to the two members of Tanzania's CRDB Bank Group is to increase "longer tenor financing" for micro-, small and medium-sized enterprises, with a portion of the funding in Tanzania intended for firms owned by women. Abdulmajid Nsekela, CRDB Bank Group's CEO, stated, "This line of credit comes at an opportune time and will boost our support to [small and medium-sized enterprises] while promoting gender diversification across the value chain.... IFC's financing would support the development of productive sectors of the economy, including agribusiness, health, education, affordable housing, and infrastructure." Established in 1996, CRDB Bank Group is a publicly traded entity with commercial banking subsidiaries in Burundi and Tanzania that serve 3 million individuals as well as companies of all sizes via 268 branches, 550 automated teller machines and online. The third member of the group is CRDB Insurance. The group reports 12-month income of USD 49 million on total assets of USD 4.0 billion. July 15. 2022

### Afrikamart, Produce Logistics Firm in Senegal, Raises \$850k

Afrikamart, a Senegal-based food distribution technology platform, recently secured USD 360,000 from Bloc Smart Africa, an investment fund managed by Luxembourg-based Bamboo Capital Partners, as part of a larger equity package. The other investors - placing an additional total of USD 490,000 in the firm - are Launch Africa, a venture capital fund based in Mauritius; Orange Ventures, an affiliate of the French telecom Orange; and Senegal-based Teranga Capital. Founded in 2018, Afrikamart manages fresh food supply chains through a digital marketplace for smallholder farmers, street vendors, restaurants and hotels. The firm intends to use its new funding to increase its purchases from smallholder farmers and "efficiently manage the logistics and last mile delivery of" this produce, including by reducing spoilage and "market asymmetries." Afrikamart works with 2,000 farmers across Senegal, facilitating the delivery of 10 tons of food per day to 500 customers in the cities of Dkar and Mbour. July 14. 2022

### \$52m World Bank Project to Boost MSMEs in Lesotho

The World Bank recently issued a loan of USD 45 million to the government of Lesotho, supported by a USD 7.5 million grant from the World Bank's Global Risk Financing Facility. The purpose of the funding package is to: (1) provide "business support services and financial products" to 500 micro-, small and medium-sized enterprises (MSMEs), of which half are to be women-owned and a quarter are to be youth-owned; and (2) extend insurance to 15,000 MSMEs. Dr Thabiso Molapo, Lesotho's Minister of Trade and Industry, added that the project is to include "digitalization of government-to-business services; improved access to finance, especially for women- and youth-owned enterprises; a strengthened entrepreneurship ecosystem; and improved... participation in horticulture and apparel value chains." July 13. 2022

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### Sucafina Borrows \$30m to Buy More Coffee from Smallholders

Financierings-Maatschappij voor Ontwikkelingslanden, a Dutch development bank also known as FMO, recently agreed to fund half of a USD 30 million facility issued to Sucafina, a Switzerland-based coffee trader, by Switzerland-based Banque Internationale de Commerce-Banque Régionale d'Escompte et de Dépôt. The deal is meant to support small-holder coffee farmers by expanding Sucafina's origination activities in East Africa and Colombia. For example, Sucafina will be able to use the funds to pre-pay for the purchasing, transport and storage of unroasted beans. Founded in 1977, the firm buys and roasts coffee from 178,000 growers in 30 countries. July 8. 2022

### Sava of South Africa Raises \$1.8m for Accounting Platform

Sava, a firm in South Africa, recently raised USD 1.8 million in equity for a digital platform focused on "expenditure management and reconciliations" that it is developing for small and medium-sized enterprises in Africa. The firm plans to launch a beta version of the system by December 2022. The funding comes from France-based Breega; Nigeria-based Ingressive Capital; South Korea's Sherpa Ventures; and four US-based firms, CRE Ventures, Quona Capital, RaliCap and Unicorn Growth Capital. Sava was founded in 2021, and its platform is expected to integrate "bank accounts, mobile wallets..., payment and accounting." In the future, Sava plans to use these data to evaluate customer creditworthiness to issue credit cards. July 8. 2022

### CAURIE-MF Borrows \$2.6m from Huruma for Farmers in Senegal

Spain's Gawa Capital, the manager of the public-private partnership Huruma Fund, recently disbursed a loan equivalent to USD 2.6 million from the fund to Senegal's Coopération Autonome pour le Renforcement des Initiatives Économiques par la MicroFinance (CAURIE-MF) to expand the organization's agricultural lending. By 2025, CAURIE-MF aims to grow the number of smallholder farmers it serves from 9,400 to 17,000. In total, the cooperative serves about 85,000 people - mostly women living in rural areas. Tomás Ribé, the Chief Investment Officer of Gawa Capital, praised CAURIE-MF for "changing to support those most vulnerable farmers due to climate change." July 7. 2022

### Fintech Oko Raises \$500k for Ag Insurance in Cote d'Ivoire

Oko Finance, an agricultural insurer active in Mali and Uganda, recently raised USD 500,000 in equity to expand its operations to Cote d'Ivoire. Founded in 2017 and based in Mali, Oko insures 15,000 farmers growing cotton, grains and coffee in partnership with local insurers, using satellite data to make payouts when variables such as rainfall exceed or do not exceed pre-arranged benchmarks. Oko policies - whose premiums average USD 20 per season - can be purchased without need for smartphone via the Orange Money service of the France-based telecommunications company Orange. The investors are Norway-based Katapult and three individuals. July 7. 2022

### Baobab+ Borrows \$5m from Symbiotics for Solar Power in Africa

Symbiotics, a Switzerland-based investor focused on small businesses in low- and middle-income countries, recently extended a loan equivalent to USD 5 million to Baobab+, a French energy and technology company, with the objective of increasing electrification rates in Congo, Cote d'Ivoire, Madagascar, Mali, Nigeria and Senegal. Founded in 2015, Baobab+ sells solar products and technology - such as tablets for agricultural, healthcare and educational purposes - on a pay-as-you-go model in rural Africa. The firm has equipped 250,000 households with solar kits and 110,000 with digital products since its inception. The company is a subsidiary of France-based Baobab Group, whose members provide access to finance to 424,000 people in China and eight countries in Africa. Among its strategies is to use pay-as-you-go payment histories to establish the creditworthiness of new borrowers. July 7. 2022

### Vista Nets \$24m from IFC for Trade Finance in Burkina, Guinea

The World Bank Group's International Finance Corporation (IFC) recently agreed to enroll Guinea-based Vista Bank Group in its Global Trade Finance Program, giving the bank's subsidiaries in Burkina Faso and Guinea access to USD 12 million each to facilitate imports of products such as "foodstuffs, raw materials, refined oil products, equipment [and] consumer goods...." IFC will also provide technical assistance to Vista Bank regarding governance and risk management. This follows a 2020 project through which IFC advised Vista Bank on "strategy and credit capabilities, helping it increase access to finance opportunities" for small and medium-sized enterprises. Vista Bank, established in 2016, serves individuals and companies of all sizes in Burkina Faso, the Gambia, Guinea and Sierra Leone. July 7. 2022

### ADEL, CGF Bourse, UNCDF Harness Diaspora to Invest in Senegal

Two Senegalese investment firms, Alliance Diaspora Economies Locales (ADEL) and CGF Bourse, recently partnered with the UN Capital Development Fund to create an investment fund intended to generate profits as well as social returns. The fund, Fonds d'Investissement Territorial, is enlisting savings from individuals from Senegal - both within the country and those who have moved abroad - to leverage to provide funding, training and consulting "to the emerging middle class and migrants" who are building small and medium-sized enterprises (SMEs). The first disbursement was in an amount equivalent to USD 93,000 for a bakery being launched in Senegal by a business owner returning from Italy. ADEL is a private equity firm that funds SMEs in Senegal, including via "investment clubs in Africa, Europe, and the US." CGF Bourse, which was founded in 1998, arranges debt and equity investments primarily for firms in the eight countries of the West African Economic and Monetary Union. July 1. 2022

### Fido of Ghana Lands \$30m in Equity to Expand Fintech in Africa

Ghana's Fido Micro Credit recently obtained USD 30 million in Series A funding led by Israel's Fortissimo Capital, with participation from US-based Yard Ventures and other unspecified private investors. Fido aims to employ the fresh capital to build a training center in the city of Accra for its information technology staff, broaden the range of financial services it offers in Ghana and expand across Africa. Through an app, Fido extends microloans to individuals as well as micro-, small and medium-sized enterprises. Each loan carries a maximum interest rate of 0.266 percent per day plus a processing fee of undisclosed size. The firm has 60 employees in Ghana and Israel and has disbursed loans totaling approximately USD 150 million to about 340,000 customers since its inception in 2013. June 30. 2022

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## EAR TO THE GROUND

### Do Branches Still Matter? That Depends on Where You Bank.

I have been interviewing MFI staff from around the globe about issues related to serving women clients, digitalization and the outlook for the coming years. There have been some commonalities: for example, efforts by MFIs to digitize services tend to be slow and laborious, and yet these new services are here to stay. But there are also some interesting contrasts among MFIs, particularly when considering how they are using their branches.

A representative of an MFI in India described to me in detail a long client recruiting process, which includes a village meeting to introduce the loan product, credit bureau checks, home visits, in-person trainings on loans and finally an invitation to visit the branch to sign the loan contracts. After all this, each woman might receive a loan of USD 500 for her trouble. While the visit to the branch may seem like an extra “hoop” to jump through, the MFI manager insisted that this final step was an important part of the process, allowing women to feel agency over their own borrowing. Additionally, it adds to the formality of the process, which sends a message that repayment matters. It is also fun: “Often women rent a bus and go to the branch together with their group; it is a happy moment!”

In contrast, in Latin America, branches are being reduced in size, reduced in number or - by some MFIs - completely eliminated. One MFI staffer in Honduras discussed how the COVID-19 pandemic has shifted processes away from branches and toward online transactions and the use of correspondent banks. “The use of correspondents is up 30 percent since the pandemic,” he said. A client from the same institution noted that this is positive because “[you] do not neglect your business to make payments, you can make them by transfer through the corres-

pondent bank, or the loan officers come to collect the payment and give you a receipt, which ensures transparency.”

In Peru, a similar trend toward the use of correspondent banks has led Mibanco to shut down branches and leave only limited-service branches and agents in some areas. During 2021, Mibanco closed six branches and opened only one, leaving 301 branches countrywide. If you have ever driven around Peru’s 496,226 square miles of land, you would realize that this couldn’t have been enough to handle the 10 million transactions that passed through the bank in 2021. Mibanco has successfully shifted many of its customers to branchless options: 570,000 clients used its online banking platform last year, and over 155,000 used its payment app. Mibanco also has leveraged 12,631 non-bank agents, 7,050 bank agents (through an alliance with Banco Nacional del Peru) as well as 2,200 ATMs to lure customers out of its branches.

Based on these examples, it might be tempting to consider a potential “leapfrog” opportunity in India, whereby clients gain first-time access to finance via lower-cost branchless channels. While traveling to a branch can be costly and time consuming, there is something significant about it as a mechanism for conveying the gravity of the agreement between a lender and a borrower. Will borrowers feel as committed to repaying their loans without looking into their bankers’ eyes? As the effects of large write-offs from the pandemic wane, we will have to stay tuned to find out whether the growth in remote services - while convenient for clients - might carry a heavy cost in terms of controlling delinquency.

*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

### The Business Case for Linkage With Informal Savings

By Constantin Albort and Stephen Peachey, published by Mastercard Foundation and Oxford Policy Management, June 2022, 21 pages, available at <https://www.findgateway.org/paper/2022/06/business-case-linkage-informal-savings>

This report describes the Savings at the Frontier (SatF) program, which provided USD 18 million in technical assistance and direct funding to formal financial services providers (FSPs) to help them establish relationships with users of informal savings mechanisms (ISMs). The program ran from 2015 to 2022, engaging 10 FSPs in Ghana, Tanzania and Zambia: four commercial banks, four financial technology (fintech) firms and two microfinance institutions (MFIs).

By the end of the program, three Tanzanian banks and one Ghanaian fintech generated profits from their linkage solutions that surpassed the amount of their SatF funding. One of the MFIs gathered enough revenue to cover most of its operating costs, but the rest of the FSPs were...\*

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### 60 Decibels Microfinance Index

By Sasha Dichter, Devin Olmarck, Ellie Rodgers and Akanksha Singh; published by 60 Decibels; June 2022; 51 pages; available at <https://app.60decibels.com/mfi-index>


Using data from 18,000 clients of 72 microfinance institutions (MFIs) in 41 countries, the authors of this report rank the MFIs based on social impact. The researchers collected the data by surveying 250 randomly selected clients of each MFI. The surveys covered indicators, such as...\*

### Pacific Insurance and Climate Adaptation Programme: Gender Equality and Social Inclusion Strategy


Published by UN Capital Development Fund, May 2022, 22 pages, <https://www.uncdf.org/article/7559/pacific-insurance-and-climate-adaptation-programme-gender-equality-and-social-inclusion-strategy>

The authors of this paper note that cyclones periodically cause grave economic damage in the Pacific Island region. The government of Fiji has found that it typically takes five to...\*

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