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Annapura of India Borrows \$25m for Cleaner Power

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

Svatantra Paying Navi Group \$179m for Chaitanya India Fin Credit

Svatantra Microfin Private Limited, an Indian non-banking financial company-microfinance institution (NBFC-MFI) recently agreed to pay the equivalent of USD 179 million to the Navi Group, an India-based financial services holding company, in exchange for its subsidiary Chaitanya India Fin Credit. Based in the city of Bangalore, Chaitanya was registered as an NBFC in 2009. The firm provides group and individual loans to 1.4 million low-income clients via 713 branches in 12 states, and it reports total assets of USD 531 million. Svatantra Founder and Board Chair Ananya Birla stated, "We are committed to being a responsible lender, and I believe our synergistic strengths and shared ethos will accelerate our ongoing journey to create a unique, valuable and impactful financial services entity." Navi CEO Sachin Bansal described the deal as "in line with our strategic plan to focus on our digital-first businesses." Founded in 2012, Svatantra offers rural women insurance as well as loans ranging in size from USD 65 to USD 3,630 with terms of up to three years. The MFI reports serving 3.6 million clients via 1,500 branches with total assets of USD 700 million and a gross loan portfolio of USD 600 million. August 29, 2023

Papara of Turkiye Acquires Rebellion Pay from Spain's Beka

Papara, a Turkiye-based provider of mobile payment services, recently acquired its competitor Rebellion Pay from Spain's Beka Finance in exchange for an undisclosed amount of cash and shares. Papara, which is now valued at over USD 1 billion, was established in 2016. It enables its 16 million users to pay bills, transfer money to peers, create budgets and buy insurance. Rebellion was founded in 2017 and - previous to its acquisition - had received external investments totaling the equivalent of USD 16 million. The firm serves 250,000 people and will be renamed Papara Spain. Beka was founded in 1989 and since has grown to manage assets valued at USD 28 billion. August 15, 2023

Licify Raises \$3.4m to Expand Vende+ Construction Portal to Mexico

Licify, a Colombian company offering construction procurement and related digital financial services, recently secured an investment package totaling USD 3.4 million. The group of investors includes Mexico's G2 Momentum Capital and several US-based investors: the non-profit Accion Venture Lab, Brick & Mortar Ventures, Dash Fund and a fund affiliated with Columbia University. Licify plans to use the fresh cash to facilitate its expansion into Mexico. Amee Parbhoo, Managing Partner at Accion Venture Lab, said, "As fintech [financial technology] investors, we have seen how hard it is to underwrite micro- and small businesses in the construction industry given both their complex cashflow cycles and..."

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INSIDE	Page
MicroCapital Briefs	*
News on MSMEs, fintech, green finance...	
News from Africa	2
Sponsored by Frankfurt School	
Christoph Pausch	4
On European Microfinance Week	
Ear to the Ground	
Barbara will be back in October!	
Upcoming Events	*
Key industry conferences	
Paper Wrap-ups	7
Research and tools	
Subscribe to the Monitor	7
Coming next month:	
New commentary from Frankfurt School	



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NEWS FROM AFRICA

Nigeria's Universal Unveils App, Accident Cover Referral Platform

Universal Insurance, a Nigerian firm, recently launched a mobile app to facilitate its customer service interactions. The app allows users to buy and manage policies as well as to file and receive support on claims. The company also debuted the Universal Insurance Network, through which customers can buy personal accident policies and earn incentives for recruiting others to do the same. These policies begin at an annual premium equivalent to USD 2.60, which qualifies the covered person for reimbursements of up to USD 50 for medical expenses and USD 390 in cases of death or disability. Established in 1961, Universal offers a range of policies covering personal, professional, commercial, vehicle and agricultural risks. The firm has 12 locations and an asset base of USD 17 million. August 30, 2023

FINCA Places Equity in Agtech CassVita of Cameroon

FINCA Ventures, an affiliate of the US-based NGO FINCA International, recently invested an undisclosed sum to take a minority stake in CassVita, an agricultural technology firm aiding Cameroonian farmers in cultivating cassava as a climate-resilient alternative to other crops. CassVita finances farmers' inputs, purchases their crops and processes the cassava into flour. This approach curbs spoilage, reportedly boosting farmers' income by up to 400 percent. Other investors in the firm include Investisseurs & Partenaires, a French firm focused on serving small and medium-sized enterprises, and two US-based investors, the Harvard Innovation Launch Lab and Phoenix Investment Club. Launched in 2018, FINCA Ventures is an arm of FINCA Impact Finance that provides "patient capital" and non-financial assistance to early-stage firms active in the energy, water, sanitation, education, health, agriculture and financial technology sectors. The firm generally places between USD 100,000 and USD 500,000 in each of its investees. FINCA Impact Finance is a network of 20 microfinance institutions. This entity is partially held by the US-based NGO FINCA International, which was launched in 1984 as the Foundation for International Community Assistance (FINCA). August 22, 2023

Baobab+ Borrows \$1.3m to Boost Access to Solar in Côte d'Ivoire

The Ivorian unit of the France-based renewable energy company Baobab+ recently borrowed the euro-equivalent of USD 1.3 million from Dutch cooperative investor Oikocredit. The purpose is to expand the work of Baobab+ in rural and semi-urban parts of Côte d'Ivoire. Baobab+ is active in six African countries, primarily selling solar panel kits, solar lamps and touchscreen tablets. The firm sells many of these items on a pay-as-you-go basis, whereby users' devices can be turned on or off remotely depending on the timing of customer payments. Baobab+ offers the pay-as-you-go option in partnership with Angaza, a customer-management services firm with offices in Kenya and the US. Baobab+ is a subsidiary of the Baobab Group, a France-based corporation whose other subsidiaries are microfinance institutions active in China and eight African countries. Baobab Group has 4,300 employees serving 457,000 customers with an average loan amount of USD 5,000 and USD 366 million in deposits held. August 21, 2023

IsDB, La Poste Tunisienne to Replicate Digital Services in Djibouti

Based on their success replicating the digital financial services of Tunisia's postal service, La Poste Tunisienne, in Mauritania, the multilateral Islamic Development Bank (IsDB) and La Poste Tunisienne recently agreed to partner to expand the financial inclusion effort in partnership with postal services in Djibouti and other IsDB member countries. The work is part of IsDB's Reverse Linkage program, which promotes knowledge transfers with the aim of boosting economic development and prosperity. The model project led to Mauritania's postal service establishing a mobile money app called BaridCash. La Poste Tunisienne was established in 1847, and it has been offering financial services since 1918, including digital financial services since 2003. The institution allows its customers to send and receive letters, packages, postage stamps, telegrams, flowers and money as well as to hold savings accounts, access distance learning services and communicate online via a secure platform. August 16, 2023

Oikocredit Lends \$3.3m to Witti to Support SMEs in Côte d'Ivoire

The Netherlands-based cooperative Oikocredit recently agreed to lend the equivalent of USD 3.3 million to Witti Finances, which is active in Burkina Faso and Côte d'Ivoire, to help Witti "enhance its product offerings and improve its technological infrastructure" in Côte d'Ivoire. Witti CEO Rodrigue Kouadio stated the transaction "will reinforce our impact and enable us to significantly increase our commitment to local SMEs" (small and medium-sized enterprises). Witti was founded in 2021 and has since grown to deliver loans, savings and financial education to 9,500 clients via 12 branches. The firm expanded to Burkina Faso in 2023. August 9, 2023

Regulator Licenses ADIB Egypt to Open Shariah-compliant Arm

The Egyptian unit of UAE-based Abu Dhabi Islamic Bank (ADIB) recently acquired a license from Egypt's Financial Regulatory Authority to open the doors of its subsidiary ADI Microfinance. The microfinance institution will offer loans of up to the equivalent of USD 7,100 that follow Islamic law - also known as Shariah - which prohibits traditional interest charges. Instead, lenders often use profit-sharing arrangements. ADI Microfinance reportedly has paid-up capital of USD 810,000 and authorized capital of four times that amount. ADIB Egypt and its subsidiaries provide a range of Shariah-compliant financial services to individuals and companies, including savings, loans, real estate leasing and risk management services. The company took its present form in 2013, when ADIB acquired and renamed the National Development Bank, which was founded in Egypt in 1974. ADIB Egypt has 70 branches and reports return on assets of 0.80 percent and return on equity of 9.5 percent for the first three months of 2023. ADIB was founded in 1997 and reports 12-month return on equity of 24 percent for 2022, having ended the year with total assets of USD 46 billion. In addition to Egypt and the UAE, ADIB has operations in Iraq, Qatar, Saudi Arabia and Sudan. August 8, 2023

VisionFund to Be Preferred FSP in Savings Group App DreamSave

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SPECIAL FEATURE

This feature is part of a sponsored series on European Microfinance Week (EMW) 2023, which will be held from November 15 to November 17. MicroCapital has been engaged to promote and report on the event each year since 2012.



An Interview with Christoph Pausch, e-MFP Executive Secretary, on European Microfinance Week

MicroCapital: What can we expect from EMW2023, happening in-person November 15-17 in Luxembourg and online?

Christoph Pausch: EMW2022, back in-person after two years, showed us that there is no substitute for getting the opinion leaders and decision-makers in the inclusive finance sector together in-person, ensuring they have the time and space to debate, make new connections, and of course give presentations and discuss the various challenges and innovations underway around the world.

After the success of the hybrid EMW2022, which gathered 570 attendees (including over 200 who joined us online) from 48 countries, we are delighted to return to the beautiful Abbaye de Neumunster in Luxembourg for another hybrid event, which will once again offer an exceptional networking and knowledge-sharing experience with the top experts in the financial inclusion sector. And the programme is designed to be as conducive as possible to those joining us online from different time zones. Plus, sessions will be recorded for “catch-up” after.

MC: What choices of sessions can attendees expect?

CP: As always, EMW sessions have been put forward largely by our members - so they address the sector's current “hot topics” - and we organise them across several thematic streams. We received an enormous response to our call for proposals that went out early in the summer, giving us great scope for a fascinating, diverse program across different streams. In addition to our usual annual topic areas - digitisation, social performance, funding/investment - this year there also will be streams on refugee finance, agri-finance, a particular emphasis on green and climate-smart finance, and “Food Security & Nutrition” - the topic of the European Microfinance Award 2023.

Overall there will be approximately 40 sessions, with a huge range of “breakouts” complementing four plenaries: an opening plenary on green and climate-smart finance, to celebrate the 10th anniversary of e-MFP's remarkable Green Inclusive and Climate-Smart Finance Action Group (GICSF-AG); on Thursday, a plenary to kick off the Inclusive Finance for Food Security and Nutrition stream (including the launch of e-MFP's annual Award publication on the topic); on Friday morning, a plenary on a topic of ever-growing relevance, inclusive finance for refugees and displaced persons; and a closing plenary on a topic whose importance is perhaps inadequately understood by many stakeholders - the downstream impact of EU fund regulations. So, it's going to be a packed programme!

MC: Outside of the conference sessions you've mentioned, what else can attendees take advantage of?

CP: A lot. Based on feedback, we've added more networking slots in the programme to make it as simple as possible for attendees to connect with each other in one-to-one or small group meetings. Of course, we are also very grateful to our conference sponsors, and in the exhibition area there will be various booths where attendees can learn from the sponsors that interest them.

As in the past, there are also several Action Group meetings taking place, such as those on Investors, Social Impact, WASH and of course the GICSF-AG. The Action Groups work throughout the year, and they are more productive and important now than ever before. EMW is a great opportunity for them to meet, present their work and plan ahead.

Finally, there is - as always - the ceremony to announce the winner of the European Microfinance Award, which will take place on the evening of Thursday the 16th at the European Investment Bank. This is a perennial highlight of EMW, with videos and presentations of the three finalists' initiatives in advance of HRH the Grand Duchess of Luxembourg (who chairs the Award High Jury) announcing the winner, which is profiled widely across the sector and receives the EUR 100,000 prize. (Each of the runners-up receives EUR 10,000.)

“There are also sessions that build on last year's Award topic - “Financial Inclusion That Works for Women” - focusing on leadership and institutional gender mainstreaming. Some others that have caught my eye are on investing in Africa, insurance and using business diaries as a methodology to research MSMEs.”

-Christoph Pausch, e-MFP

MC: Are there any sessions you're looking forward to personally?

CP: The final touches are being made to the programme, but it's already clear that it's going to be the most varied and, in my opinion, fascinating programme yet. Outstanding speakers - top experts in their fields - will feature in sessions on blended finance, resilience, and standards and frameworks across the green/climate stream, which I'm looking forward to. There are also sessions that build on last year's Award topic - “Financial Inclusion That Works for Women” - focusing on leadership and institutional gender mainstreaming. Some others that have caught my eye are on investing in Africa, insurance and using business diaries as a methodology to research MSMEs. But these are personal choices; there absolutely will be something for everyone who comes to Luxembourg or joins online. We'll be publishing the draft programme in September as we open registration, and we hope to see as many of our members and friends there as possible!

European Microfinance Week 2023 will take place in Luxembourg and online from November 15-17, 2023. Stay tuned for further details and the opening of registration at <https://www.e-mfp.eu/european-microfinance-week-2023>. 📌



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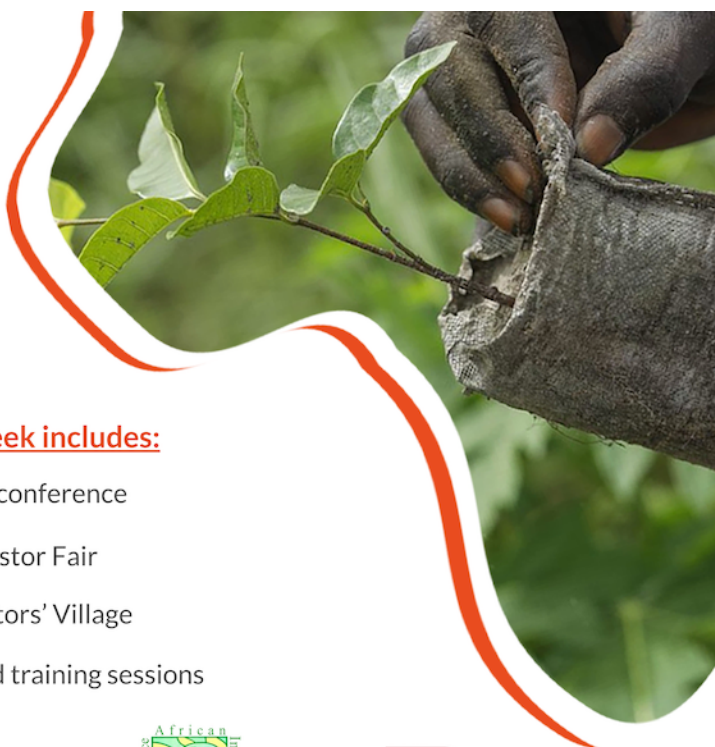
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PAPER WRAP-UPS

Land Titling and Microcredit in Cambodia: Examining the Reality of Hernando de Soto's "Three Steps to Heaven"

By Milford Bateman, forthcoming in the journal *Land*, 37 pages, available at <https://www.findergateway.org/paper/2023/06/land-titling-and-microcredit-in-cambodia>

Dr Bateman reviews arguments from Peruvian economist Dr Hernando de Soto about land titling to mount a broad critique of micro-finance as it commonly is practiced. Dr de Soto stated that if poor people in lower-income countries were to acquire formal titles to the land they customarily use, then they could use these titles as collateral for microloans. Subsequently, they could deploy this microcredit to invest in their microenterprises and thereby emerge from poverty.

Cambodia has seen an extensive program of land titling since 1989, and the use of land titles as collateral for microloans has become routine. Furthermore, one study indicates that Cambodia has the highest volume of micro-credit per capita of any nation: USD 12 billion in microloans outstanding to a population of 17 million.

The paper indicates that the increased supply of microcredit arising from land titling programs in Cambodia has not, as Dr de Soto and others predicted, significantly reduced poverty. Rather, it has fueled over-indebtedness, destabilized the nation's financial system and hindered economic development. Data indicate that microenterprise borrowers generally either failed in their businesses or succeeded by displacing other microenterprises, thus resulting in no net increase in employment or income needed to repay the loans. Another problem is that more microloans have been used for non-productive consumption over time, resulting in increasing levels of indebtedness...*

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Agritech and Fintech Providers in East and Southern Africa: A Landscape Assessment

By Palladium, published by the International Fund for Agricultural Development (IFAD) and the Smallholder and Agri-SME Finance and Investment Network, May 2023, 93 pages, available at <https://safinetwork.org/wp-content/uploads/2023/05/Digital-Landscape-Assessment-ESA-Full-Report-IFAD-SAFIN.pdf>

The authors of this paper address: (1) the environment that financial institutions in East and Southern Africa (ESA) face when lending to agricultural microenterprises and small and medium-sized enterprises (SMEs); and (2) how this lending can be increased via agricultural technology (agritech) and financial technology (fintech) firms. The challenges include low market density, limited infrastructure, and the financial risk of lending to smallholder farmers and agricultural SMEs. The resulting lack of interest in agricultural finance makes it difficult for agritechs and fintechs to acquire funding. Regulatory barriers also hinder the growth of these firms in many countries.

The authors argue that while the main investors in agritechs and fintechs are governments and development finance institutions (DFIs), the firms need private investment to help manage the financial risks they face, including those caused by...*

Climate Risk and Financial Inclusion: A Regulatory Perspective on Risks and Opportunities

By Peter Knaack and Peter Zetterli, published by CGAP (Consultative Group to Assist the Poor), August 2023, 16 pages, available at https://www.cgap.org/sites/default/files/publications/WorkingPaper_Climate%20and%20Regulation.pdf

This paper analyzes how climate change may impact the stability of financial systems and - particularly - access to financial services for groups that often have difficulty with such access, including micro- and small enterprises (MSEs), low-income households and people who live in rural areas.

The authors emphasize three challenges: environmental risks, such as extreme weather and desertification; risks related to renewable energy technologies and associated changes in consumer preferences; and policy and regulatory risks. The authors suggest that these challenges can create a feedback loop of "spiraling vulnerability," whereby economic damage caused by environmental and technological change causes financial institutions to increase the prices of their services or to stop providing them at all. This then causes governments to tighten financial regulations, ultimately causing the most...*

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