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Peruvian Fintech Prestamype Concludes \$5m Equity Round

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

LOLC Buys 28% Stake in Rwanda's Unguka Bank from Incofin


Lanka Orix Leasing Company (LOLC) Holdings, a Sri Lankan unit of the Japanese conglomerate Orix, recently paid an undisclosed sum to Belgium's Incofin Investment Management to acquire 28 percent of the shares of Rwanda's Unguka Bank. Unguka provides deposit, lending and other services to individuals as well as micro-, small and medium-sized enterprises (MSMEs). The bank has 15 service locations in the capital and three provinces of Rwanda. It serves 1,700 clients with total assets of USD 29 million. Geert Peetermans, Co-CEO of Incofin commented, "From the time we entered over a decade ago as first foreign institutional investor in the then early-stage microfinance bank Unguka, its team has consistently built out tailored services and deepened outreach among Rwanda's rural MSMEs." LOLC Holdings has operations in a range of industries in Africa, Asia and Australia. Prior to this transaction, its microfinance institutions were active in nine African countries. September 19, 2023

MSMEs in Amazon to Access \$900m Loan Pool from IDB, BNDES

The Brazilian government's Banco Nacional de Desenvolvimento Econômico e Social and the multilateral Inter-American Development Bank (IDB) recently agreed to invest USD 900 million in micro-, small and medium-sized enterprises (MSMEs) in nine states of the Brazilian Amazon. Of the total funding, which is to be loaned out via local financial services providers, USD 750 million is sourced from IDB. The loans are intended to allow MSMEs to perform "modernization, expansion, goods and equipment acquisition, and innovation... [and] will include incentives to adopt sustainable practices...." September 13, 2023

QR Codes to Ease Retail Payments Across Cambodia-Laos Border

The National Bank of Cambodia and Bank of the Lao PDR, the central banks of the two countries, recently launched a payment system based on QR codes. The goal of the program is to "promote the usage of national currency [and to] boost economic growth, tourism and cross-border trade between Cambodia and Laos." Cambodians traveling in Laos can now make electronic payments to retailers from riel-denominated accounts. In the second phase of the program, Laotians shopping in Cambodia will be able to pay in kip. For each payment, users will be charged the approximate equivalent of USD 0.024. Both phases of the program rely on customers using a mobile app to scan QR codes at retailers. Users must also...*

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NEWS FROM AFRICA

Fintechs Suspend Fees for Payments to Morocco

To support recovery efforts from the earthquake that damaged parts of Morocco on September 8, several money-transfer firms have offered free international transfers to people affected by the disasters. Among these is Botim, an online payment and communication subsidiary of the UAE-based holding group Astra Tech. Botim is allowing its parent company's 150 million users to send funds to Morocco at no charge until further notice. Western Union, a US-based firm with 150 million customers in 200 countries, is offering free bank transfers to Morocco until October 11. September 25. 2023

Stanbic Bank Uganda, IFAD Seek to Reduce Cost of Remittances

A local affiliate of South Africa-based Standard Bank Group and the UN's International Fund for Agricultural Development (IFAD) recently announced a partnership intended to reduce the cost of sending money to Uganda from other countries. In particular, the aim is to grow Stanbic Bank Uganda's remittance service while halving the fees to less than 3 percent of the amount transferred. To do this, IFAD is supporting the bank in connecting its FlexiPay Wallet to more third-party payment services. FlexiPay, which can be accessed from smartphones and feature phones, allows users to store money as well as send it to peers, merchants, utility providers and schools. IFAD also is providing assistance to Stanbic Bank Uganda's sibling organization, Stanbic Business Incubator, to provide "digital and financial literacy trainings for savings and credit cooperative societies (SACCOs), aimed at empowering and fostering rural people to adopt the FlexiPay wallet..." Standard Bank Group reports total assets of USD 127 billion. September 15. 2023

Lipa Later, Mastercard Partner on Buy Now-Pay Later in Africa

Lipa Later, a Kenyan financial technology (fintech) firm active in four countries, has partnered with US-based Mastercard to expand its merchant network and technological infrastructure in support of the "buy now-pay later" options that it offers to online and in-store consumers. Lipa Later allows low-income individuals as well as small and medium-sized enterprises to pay for purchases up to the equivalent of USD 3,400 in as many as 12 monthly installments. The firm works with 35,000 merchants and 400,000 consumers in Kenya, Nigeria, Rwanda and Uganda. September 11. 2023

Moniepoint Launches Mobile Banking App, Debit Card in Nigeria

Moniepoint Microfinance Bank, a Nigerian subsidiary of UK-based Moniepoint, recently launched a debit card and a mobile app called Moniepoint Personal Banking. The app allows users to: (1) pay bills, send money to peers and purchase credit for mobile devices; (2) play games that offer cash prizes; (3) request a debit card; and (4) log and track disputes of failed card transactions. The debit cards can be used at retail POS terminals, at automated teller machines and to make online purchases. Moniepoint, whose other subsidiary is the payment processor TeamApt, provides POS terminals to 1.5 million merchants, enabling them to accept card payments totaling USD 14 billion monthly from 33 million customers. The firm is in the process of rolling out bookkeeping services as well as expanding its offerings to Kenya. September 7. 2023

Symbiotics Lends Money Fellows of Egypt \$2m for E-ROSCAs

Symbiotics Investments, a Switzerland-based investor focused on smaller businesses in low- and middle-income countries, recently issued a loan of USD 2.2 million to Egypt-based Money Fellows. Money Fellows plans to use the fresh capital to expand its digitization of rotating savings and credit associations (ROSCAs) - also known as money circles - as well as to broaden its service menu. Founded in 2017, Money Fellows serves 4 million clients with digital money circles ranging in size from the equivalent of USD 160 to USD 3,200. To participate, users make payments of USD 16 to USD 640 per month for five to 24 months. Customers make these payments through Money Fellows' mobile app, which also enables withdrawals via retailers, e-wallets and bank transfers. The fees per payment range from zero to 7 percent. September 6. 2023

Kacha Gets Approval to Roll Out Mobile Money in Ethiopia

Kacha Digital Finance Services, an Ethiopian financial technology company, recently received approval from the National Bank of Ethiopia to offer services such as remittances, bill payments, airtime purchases and merchant payment acceptance through its eponymous mobile app. The firm, which received authorization to operate on a pilot basis in 2022, has been described as the "first privately licensed payment instrument issuer in the country." Kacha CEO Abreham Tilahun stated, "This achievement underscores our dedication to advancing financial inclusion, modernizing payment systems and driving economic growth in Ethiopia." Through the app, users will be able to connect with 25 banks, five microfinance institutions, three cooperatives and three mobile wallet services via 30,000 agents. Kacha was launched in 2020 and raised USD 3.8 million during its seed funding round in 2022. September 6. 2023

Universal Insurance Launches App, Referral Platform in Nigeria

Nigeria's Universal Insurance recently launched a mobile app that allows its customers to buy and manage policies as well as to file and receive support on claims. The firm 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 52 for medical expenses and USD 390 in cases of death or disability. Established in 1961, Universal Insurance offers a range of policies covering personal, professional, commercial, vehicle and agricultural risks. The firm has 12 locations and an asset base of USD 18 million. August 31. 2023

Okra Solar Raises \$12m for "Mesh Grids" in Cambodia, Haiti, Nigeria, the Philippines

For this story, whose subject includes Africa and other regions, simply email [info\[at\]microcapital.org](mailto:info[at]microcapital.org) to request a sample of the subscriber edition of this newspaper!

LOLC of Sri Lanka Buys 28% Stake in Rwanda's Unguka Bank from Incofin

Please see page 1 for this Top Story. 📰

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SPECIAL FEATURE

Inclusivity in Capital Markets Demands Sustainability Reporting



Sustainability reporting entails assessing, disclosing and managing an organization's environmental, social and governance (ESG) impacts. This practice communicates to investors, customers, employees and regulators that the organization is committed to sustainability. The disclosure element, in particular, conveys values, strategies, risks, opportunities, accountability and transparency.

The significance of sustainability reporting within capital markets is increasing steadily, as more investors are seeking ESG information from potential and ongoing investees. This is due to the profound influence that ESG factors have on a company's financial performance, risk profile and long-term prospects. Moreover, sustainability reporting contributes positively to the growth of the capital market, leading to increased size, liquidity and efficiency of the market for raising and investing funds. This growth benefits issuers, investors, the overall economy and society at large.

Sustainability reporting fosters capital market growth through many channels. By openly disclosing their ESG performance and impacts, organizations establish trust and credibility, setting themselves apart from competitors. This not only enhances their appeal to investors but also lowers the cost of capital. Moreover, integrating comprehensive and consistent ESG information with financial reporting bolsters market efficiency and transparency, reducing information asymmetry and mitigating agency issues. Additionally, the measurement and ongoing monitoring of sustainability progress drive organizations to improve their business models, products, services and processes, generating increased value for stakeholders. To contribute to the development of effective policies, it is important to comply with ESG disclosure regulations, such as the EU's Non-financial Reporting Directive or the Task Force on Climate-related Financial Disclosures' recommendations. Finally, by revealing ESG risks, organizations assist investors in identifying and managing these risks, leading to more efficient capital allocation, minimizing the potential for market shocks.

Multiple studies provide evidence that sustainability reporting offers medium- to long-term benefits to companies, enhancing their image and valuation, thereby making them more appealing to stakeholders and shareholders. Notably, sustainability reporting has been shown to increase a company's valuation by fostering trust. For example, Unilever published a sustainability report highlighting progress on various ESG initiatives in 2019. Investors responded by driving a 10-percent rise in the company's share price.

A study by the University of Oxford found that companies publishing sustainability reports tend to have higher valuations compared to those that do not. This is because sustainability reporting enables investors to better comprehend a company's ESG risks and opportunities, resulting in improved investment decisions.

Despite the benefits, companies face various challenges in implementing sustainability reporting. One of these is a lack of in-house capacity to develop comprehensive ESG reports. Moreover, the complexity of the subject matter often leaves companies uncertain about what to report and how to ensure traceability. The absence of universally accepted reporting standards for sustainability further hampers the comparability of companies' sustainability reports, making it challenging for investors

to make informed decisions. Additionally, instances of "greenwashing" have resulted in inaccurate and misleading sustainability reports. Thus, a mutually acceptable framework and standards are necessary to guide the production and sharing of this information.

The future of sustainability reporting is promising, as investors increasingly are prioritizing ESG factors. The growing demand for sustainability reporting will drive companies to improve their sustainability performance and provide more transparent and comprehensive information regarding ESG risks and opportunities over time. To meet the expanding demand for sustainability reporting, companies must invest in developing their reporting capabilities. Collaborating with investors and other stakeholders is essential to establish common standards.

Sustainability reporting is not only a means of communication but also a catalyst for change. It plays a vital role in supporting the growth of capital markets, benefiting organizations and society as a whole. Therefore, it is crucial for organizations to embrace sustainability reporting as a strategic practice while investors, policymakers, regulators and other stakeholders actively support and encourage its adoption.

AFI's role in sustainability reporting

Agents for Impact (AFI) plays a significant role in advancing sustainability reporting by offering expertise and tools to organizations aiming to measure, manage and communicate their social and environmental impact. AFI recognizes that this reporting is both a powerful means of demonstrating accountability and transparency to stakeholders as well as a strategic tool for identifying risks and opportunities, enhancing performance, and bolstering an organization's reputation.

AFI has developed the Agents for Impact Sustainability Alignment Rating (AFISAR[®]) Tool to simplify the sustainability reporting process, particularly for microfinance and SME finance institutions. The

AFISAR[®] Tool assesses the alignment of an organization's sustainability performance, both at the institutional and portfolio levels, with the Sustainable Development Goals (SDGs). It also assists organizations in several additional, critical ways:

- Selecting relevant topics and indicators;
- Data collection and validation;
- Assessing sustainability performance;
- Professional reporting; and
- Effective communication.

AFI's role in sustainability reporting is marked by a commitment to making impact measurable and enabling organizations to align their sustainability efforts with the SDGs. Thus, AFI's support and tools contribute to greater transparency, accountability and progress toward sustainable development within the business world.

Furthermore, AFI is in the process of developing a new version of AFISAR[®] that will help managers of \$9 funds comply with the Sustainable Finance Disclosure Regulation, including by sharing data on the associated Principal Adverse Indicators.

In conclusion, sustainability reporting plays a pivotal role in nurturing capital market growth. By enabling organizations to transparently measure, manage and communicate their social and environmental impact, sustainability reporting enhances trust and reputation, lowers capital costs and fosters market efficiency. It drives innovation, supports policy development and assists investors in making informed decisions, ultimately promoting the efficient allocation of capital and reducing market vulnerabilities. The commitment of organizations like AFI to advancing sustainability reporting tools and methodologies supports this practice in shaping a more responsible and resilient global capital market.

This article was written by the Rating Department of Agents for Impact, which is the sponsor of this feature. Learn more on AFI's [LinkedIn page](#).

SUMMARY		
AFISAR [®] RATING	SDG SCORE	YEAR
B+	68%	July 2022- Jun 2023
ALIGNMENT TO THE SUSTAINABLE DEVELOPMENT GOALS		
NOT SUSTAINABLE		
0% - 8%	9% - 25%	26% - 42%
NO ALIGNMENT	VERY LOW	LOW
D	C	C+
SUSTAINABLE		
43% - 58%	59% - 76%	77% - 92%
MODERATE	GOOD	VERY GOOD
B	B+	A
B+		
INSTITUTIONAL DATA		
Number of borrowers	Number of employees	GLP (outstanding)
Jul-23		
2,500,000	370	USD 20m

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SPECIAL FEATURE

e-MFP Launches the Green Map, a Pioneering Resource to Address an Information Gap in Green Inclusive Finance

As the inclusive finance sector increasingly understands the crucial role it can have in supporting the most vulnerable populations - who are disproportionately affected by the consequences of climate change - the European Microfinance Platform (e-MFP) is delighted to announce the launch of the **Green Map**, a project implemented by the **e-MFP Green Inclusive and Climate Smart Finance Action Group (GICSF-AG)** and supported by the Government of the Grand-Duchy of Luxembourg. The Green Map was officially launched on Thursday, September 28 at an in-person and live-streamed event entitled “**Addressing Climate Change via an Open Resource for Green Inclusive Finance Projects & Practices.**”

What's this all for? The Green Map project aims to **fill an information gap**. While there are resources available on the broad topic of green inclusive finance¹, and new projects are being developed by all types of stakeholders, it is still a challenge for most FSPs and other actors to access structured information on what is going on in the field and where can they draw inspiration to guide their own journeys in green.

What is the GICSF-AG, and what is the Green Map?

The e-MFP GICSF-AG was created in 2013 and has since become a unique multi-stakeholder think tank, bringing together inclusive finance practitioners to discuss, exchange experiences, and agree on common practices and standards to address environmental issues. Since the creation of the Action Group, green inclusive finance has been a key area of work for e-MFP (and indeed for its members, as evidenced by the results in the *Financial Inclusion Compass 2023* survey, to be published in November). The topic is featured - increasingly - in every European Microfinance Week, and there have been several publications produced as well as webinars and other events organised. Additionally, in 2014 and 2019, the European Microfinance Award (EMA), co-organised by **e-MFP** together with the **Luxembourg Ministry of Foreign and European Affairs - Directorate for Development Cooperation and Humanitarian Affairs** and **InFin.lu**, focused on the topic of green inclusive finance.

In every EMA edition, e-MFP produces a publication that compiles the good practices identified throughout the Award selection process, and the 2019 publication *Adapting to a New Normal*, although well received, cannot fully capture the phenomenal advances that have been made in this sector in recent years.

As the name implies, the Green Map is a map of green inclusive finance examples, but one that not only identifies the FSPs' and projects' geographic distribution but also opens the door to the green inclusive finance experience of the institutions through their profiles and, in selected cases, deep dives into elements of that experience through specific case studies.

The map and associated resources are available through a digital platform prepared by e-MFP and GICSF-AG, with the technical support of Alfonso Caiazza and the HEDERA team. The platform houses relevant examples of green inclusive finance practices from institutions across the world collected by a team of consultants.²

¹ This includes, for example, the comprehensive **CERISE+SPTF SPI resources**.

² The project, led by Isabelle Barrès, was implemented by Caroline Brandt (of Horus Development Finance), Juana Ramirez and Silvia Recupero. The project depended on the expertise of the two Heads of the e-MFP GICSF-AG, Davide Forcella and Natalia Realpe Carrillo, and the e-MFP Secretariat team members (Joana Afonso, Camille Dassy, Niamh Waters, Gabriela Erice and Fernando Naranjo) who coordinated, promoted and otherwise supported the work.

To date, the Green Map includes green profiles for 28 FSPs and seven regional projects. The information is structured along the standards and essential practices of the **Green Index 3.0**, an environmental performance assessment tool created in 2014 by the e-MFP GICSF-AG and updated in 2022 to its current version. The Green Index 3.0 framework is aligned with Dimension 7 of the Universal Standards for Social and Environmental Performance Management (USSEPM) and focuses on three main concepts: vulnerability to climate change; adverse impacts on the environment; and green economic opportunities - all three of which apply to both institutions *and* clients, in terms of both risks and opportunities.

In addition, for 15 of the participant FSPs, a case study - focused on a specific essential practice - offers a closer look at the activities implemented and the journey to implement them - as well as the challenges that arose and the strategies used to overcome those challenges.

Why the Green Map matters - now and tomorrow...



Art by Camille Dassy.

The Green Map project builds on the previous work of the e-MFP GICSF-AG and responds to two clear sector needs: first, raising awareness and understanding of what green inclusive finance is about; and second, providing an open resource in which to find structured information on existing initiatives on green inclusive finance and on the lessons learned from pilot initiatives already finalised.

The long-term goal is that the Green Map platform becomes a **valuable resource for all sector stakeholders**, complementing other available resources and contributing to the achievement of the triple bottom line goals - social, financial and environmental - of the inclusive finance sector. Being based on the exchange of experiences and the contributions of the FSPs and other actors, the practices showcased in the projects are drawn from grassroots experiences, while being aspirational as well. These practices will provide guidance for FSPs looking to design and implement a green strategy and showcase those institutions that have taken these first important steps, for whom the Green Map will be not only a source of information but an opportunity to give visibility to their work.

What's next?

Now that this new resource has been launched, the goal will be ensuring the continuity, value and usage of the tool - and the **participation of many more FSPs and stakeholders**. This will involve developing partnerships with other infrastructure organisations and networks to promote and support the participation of FSPs, capitalising on the experiences shared to promote peer and multi-stakeholder discussion, and using the information collected as learning materials for both practitioners and academia - for teaching and research alike.

We at e-MFP and the Action Group are extremely proud of this new tool, which we know will provide enormous value to the sector in addressing what we believe is a profound need. We invite you to explore the Green Map, and we welcome all feedback to allow us to iteratively improve it as we move forward.

*Joana Afonso and Sam Mendelson are Financial Inclusion Specialists at e-MFP, and Joana coordinates all of e-MFP's Action Groups. This feature is part of a sponsored series on *European Microfinance Week 2023*, which will be held from November 15 to November 17 in Luxembourg and online. MicroCapital has been engaged to promote and report on the event each year since 2012.* 📌

PAPER WRAP-UPS

Child Labor, Rainfall Shocks and Financial Inclusion: Evidence from Rural Households

By Carolina Bernal and Razvan Vlaicu, published by the Inter-American Development Bank, August 2023, 40 pages, available at <https://publications.iadb.org/en/child-labor-rainfall-shocks-and-financial-inclusion-evidence-rural-households>

Ms Bernal and Dr Vlaicu combine rainfall data and household survey results to examine how rural Colombian families respond to income shocks produced by unexpected weather events. In particular, they investigate the “inter-temporal trade-off” that households face between sending children to school (a long-term investment) and keeping them at home to do household chores or work in family enterprises (short-term focus).

Previous research has found evidence that when households experience sudden decreases in income or losses of assets they often take their children out of school so the children can work instead. The results of this paper reinforce these findings with evidence that in response to sudden heavy rainfall in rural communities, “the probability that a child works increases considerably, and to a smaller degree, child involvement in household chores [increases], while the probability that a child attends school decreases.”

Households that held loans prior to the rainfall shock were more likely to take children out of school so they can help earn money to repay the family’s loans on time. On the other hand, households with access to asset insurance, remittances from family abroad, or natural disaster aid from institutions or social networks were better equipped to face shocks and less likely to increase their children’s workload.

Other avenues that can help keep children in school after extreme weather events...*

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State of the Art of Green Inclusive Finance 2011-2019: Worldwide Status and Progress Over 10 Years

By the European Microfinance Platform (e-MFP) Green Inclusive and Climate Smart Finance Action Group, published by e-MFP, June 2023, 34 pages, available at <https://www.e-mfp.eu/resources/state-of-art-green-inclusive-finance-2011-2019>

The authors of this paper assess the evolution of the green inclusive finance sector from 2011 to 2019. This encompasses products offered by a range of types of financial services providers (FSPs), including climate insurance as well as loans, such as for sanitation systems, renewable energy and sustainable agriculture.

The Action Group aggregated 1,130 environmental assessments of 866 FSPs and applied its Green Index framework to the data to quantify the performance of the FSPs with respect to green inclusive finance.

Among different types of organizations, banks had the highest average scores, surpassing those of non-banking finance institutions, NGOs, credit unions and government programs. By region, Asian FSPs had higher average Green Index scores than did their peers elsewhere. In Asia, Latin America and the Caribbean, green lending largely supported sustainable agricul-

ture. In Europe and Africa, however, it mainly took the form of energy-efficiency or renewable energy loans.

Overall average scores remained almost constant throughout the period. Of the 122 FSPs that were assessed multiple times from 2011 to 2019, 41 percent improved their scores while 48 percent had declining scores.

The average scores of all FSPs for external environmental risk management (ensuring clients minimize their own environmental risk) and environmental strategy (the implementation and monitoring of the FSPs’ formal environmental policies) decreased. The report also cites a general decrease in the environmental training of clients by FSPs. Meanwhile, FSPs had the highest average scores in assessments of internal environmental risk management, such as reducing the usage of paper or energy within their offices. Average scores in this category and in promoting green products increased from 2011 to 2019.

The authors suggest that the obstacles to green inclusive finance may be a result of too much attention on short-term efforts such as pilot projects. Instead, the authors emphasize the need for “systemic change and the institutionalisation of green practices,” including “training and capacity building for clients” in order to ensure “sound and impactful...”

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