FMO, Oikocredit Invest $27m in Acceso of Peru for CNG Vehicles
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LeapFrog Equity Fund Raises $700m for Financial, Health Services
LeapFrog Investments, a Mauritius-based private equity firm, recently announced the close of its LeapFrog Emerging Consumer Fund III at a volume of USD 700 million. LeapFrog III will buy equity in financial and healthcare services providers in Africa and Asia. The fund is LeapFrog’s third, with its preceding funds having closed in 2009 and 2014 at USD 135 million and USD 400 million, respectively. LeapFrog III has made investments of unspecified amounts in five businesses to date: WorldRemit, a UK-based digital remittance provider; NeoGrowth, an India-based lender to micro-, small and medium-sized enterprises; GoodLife Pharmacy, a Kenya-based healthcare services provider; Pyramid Pharma, a Tanzania-based distributor of medicine and medical equipment; and Ascent Meditech, an India-based manufacturer of orthopedic products. May 23. 2019

DEG, ShoreCap III, Triple Jump Buy Equity in BRAC Uganda
Deutsche Investitions-und Entwicklungsgesellschaft (DEG), which is owned by the German federal and local governments as part of the KfW Group; ShoreCap III, a fund of US-based Equator Capital Partners; and Dutch investor Triple Jump recently collaborated to purchase minority equity stakes in BRAC Uganda Bank, a provider of microfinance and other services in Uganda. The sizes and prices of the stakes remain confidential. BRAC Uganda, which was founded in 2006, is a unit of BRAC International, an NGO that grew from Building Resources Across Communities (BRAC) of Bangladesh. BRAC Uganda, which recently acquired a license to accept deposits, also offers lending, education, gender-focused, agricultural research and health services. BRAC Uganda has 159 branches and 213,000 financial services clients. During 2017, BRAC International served 110 million people in 13 countries with a range of financial and non-financial services. May 13. 2019

Mobisol, Provider of Pay-as-you-go Solar Systems in Africa, Files for Insolvency
Mobisol, a Germany-based provider of solar-powered products in Kenya, Rwanda and Tanzania, recently completed a court filing to enter a period of “self-administered insolvency.” According to a press release from the firm, “Mobisol is going to continue serving its customers and partners…without any interruption.” Mobisol sells products such as lights and telephone chargers, allowing customers pay for them via mobile payments over as many as four years. When a buyer wishes to delay a payment, Mobisol can temporarily disable the device remotely. Speaking on the challenges Mobisol is facing, its managing director Andrew Goodwin reportedly said, “The view was that we would be able to increase prices over time, which did not turn out to be the case. The second issue is that sales volumes have been affected by the pressure from new competitors.” Mobisol has served about 85,000 customers since it began distributing products in 2013. While its financial figures are private, one estimate places its total equity and debt fundraising at USD 85 million. May 8. 2019

*To access more of these top stories, please email info[at]microcapital.org to request a sample of the subscriber edition of this newspaper!
SPECIAL REPORT

This vignette is part of a sponsored series demonstrating the value of SAM (the French acronym for African Microfinance Week), a major conference dedicated to financial inclusion in Africa. The next SAM will take place in Ouagadougou, Burkina Faso, from October 21-25, 2019. The first three SAMs were in Tanzania in 2013, Senegal in 2015 and Ethiopia in 2017.

The goal of SAM is to provide a unified platform for addressing issues facing microfinance in Africa by bringing together investors, microfinance institutions (MFIs), researchers, banks, networks, innovators, governments and other stakeholders.

The 2017 SAM hosted 700 participants from 58 (mostly African) countries, including representatives of 200 MFIs; 25 exhibitors at the Innovation Fair; and 26 investors, who made 170 MFI contacts at the Investor’s Fair. The proceedings also included conference sessions presented by 60 speakers plus 20 training programs.

MFIs in Mali, Burkina Faso Adopt Microfact for Performance Evaluation, Decision-making After Presentation at SAM

Two NGOs, ADA of Luxembourg and BRSS of Belgium, presented their Microfact toolkit at the SAMs in Dakar and Addis Ababa, reaching many MFI leaders representing both MFIs and various membership associations. As a result, several of these organizations hosted trainings on the use of the free toolkit, which includes “monitoring and financial performance analysis” tools used by about 1,000 organizations. Two of these tools are MFI Factsheet, which is used for monitoring the past financial and social performance of MFIs, and Microvision, which creates five-year projections for business planning.

Microfact trainings are offered by about 60 certified individuals around the world.

As a result of meeting Basile Kouagou N’Dah, a certified Microfact trainer, at SAM, the Association Professionnelle des Systèmes Financiers Décentralisés du Mali hosted a training on Microfact in November 2017. It was so successful that the organization held a second training in April 2018.

Similarly, a training hosted by the Réseau des Caisses Populaires du Burkina in December 2017 inspired several of the organization’s member credit unions to adopt MFI Factsheet as a decision-making tool. They use it to analyze their financial and social results as well as to organize staff and board meetings around driving sustainable growth.

Amidou Alou, the director of the Caisse Populaire in the Dassasgho neighborhood of Ouagadougou, reports that MFI Factsheet has boosted the performance of his organization. Dramane Eric Conombo, the director of the Caisse Populaire in the Cissin neighborhood of Ouagadougou, says, “MFI Factsheet is our strongest asset when it comes to evaluating our institution’s performance.”

The Microfact toolkit, including Microvision, will be presented to attendees at the next SAM, which will take place in Ouagadougou from October 21-25, 2019.

“MFI Factsheet is our strongest asset when it comes to evaluating our institution’s performance.”

- Dramane Eric Conombo
Director, Caisse Populaire Cissin

ADA, an NGO based in Luxembourg, co-organizes SAM every two years with the support of Luxembourg’s Ministry for Development Cooperation and Humanitarian Affairs. The SAM steering committee members are: ADA, Luxembourg’s Ministry of Foreign and European Affairs, the Microfinance African Institutions Network, the African Rural and Agricultural Credit Association, and the Fédération des Association Professionnelle des Systèmes Financiers Décentralisés de l’Union Economique et Monétaire Ouest Africaine.
We invite you to learn more about SAM at http://www.sam.africa.
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EAR TO THE GROUND

Catalyzing Financial Inclusion, One Handshake at a Time

I am reporting again from Mexico, where it is hard to be a digital financial inclusion skeptic these days. The sector here is poised for disruption, bolstered by two main drivers. The first is a new government that is pushing for greater digital financial inclusion to tackle both poverty and corruption. The second is the momentum of fintech startups that have benefited from money and other supports from various incubators. Through our own startup, MeXCo Soluciones we are excited to begin leveraging both of these drivers in the coming weeks.

On May 27, MeXCo and our partner organization ID Mission arrived at the government-sponsored tech fair for small businesses in the municipality of Gustavo Madera in northern Mexico City. This three-day event is connects fintech and other new technology providers to low- and middle-income business owners through a traditional engagement platform: face-to-face. MeXCo’s wonderful nahuís (trusted digital financial service salesladies or “aunts”) are a big part of our strategy. At the tech fair, these “female foot soldiers” chat up members of the community and promote SuperRED, a comprehensive point-of-sale and correspondent network developed by ID Mission in collaboration with Banco Santander. These MeXCo ladies, wearing red bucket hats at the SuperRED table, explain how the network gives small businesses the tools to compete with large convenience store chains.

Among all the fintechs that are so hungry to disrupt the market, we also found another cool partner! Next month, MeXCo will pilot a partnership with MOSABI, which has developed engaging video content for informal businesses. The videos address business management, sales and the use of financial services. Viewers go through bite-sized video modules and answer questions after each one, unlocking additional levels. One episode that I found especially interesting was related to power dynamics in the community, where young entrepreneurs are sometimes subjected to mockery and scorn by their elder counterparts. This is not a localized problem: a few years ago in Nicaragua, a group of young entrepreneurs told me how they were intimidated by older vendors in the market who made them feel small and pushed them around. The MOSABI story shows younger viewers that they can use what they learn on the platform to reject naysayers with confidence.

As I got started with the videos, I found myself “binge-watching” modules straight through, partly to see if the endearing characters Noemi and Felipe end up together! Along the way, I was “forced” to reflect on the value of loans and other services. Viewers who respond well to the questions between each video are offered a loan from a MOSABI partner, based on an alternative credit score derived from those responses.

MOSABI’s team, which found us through this very column (thanks MicroCapital Monitor!), is keen to test how MeXCo’s face-to-face digital on-boarding might drive uptake and usage of its product. From our perspective, MOSABI’s boast that 69 percent of its users report an increase in earnings or savings intrigued us with its significant potential to help promote digital financial inclusion through our female foot soldier model.

About the Author: Ms Barbara Magnoni is President of EA Consultants, a development-consulting firm based in New York. She has 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@eac-global.com, or you may follow her on Twitter at BarbaraaEA.
Leveraging on Alternative Delivery Channels (ADC) is key to achieving cost-effectiveness and greater outreach.

Fern’s ADC integration capabilities enable inclusive financial institutions to connect to established mobile money services, ATM networks and mobile devices to increase outreach and improve efficiency.

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PAPER WRAP-UPS

Fintechs and Financial Inclusion: Looking Past the Hype and Exploring Their Potential

By Gayatri Murthy, Maria Fernandez-Vidal, Xavier Faz and Ruben Barreto; published by CGAP (Consultative Group to Assist the Poor); May 2019; 48 pages; available at https://www.cgap.org/sites/default/files/publications/2019_05_Focus_Note_Fintech_and_Financial_Inclusion_1_0.pdf

Amid the rapid growth of financial technology (fintech) companies, particularly in emerging markets, the authors of this paper observe an “excitement that fintechs have generated in the global development community.” The authors suggest a need for better understanding of how fintech innovations can solve “pain points” in achieving financial inclusion.

Through a two-year study of 18 pilot projects supported by CGAP, the authors found the following types of innovation to offer the most potential:

1) Communication tools such as SMS (short message service, also known as text messaging) that allow for…*

*To access the rest of these paper wrap-ups, please email info[at]microcapital.org to request a sample of the subscriber edition of this newspaper!

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Global Outreach & Financial Performance Benchmark Report – 2017-2018


This report presents outreach and financial performance data provided to MIX by 762 financial service providers (FSPs) worldwide for FY2017. Year-on-year analysis shows an increase in gross loan portfolio to USD 112 billion from USD 96.6 billion in FY2016 and an increase in active borrowers to 120 million from…*

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Small Businesses and Digital Financial Services: Predictive Modelling and Segmentation for Market Sizing and Product Design

By Sinja Buri, Morne van der Westhuizen and Soren Heitman; published by IFC and the Mastercard Foundation; April 2019; 27 pages; available at https://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/financial+institutions/resources/small+businesses+and+digital+financial+services+predictive+modelling+and+segmentation+for+market+sizing+and+product+design

The authors argue that individuals and micro-, small and medium-sized enterprises tend to use the same digital financial services for…*