

## MICROCAPITAL BRIEFS | TOP STORIES

### EBRD Commits \$11m to Risk-sharing in Kosovo

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

### MicroCapital to Close; Bob Summers Launching NGO Mesofinance Monthly


MicroCapital, the US-based firm that has published this newspaper since 2006, is winding down its operations this month. The company's Executive Director, Bob Summers, who has been with MicroCapital for over 17 years, has started an NGO called Mesofinance Monthly, which will continue to publish a monthly newspaper on impact investing with daily updates online. Mr Summers said, "We have big plans for Mesofinance Monthly, including faster turnarounds for online content and expanded coverage in the monthly newspaper as well as (slightly!) lower subscription prices." You are invited to submit news items and questions about the new NGO directly to Mr Summers at [bob\[at\]mesofinance.org](mailto:bob[at]mesofinance.org). You may purchase a subscription to the new newspaper at <https://www.mesofinance.org>, and Mesofinance Monthly will honor the remaining time on MicroCapital subscriptions. December 21, 2023

### ADB Issues \$8m Bond to Fund Women-owned Agricultural MSMEs in Azerbaijan

The multilateral Asian Development Bank (ADB) recently raised the equivalent of USD 8.5 million from UK-based Record Currency Management and Germany-based Capitulum Asset Management to fund inclusive finance for women and agriculture in Azerbaijan. The funding is channeled through a three-year bond that carries an annual interest rate of 6.25 percent. The proceeds are slated to support women operating micro-, small and medium-sized enterprises in Azerbaijan's food supply chain. Established in 1966, ADB is a development finance institution headquartered in the Philippines and owned by its 68 member nations. ADB offers financial and technical assistance intended to support economic development and reduce poverty in Asia and the Pacific. During 2022, ADB issued commitments totaling USD 20.5 billion, ending the year with total assets of USD 290 billion. December 19, 2023

### Visa, Oxfam to Expand Pre-disaster Cash Assistance to Colombia, Kenya, Puerto Rico

Visa, a US-based payments company, and Oxfam America, an anti-poverty NGO, announced during the recent COP28 meetings in the UAE that they plan to scale Oxfam's Building Resilient, Adaptive and Disaster-ready Communities (B-READY) project to deliver relief payments in advance of storms and flooding in Colombia, Kenya and the US territory of Puerto Rico. B-READY was launched in 2019 in the Philippines and has since been replicated in Indonesia and Sudan. The system uses "predictive modeling" to anticipate humanitarian assistance needs and deliver mobile money payments to households and businesses before storms and...\*

*\*To access more of these top stories, we invite you to email [info\[at\]microcapital.org](mailto:info[at]microcapital.org) to request a sample of the subscriber edition of this newspaper! *

### \*This is just a preview!

The subscriber edition of the *Monitor* is brimming with the best impact-investing coverage, including many more briefs, event listings, summaries of current research and more. We invite you to request a free sample via [info\[at\]microcapital.org](mailto:info[at]microcapital.org) or simply point your phone's camera at the QR code on this page.

INSIDE	Page
<b>MicroCapital Briefs</b>	*
News on MSMEs, fintech, green finance...	
<b>News from Africa</b>	2
Sponsored by Frankfurt School	
<b>European Microfinance Week</b>	4
Part 2 of the best of this event	
<b>SAM 2023</b>	6
Kwashie Agbitor on Climate Finance	
<b>Upcoming Events</b>	*
Key industry conferences	
<b>Paper Wrap-ups</b>	*
Research and tools	
<b>Download a sample <i>Monitor</i> today!</b>	



Scan to download a complete issue!



## NEWS FROM AFRICA

### EBRD Lending \$100m to National Bank of Egypt to Diversify

The UK-based European Bank for Reconstruction and Development recently agreed to lend USD 100 million to the government-owned National Bank of Egypt (NBE) to expand its lending to micro-, small and medium-sized enterprises. Much of the funding is intended to flow to smaller cities and to enterprises owned or run by women or youth. NBE serves 19 million customers via 640 service points in China, the US, the UK and several African countries. The bank reports 2022 profits equivalent to USD 1.1 billion on total assets of USD 142 billion. NBE's loans to small and medium-sized enterprises total USD 4.6 billion. December 21. 2023

### BUILD Fund Expands to Zimbabwe, Targeting SMEs

The Luxembourg-based fund manager Bamboo Capital Partners and the UN Capital Development Fund (UNCDF) recently rolled out the Bamboo-UNCDF Initiative for the Least Developed Countries (BUILD) Fund in Zimbabwe. The fund, which issued its first investment in Kenya in 2021, targets small and medium-sized enterprises. Bamboo and UNCDF are in the process of soliciting local technical assistance providers to support its investees through a program funded by the Swiss Agency for Development and Cooperation. December 21. 2023

### Nigeria Approves 10 Apps but Tightens E-lending Enforcement

Nigeria's Federal Competition and Consumer Protection Commission (FCCPC) recently registered 10 additional digital money lending companies, bringing the total of such firms to 211. Meanwhile, FCCPC is intensifying its scrutiny on e-lenders, with the watchlist of suspected unethical loan app operators rising from 55 to 84. The commission recently collaborated with the US-based technology firm Google to remove 45 unauthorized loan apps from the Google Play Store. These moves follow Nigeria's adoption of a Limited Interim Regulatory/Registration Framework and Guidelines for Digital Lending in 2022. Meanwhile, there have been reports of unethical practices such as the charging of exorbitant interest rates and publishing the names of debtors as part of the loan recovery process. December 20. 2023

### Lipa Later of Kenya Acquires Troubled Competitor Sky.Garden

Lipa Later, a Kenyan financial technology (fintech) firm integrating e-commerce, digital financial services and merchant services for customers in four African countries, recently paid the equivalent of USD 1.6 million to acquire Sky.Garden, a Kenyan service that was launched in 2017 but had announced it would close during 2023. Among the services Lipa Later is adding to the Sky.Garden platform is Sky.Wallet, which offers merchants the ability to borrow money, pay bills, open bank accounts, and transfer funds to and from mobile money accounts. The platforms also allow merchants to accept card payments, sell products online and access support in marketing, logistics and data analysis. Lipa Later was established in 2018 and serves 35,000 merchants and 400,000 consumers in Kenya, Nigeria, Rwanda and Uganda as of September 2023. December 15. 2023

### Enable Accesses \$2.5m for SMEs Building Internet in South Africa

The African firm Verdant Capital recently opened a revolving credit facility of USD 2.5 million for South Africa's Enable Capital, which funds small and medium-sized enterprises (SMEs) that build fiber telecommunications infrastructure, focusing outside of wealthy areas. Enable Capital was established in 2018 and has since invested USD 78 million in approximately 250 SMEs. These investments include funding for projects in partnership with network owners such as Metro-fibre and Vumatel. Verdant Capital, a corporate finance firm with offices in Ghana, Mauritius and South Africa, provides capital raising as well as merger and acquisition advisory services to clients in Africa. These clients span the agri-business, renewable energy, business services, financial services and manufacturing industries. December 11. 2023

### Good Nature Agro Raises \$8.5m to Expand Services in Africa

Zambia-based Good Nature Agro recently raised USD 8.5 million in Series B equity from US-based Global Partnerships and two organizations with offices in the Netherlands, Oikocredit International and Goodwell Ventures. Good Nature Agro supports small-scale farmers with seed selection, financing, access to technology, advisory services and guaranteed crop sales. The investment from Oikocredit is its first in Good Nature Agro, while the other firms have invested in Good Nature Agro previously. Good Nature Agro Co-founder and CEO Carl Jensen stated that the new funding will "help us serve customers beyond...Zambia's borders. It also aligns us with the government of Zambia's push to increase trade and feed the region and ultimately the world." Established in 2014, Good Nature Agro aims to raise the incomes of farmers by supporting them in shifting from raising maize to legumes. This reportedly can triple farmers' incomes. Good Nature Agro has not released data on the scale of its operations. December 8. 2023

### L-IFT Studying Fairness of Presumptive Taxation in Ethiopia

Low-income Financial Transformation (L-IFT), a firm with teams in 13 countries in Africa and Asia, recently reported on a study it is performing with data being collected over one year from 140 small businesses in Ethiopia. The study addresses the way the Ethiopian government taxes enterprises that bring in less than ETB 500,000 (USD 8,900) per year. Rather than asking the businesses to submit financial data, the Ministry of Finance estimates their income based on external characteristics, a practice called "presumptive taxation." The goal of the study is to investigate "the accuracy of presumptive taxation, especially as [the small enterprises'] earnings fluctuated from year to year." L-IFT's services center on assisting financial organizations with product development, impact measurement and data access. Among its products is the FINBIT app for tracking users' financial transactions. L-IFT is woman-owned firm that was founded in 2015. December 8. 2023

### Visa, Oxfam to Provide Pre-disaster Cash in 4 Countries

*Please see page 1 for a preview of this Top Story, which spans Africa and other regions.*

### EduFinance Partners with 7 FSPs on Education in Africa, India

*To access this Top Story, which spans Africa and Asia, please request the subscriber edition of this newspaper via [info\[at\]microcapital.org](mailto:info[at]microcapital.org)!*

*This selection of news on  
Africa appears compliments of:*



German Excellence. Global Relevance.

**Study Sustainable Finance Online**  
Master | Diplomas | Certificates

This is a free, abbreviated preview of a monthly report available by paid subscription at [MicroCapital.org](https://www.microcapital.org).



Frankfurt School

# ONLINE COURSES ON FINANCIAL INCLUSION AND GREEN FINANCE

English | French | German | Turkish | Spanish | Russian

## SIGN UP!

### MICROFACT E-LEARNING COURSES

**MICROFACT.ORG**



#### PERFORMANCE EVALUATION OF MFIS

Gain better insight into the financial and social situation of microfinance institutions using the MFI Factsheet and its KPIs dashboard.

**START** >>>> 1st March & 1st July

**PRICE** >>>> 180 EURO

**DURATION** >>>> 8 weeks

**EFFORT LEVEL** >>>> 5 hours per week

**AVAILABLE IN** >>>> 

#### BUSINESS PLANNING WITH PROJECTIONS IN MICROVISION

Gain valuable knowledge on how to support MFIs in building their business plans and elaborating financial projections through the use of Microvision.

**START** >>>> 1st May & 1st October

**PRICE** >>>> 360 EURO

**MICROFACT.ORG**

This is a free, abbreviated preview of a monthly report available by paid subscription at [MicroCapital.org](https://MicroCapital.org).



## SPECIAL FEATURE

*This is the final sponsored feature following up on European Microfinance Week 2023, which was held in Luxembourg from November 15 to 17. Bob Summers has been engaged to promote and report on the event each November since 2012. You may learn more about European Microfinance Week at <https://www.e-mfp.eu/european-microfinance-week-2023>.*



### The Business Case for Education Finance

Many families in low- and middle-income countries send their children to private schools because their governments are not providing high-quality options. However, many of these schools are not registered as businesses and do not keep high-quality records, so it is hard for them to borrow from banks to improve their facilities. Meanwhile, about one in five school-aged children - 260 million worldwide - are not in school at all.

Varthana is a lender in India that specializes helping schools expand. Its loans are often in the range of USD 20,000 to USD 100,000. Now that the firm has developed a track record, it is able to acquire whole-sale funding relatively easily, but the funding remains relatively expensive. Banks may be hesitant to lend for education because they see schools as charitable endeavors, and thus poor credit risks. In fact, schools in India must be set up as trusts, so they don't have the tax returns that banks expect to receive from potential borrowers. Another challenge is that the people who operate schools are often first-time entrepreneurs who lack the skills needed to select appropriate sources of funding and to follow through with application processes.

However, the panelists discussing this topic at European Microfinance Week argued that lending to schools is both viable and very important to help low-income families increase their long-term income prospects. Meanwhile, increased levels of schooling have been linked to better health outcomes as well as to people taking better care of the environment.

Among the other reasons to invest in schools is that families often are slow to switch schools. That means that when a school starts to have problems, there is usually time to address the issues before it loses too many students, hence before it loses too much of its income and risks defaulting on loans it may owe. Lenders to schools also report success cross-selling loans to students' families as well as enrolling older students in savings programs.

### Small Business Diaries Benefit Entrepreneurs, Microfinance Institutions

The Financial Access Initiative (FAI) at New York University recently completed a study spanning seven countries, collecting data from firms with up to 20 paid employees. Researchers visited hundreds of these companies every few weeks for one year to support them in completing diaries of their financial transactions. Among the takeaways are that: (1) the owners of the firms want to maintain stability and grow at a moderate pace; and (2) that they are most in need of working capital loans to leverage assets that they already own.

The Dutch NGO L-IFT developed the app Finbit to facilitate the tracking of households' and small companies' use of resources such as money, time, food and energy. Financial services providers (FSPs) use the app to help their customers manage their businesses. Customers can choose to share the data they generate with an FSP to apply for a loan. Other FSPs allow potential borrowers to use the app for a period of time to establish an alternative credit history. For example, L-IFT recently began a project with the Association of Ethiopian Microfinance Institutions whereby graduates from a business training program can use the diaries for several months and then submit their data to get matched with the most appropriate microfinance institution for their needs.

In Uganda, FAI has initial data indicating that users of the diaries generate significantly more income if they are presented with their own data trends as well as comparisons to their peers. In contrast, those who used the diaries without seeing these data did not experience much change in income.

### Financial Inclusion of Forcibly Displaced Persons and Host Communities Results in Competitive PAR Ratios

The Grameen Credit Agricole Foundation recently carried out a pilot project in Uganda engaging FSPs in serving refugees and their host communities. The goal is to support FSPs in adapting their products to the needs of forcibly displaced persons (FDPs) - *adapting* because new products are not generally needed - and rolling them out to prove the business case for serving these populations. Despite early reluctance from FSPs, their portfolio-at-risk ratios turned out to be under 5 percent - sometimes better than their overall portfolios. As a result, two of the foundation's FSP partners have gone on to open additional branches to serve FDPs and their host communities without need for further subsidy. The inclusion of host communities is key to avoid the perception that FDPs are receiving undue special treatment.

The nonprofit Alliance for Financial Inclusion has found that many central banks have not given much consideration to the needs of FDPs, partially due to their exclusion from the FinScope and Findex surveys. One of the ways regulators can help is to allow for tiered know-your-customer thresholds so FDPs can perform smaller transactions with less documentation. Historically, central banks have not reached out often to stakeholders such as the UN Refugee Agency (UNHCR), so it can be very helpful for institutions looking to serve FDPs to initiate contact with their country's regulators.

UNHCR data indicate that the number of FDPs has nearly tripled since 2009 to 120 million people. About half of this group is from Syria, Afghanistan and Ukraine. This figure would be higher if it were to include the Palestinians who have been displaced over the last several months.

UNHCR is starting to focus less on establishing camps and more on helping people move directly into host cities. As part of this process, getting people connected to financial services can be part of FDPs becoming contributors to their host communities more quickly, rather than being considered a burden.

Pakistan's Research and Development Foundation works with people who have been internally displaced by climate events. Given the increasing frequency of climate disasters, the foundation takes the position that there is a business case for serving people in Pakistan with products such as microinsurance, which can help them be more resilient.

These discussions occurred at European Microfinance Week, the morning after the announcement that the 2024 European Microfinance Award will center on services that engage FDPs.

## Leveraging Financial Inclusion to Boost Food Security

Global food security had been increasing before the COVID-19 pandemic and the invasion of Ukraine by Russia. People with low incomes were becoming more able to access - both in terms of cost and distance - a range of foods such as grains and fresh produce on a year-round basis. However, during the first year of the pandemic, 47 million women fell into extreme poverty, reducing their - and their children's - access to nutritious food. When families don't have enough food, women often eat the least, and girls are usually the first to be pulled from school so they can work or to redirect cash from school fees to buying food.

One positive trend is that financial regulators are starting to recognize that food security is part of their mandates because it is closely tied to the stability of financial systems. Also interrelated are climate change, gender equality and financial inclusion.

When smallholder farmers have access to finance, they are more able to invest in better seeds and fertilizers. Often this means organic fertilizer, now that chemical fertilizers have become much more expensive due to the war in Ukraine. Farmers are more likely to invest in their farms when they can access loans to cover the cost. They also may be more willing to do so as they gain access to microinsurance, because they will be less likely to lose their investment if weather conditions are extreme. In rich countries, governments often subsidize crop insurance, but this idea is just now spreading in low- and middle-income countries. For example, lenders in Thailand are offering subsidies for insurance when farmers borrow, thus de-risking farmers' and lenders' investments.

Parametric insurance is the most common crop insurance in low- and middle-income countries, although it still is not allowed in some jurisdictions. In many places, however, the growth of index insurance has been facilitated by the mobile money accounts that people opened in 2020 to receive pandemic support payments. This has reduced the cost of insurance in many markets.

Another challenge is food waste. One company in Kenya is delivering mobile cold storage units to farmers at harvest time, reducing food waste by 40 percent. Meanwhile, the UN's World Food Programme (WFP) is learning to reduce another type of waste. When the organization delivers food to those in need on an emergency basis, 47 percent of funds are spent on logistics, meaning 53 cents of each dollar gets to people in the form of food. Instead, WFP is moving toward giving people cash to buy their own food, cutting the logistics overhead to 19 percent. This also has the advantage of allowing people to use the money they receive for other purposes. When people were given food but actually had more urgent needs, such as mosquito nets or medicine, they often resold the food they had been given at very low prices.

## Investors, MFIs Continue to Wrestle with SFDR

The Sustainable Finance Disclosures Regulation (SFDR), which the EU passed in 2019, resulted in a "seismic shift" for impact investment funds and their investees. At the closing plenary of European Microfinance Week, Emmanuelle Javoy of Switzerland-based investor Symbiotics explained that her firm responded to SFDR by investing a large amount of time to review the sustainability objectives of each of its 25 funds.

Jurgen Hammer of the nonprofit Social Performance Task Force described how investors didn't realize right away that they were better off working with their competitors to (partially) harmonize this work. Among the reasons to do so is that many of these impact investors support (and periodically demand data from) the same microlenders.

David Muthire Njiru of the Kenyan microlender Juhudi Kilimo described having plenty of good results to share from his firm's lending for products such as efficient cookstoves and biogas digesters. However, he said it is very challenging for small institutions to report on a wide range of metrics, especially when the requests from different investors vary widely.

The panelists agreed that regulations should be proportional, such as by loosening requirements for lenders to industries that are less polluting. 🌱

# M I C R O F I N

## From Strategic Plans to Monthly Financial Projections

Stop struggling with formulas and formats for your financial projections – learn Microfin with your colleagues in a virtual Microfin course, exclusively for your organization. These expanded courses use your loan products as the basis for a customized, case-study based learning experience. Act quickly to reserve one of the weeks below – only one organization can be accommodated at a time.

15-19 January

5-9 February

18-22 March

Standard and advanced group courses also are offered in various locations worldwide and virtually.

26 February - 1 March – Morocco IN FRENCH

15-19 April – Washington DC

17-21 June – Online

[microfin.mfiresources.org](https://microfin.mfiresources.org)

This is a free, abbreviated preview of a monthly report available by paid subscription at [MicroCapital.org](https://MicroCapital.org).

## SPECIAL FEATURE

*This feature is part of a sponsored series following October's African Microfinance Week (SAM 2023). SAM is organized by ADA and the Microfinance African Institutions Network with the support of the Directorate for Development Cooperation and Humanitarian Affairs of Luxembourg and the government of the event's host country, which rotates each time the event takes place. The next SAM is scheduled for 2025. Bob Summers has been engaged to promote SAM since 2015.*



### Positioning MFIs to Access Climate Finance

A seat next to Kwashie Agbitor (pictured below) was one of the most highly sought-after spots at SAM 2023 in Togo in October. Mr Agbitor has 20 years of experience in Africa and Asia, improving branch operations, credit appraisals, risk management, methodology auditing, product development, client protection and social performance management.

At SAM 2023, Mr Agbitor moderated a discussion titled “Climate funds, an opportunity for financial institutions to scale up sustainable and inclusive financing.” The panelists represented the Tunisian microfinance institution (MFI) Enda Tamweel, the Belgian impact investment firm Incofin, the Kenyan microlender Juhudi Kilimo and the French impact investor Solidarité Internationale pour le Développement et l'Investissement (SIDI).

*Bob Summers: How can financial services providers (FSPs) work with climate funds to expand their green lending portfolios?*

Kwashie Agbitor: There are numerous opportunities for financial institutions to build their green portfolios with climate funds. Financial institutions can leverage equity, debt and quasi-equity sources of funding from various types of organizations. Climate funds can be used to develop and deploy financial services that support the adoption of green products/solutions and help people recover from climate-related shocks. Given their nature, most climate funders also provide technical support/assistance in addition to funding.

*BS: What factors influence whether a climate fund would invest in a particular MFI?*

KA: Firstly, the MFI and the investor must “speak the same language” in order to establish a partnership that will achieve the desired results. The MFI must not only have the strategy, but also have buy-in from all of its key stakeholders. Meanwhile, MFIs that have the right products and human resources are most likely to attract climate funds.

*BS: What indicates that an MFI is ready to leverage climate finance?*

KA: In order to leverage climate funds, MFIs need to show an understanding of these funds and have created or at least have the basic conditions in place to create financial services and products that align with climate objectives. Climate funds tend to have strict compliance and reporting requirements, so MFIs have to show that they have sufficient internal capacity to meet these expectations. Additionally, MFIs must be willing to partner actively with other stakeholders.

“...MFIs need to show an understanding of these funds and have created or at least have the basic conditions in place to create financial services and products that align with climate objectives. Climate funds tend to have strict compliance and reporting requirements, so MFIs have to show that they have sufficient internal capacity to meet these expectations.”

*BS: Can you offer an example of a business case likely to attract funding to launch a green product?*



KA: Beyond the financial considerations, the green product must have a strong link with climate-related objectives such as increasing the adoption of green technologies and practices, increasing resilience to climate change, mitigating negative impacts on the environment, and fostering sustainability.

*Mr Agbitor serves as Senior Manager - Risk Management & Operations at the US-based NGO Accion. As part of the organization's Global Advisory team, he supports inclusive finance institutions in reimagining their risk and operations processes. For example, he has been working recently with FSPs in Uganda, Nigeria, Kenya, Ethiopia and Mozambique to develop integrated financial and non-financial services. His experience spans traditional and digital financial services targeting actors in agricultural value chains as well as micro-, small and medium-sized enterprises in other sectors. Mr Agbitor holds an Executive MBA in Project Management from the University of Ghana Business School and an MA in Sustainable Finance with a specialty in Development Finance from Frankfurt School of Finance and Management.*

*Accion is a global nonprofit on a mission to create a fair and inclusive economy for the nearly 2 billion people who are failed by the global financial system. We develop and scale responsible digital financial solutions for small business owners, small-holder farmers and women, so they can make informed decisions and improve their lives. Through targeted investment strategies, advisory and expert thought leadership, we work with local partners to develop and scale cheaper, more accessible and customer-friendly financial solutions. Since 1961, Accion has helped build more than 230 financial services providers serving low-income clients in 75 countries, reaching more than 350 million people. More at <https://www.accion.org>.*

Bob Summers has been reporting news on impact investing since 2006. 📧

**This is a free, abbreviated preview of a monthly report available by paid subscription at [MicroCapital.org](https://www.microcapital.org).**