**MicroCapital Briefs | Top Stories**

*Kookmin Clear to Pay $603m to LOLC for Control of Cambodia’s Prasac*
Request a sample of the subscriber edition to read about this MicroCapital Deal of the Month!

**Enda Tamweel of Tunisia Raises $65m for Range of Loan Products**
Enda Tamweel, a Tunisian microlender, and the Netherlands Development Finance Company, which is also known by its Dutch acronym FMO, recently finalized a syndicated loan agreement in local currency equivalent to USD 65 million. Two thirds of this will flow to Enda via The Currency Exchange Fund (TCX) of the Netherlands from the following funds: the Africa Agriculture and Trade Investment Fund; ASN Microkreietpool; Microbuild I; and two funds managed by BlueOrchard, the BlueOrchard Microfinance Fund and the Regional Education Finance Fund for Africa. Enda will use the loan to increase its lending for education, enterprise and housing. The target borrowers fall into one or more of the following categories: women, farmers, young people and those living in areas deemed “disadvantaged.” FMO will also deliver capacity-development support to Enda on its effort to develop a digital payment system. Enda has 362,000 active clients and a loan portfolio of USD 207 million. April 23, 2020

**To Distribute COVID-19 Aid, RCBC Shares ATM Go with Competitors in the Philippines**
Rizal Commercial Banking Corporation (RCBC) of the Philippines recently partnered with a group of organizations representing 1,500 financial services providers (FSPs) to share access to RCBC’s ATM Go point-of-service devices to help distribute cash government aid intended to minimize the effects of the COVID-19 pandemic. ATM Go devices are mobile-enabled machines that offer many of the services of traditional automated teller machines (ATMs), such as cash withdrawals, balance inquiries, and fund transfers to pay bills or buy mobile airtime. As part of the agreement, RCBC will distribute 2,000 ATM Go machines, largely in rural areas. This is part of a government effort to deliver the equivalent of USD 4 billion in aid to 18 million families. The potential ATM Go recipients are the Bayad Center, a bill-payment subsidiary of the Manila Electric Company, and the members of the MASS-SPECC Cooperative Development Center, the National Confederation of Cooperatives and the Rural Bankers Association of the Philippines. April 8, 2020

**MPower Crowdfunds $430k for Lease-to-own Solar in Africa**
MPower, a Switzerland-based provider of solar products in Africa, recently raised the equivalent of USD 430,000 via British crowdfunding platform Crowdcube, through which retail investors purchased a total of 5.84 percent of the firm’s equity. MPower, which has 2,000 end-users in Cameroon, Togo and Zambia, plans to use the fresh funds to upgrade its software, scale up within its current areas of operation and expand into three new markets by December. The firm, which builds its software in Spain and has supply-chain networks in China, was founded in 2017. It works with partners in Africa to supply end-users with solar collectors and...*

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MICROCAPITAL BRIEFS

Calvert Opens $15m Credit Line for FINCA
Calvert Impact Capital, a US-based NGO, recently opened a five-year credit line of USD 15 million for FINCA Impact Finance to use in support of its 20 microfinance institutions. FINCA Impact is a for-profit entity controlled by the US-based Foundation for International Community Assistance (FINCA International). The funding is available for on-lending to micro- and small enterprises as well as for infrastructure, such as institution-wide technology initiatives. FINCA Impact serves 2.6 million clients with a gross loan portfolio of USD 854 million. April 30, 2020

Amid Pandemic, Fintechs Pivot to Care for Customers, Staff
The US-based nonprofit MIX recently surveyed 23 financial technology (fintech) providers and investors regarding their responses to the COVID-19 pandemic. Although clients have more incentive to use mobile money due to travel restrictions, branch closures and the potential transmission of germs via cash, they have less money to transact. One study found that four in five business owners in Kenya did not have the cash needed to continue operations. In response, fintechs are cutting fees and granting grace periods on loan repayments. Those that process applications for banks continue to operate, with the hope that their clients will be able to access cash sooner, once bank lending begins to recover. Others are moving advertising online and shifting sales efforts to telephone contact. While they are pausing recruitment, some fintechs are keeping laid-off employees on their health insurance plans. As for new funding relationships, many investors are holding their cash to see whether their existing investees need lifelines. While some grants and low-interest loans have been made available, fintech providers report that figuring out which ones apply to them is overly time consuming.
April 29, 2020

Western Union Offers Home Delivery in Jordan Due to COVID-19
The Western Union Company, a US-based financial services and communications firm, recently announced that its agents will deliver money transfers directly to customers' homes in Jordan. Deliveries are to occur within 48 hours of payments being sent, with a verification process performed on-site to validate the identification of each recipient. This change in service is a response to curfews and other restrictions being enforced by the Jordanian government in an effort to reduce the spread of COVID-19. Customers in Jordan still may receive payments online, but they may no longer transact at agent locations. Jean Claude Farah, the President of Western Union's Global Network, said the service “will ensure that the public has access to cash, thereby providing essential financial services to a broad range of customers, including those who do not hold bank accounts.” Western Union operates through 550,000 agent locations in 200 markets. During 2018, it moved a total equivalent to USD 300 billion via 800 million transactions. April 27, 2020

BlackRock Launches $20m Global Impact Fund
BlackRock, a US-based manager of assets valued at USD 7.4 trillion, recently launched a Global Impact Fund with USD 20 million in assets. BlackRock is slated to invest at least 80 percent of the fund's assets in equity and equity-related securities of companies around the world that seek to help meet the UN Sustainable Development Goals. This will include placements in sectors such as “affordable housing, education and skilling, financial and digital inclusion, public health, safety and security, efficiency, electrification and digitalization, green energy, pollution remediation and prevention, sustainable food, and water and waste.” While mainly investing in developed market companies, the fund “may invest up to 30 percent (in aggregate) of its net asset value in any emerging market country or a frontier market country...”. April 27, 2020

Palau, TaiwanICDF Partner to Lend, Provide Training to MSMEs
Two government institutions, the National Development Bank of Palau (NDBP) and Taiwan's International Cooperation and Development Fund (TaiwanICDF), recently crafted a financial inclusion plan to boost micro-, small and medium-sized enterprises in Palau, with the goal of promoting “inclusive and sustainable growth.” TaiwanICDF will fund NDBP to issue loans to such enterprises with a particular emphasis on those owned by young people and women. NDBP will also set up an assistance office to guide borrowers on how to utilize the money to improve their lives or create their own business(es). The size of the program budget has not been announced. April 20, 2020

Cambodia Launches $100m Public-private SME Finance Scheme
Through its SME Bank, Cambodia’s Ministry of Economy and Finance is carrying out a Co-financing Scheme for Small and Medium-sized Enterprises (SMEs) in partnership with about 30 private banks and microfinance institutions. The program, which has a budget of USD 100 million, is open to registered SMEs active in “priority” sectors such as manufacturing and handicraft. To apply, a firm must have 10 to 100 employees and “a turnover from...USD 62,500.” Successful applicants may borrow up to “USD 200,000 for working capital and up to USD 300,000 for investment capital” for four years at an interest rate of no more than 7 percent per year. The primary goal is to help SMEs increase “local production and fulfill domestic consumption.” April 17, 2020

Ethiopia Deregulating Mobile Money Market
As part of a broader economic reform package, the National Bank of Ethiopia, the country's central bank, is seeking to increase the usage of e-money by issuing mobile money licenses to non-financial institutions. This is in addition to the banks and microfinance companies in the country that already offer financial services via mobile phones. To qualify for a license, a firm must: (1) be owned by “Ethiopian nationals or people of Ethiopian origin,” with no party owning more than 20 percent of the firm’s shares, other than the government; and (2) hold paid-up capital equivalent to USD 1.6 million. The central bank has also introduced tiered know-your-customer requirements, with caps on account balances ranging from USD 150 to USD 900. April 12, 2020

How Grassland, CD Finance of China Responded to the Pandemic
Because of the lockdown imposed in China due to the spread of COVID-19, “overdue loan payments increased greatly” at Grassland Finance and CD Finance, two microfinance institutions in the country. The timing was unfortunate for farmers because it occurred during planting season, when they often borrow money to buy inputs such as fertilizer. Despite the challenges, Grassland Chief Operating Officer Hooi Koon Seah argued, “This can be an opportunity where we show our worth and commitment to our mission.” CD Finance responded by working with an agricultural supplier to lend USD 5 million to farmers, Grassland also boosted lending, and it loosened repayment schedules as well. Much of this was done via digital channels, as loan officers and clients were unable to travel. Dongwen Liu, the CEO of CD Finance, underscored the importance of communication with clients “to have a close connection with them and ask what kind of support we can give to them and help them to recover their abilities gradually.” Ms Leah argued, “Most of all, we want our staff to know that they belong and that the company holds their wellbeing as the highest priority.” April 8, 2020

EBRD Lending $8.1m to Bank Lviv for SMEs in Ukraine
In partnership with the EU, the European Bank for Reconstruction and Development (EBRD), a UK-based multilateral...*

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SPECIAL REPORT
This feature is sponsored by the Frankfurt School of Finance and Management.

True Leaders Shine in Crises!
Out of control vs under control
As leaders, we are a source of inspiration to those around us. We can guide others to draw on their inner strength and innovate to face challenges with courage and proactive decision-making.
I have been coaching leaders for five years at Frankfurt School. Rarely do we come across a situation like the pandemic we face today. In these times, true leaders will shine. By leadership, I mean not only leading a team but also adapting to the unexpected and creating an effective plan to deal with the situation at hand.
In my coaching sessions, I share content to help you help others navigate the uncertainty of a crisis. This includes giving you tools for continually motivating your staff, as well as maintaining focus on the company’s goals. Many of us have been pushed to work from home because of COVID-19. Working remotely can make it more difficult to keep positive while the world feels as though it is heading toward apocalypse. Yet, it is the job of leaders to maintain high spirits within the team. There are many tools and techniques that can help you keep everyone motivated!
Management of decentralized teams
I do not expect the world will go back to what it was four months ago before another two or three years pass. Hence, the management of decentralized teams will remain key. The most important things to keep in mind are monitoring, reporting on meetings and delegating tasks. We also will have to initiate difficult conversations remotely even though we would prefer to have them in person. These issues are very challenging, but we need to handle them with high efficiency. We advise you to develop an internal communication strategy to keep your teams on task and also to express empathy.
Let’s face it, many people are having difficulty organizing their work in the most efficient way - for both their own and the company’s benefit. This makes it a challenge to maintain a meaningful vision and structure. Leaders should learn the skills to address these challenges. Such are the topics that Frankfurt School regularly deals with in its trainings.
Communication management
It is often difficult to communicate with team members via digital tools. It is important to develop a communication strategy that works upwards, horizontal and downwards. This strategy should help optimize your conversations, both one-on-one and in teams. If you understand the different ways people react to different situations, it will be much easier to adapt your strategy to diverse parties.
Throughout Frankfurt School sessions, we explore your behaviors and attitudes, helping you improve your techniques for managing conflict. Excellent leaders also are open to receiving feedback, and they provide constructive feedback regularly. Giving feedback, both positive and critical, remains a key task for executives in this unusual time.
I look forward to welcoming you to one of my courses!
Ute Bühler (pictured) has vast technical and leadership experience from her career at UniCredit Bank. Since 2014, she has been an independent trainer, coach and mediator for various organizations. Within Frankfurt School, Ms Bühler lectures at the Women's Leadership Academy, the Leadership Winter Academy and customized training courses in areas such as change management, negotiation skills, communication, human resources, and general and strategic leadership.
EAR TO THE GROUND

Losers and…Lesser Losers: Client Segmentation as Key to MFIs Surviving COVID-19

Ever the optimists, we in the US are obsessed with winners. When I drafted this piece, Netflix shares were up 11 percent while shares in Zoom were up a whopping 55 percent, just since mid-February. The reality is, however, that most people and firms will not come out of this pandemic as winners. Over 20 million people have filed for unemployment benefits this month in the US alone, and estimates from the St Louis Fed suggest the eventual total could reach over 47 million. Considering that only a month ago ILO was estimating a global “worst-case” scenario of 25 million newly unemployed, it’s fair to say that we are heading into this storm without a compass.

Countries that are dependent on food imports, oil exports or any kind of exports to the US appear to be worse off. This covers many developing markets, including Mexico, Venezuela, most of Africa, some parts of the Middle East, and much of the Caribbean. The most traumatic economic impact of this is, of course, food insecurity. The World Food Program estimates that the effects of COVID-19 will increase the number of people experiencing food insecurity from 263 million in 2019 to 400 million this year. This reflects the vulnerability of so many people who live paycheck to paycheck, sale to sale, or government transfer to government transfer.

It is difficult to imagine how the clients of most MFIs will weather this storm. But we must start imagining exactly this in order to design the most appropriate solutions to clients’ needs. Some will just need to keep food on the table. Salaried employees likely will comprise much of this group, as they are losing jobs by the day. I spoke to Julio Flores, CEO of the microlender FDL, in Nicaragua this week. FDL’s portfolio includes 20,000 salaried employees, of whom 3,500 were working in manufacturing in free-trade zones that have been closed due to the pandemic. These clients need loan restructuring, grace periods and simple patience. In the meantime, they will be frugal, dampening aggregate demand for goods. In past crises, lower aggregate demand has not always harmed the informal sector, which is agile at adapting to changes in consumer needs. For example, in the early 1980s and again in the mid-1990s, middle class families moved their shopping from malls and supermarkets to corner shops and market vendors to save money. This pandemic, however, may not favor the small shops but instead those with the resources and know-how to increase safety measures and secure their supply chains. Some businesses will adapt, of course; necessity is the mother of invention, after all! Claudia Moreno, from Fundación Espoir in Ecuador, recently shared with me via an Andares webinar that vegetable sellers made it through the aftermath of the 2016 earthquake by switching to selling water and lunches to construction workers and displaced families. For these businesses, MFIs need to offer loans to finance their “pivots” to ensure they can stay afloat. Farmers, on the other hand, have an essential role to play in domestic food security and keeping supply chains running smoothly. Climate change - along with the glut in coffee and other agricultural products - have made farm loans particularly risky in recent years. It is more important than ever for governments to step in to reduce these risks.

MFIs need to start segmenting the market to come up with strategies that meet these differing needs, or they will miss opportunities to bounce back. This pandemic will breed both losers and “lesser losers,” but considering the toll it will take on people’s physical, emotional and economic stability, it will be hard to consider anyone a winner.

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@eaec-global.com, or you may follow her on Twitter at BarbaraatEA.
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Did you know? The loyal readers of

span thousands of fintechs, MFIs and other providers of critical services to people with low incomes, as well as impact investors, software providers, rating agencies, regulators, researchers and more!
This document lists areas of concern for microfinance institutions regarding crisis management related to the COVID-19 pandemic. The first section offers the following advice: (1) establish a cross-functional crisis committee responsible for overall coordination and communication related to business management during the pandemic; (2) categorize business activities as critical and non-critical, and re-allocate resources accordingly; (3) categorize stakeholders by their level of influence, risk, and current and potential levels of support; (4) analyse measures that can limit adverse impacts - both financial and non-financial; and (5) assess and manage liquidity through measures such as stress testing and preparing a liquidity gap report. The second part of the document addresses the following elements of a crisis management and business continuity plan: (1) staff; (2) business; (3) access to the office; (4) resources; (5) policies; (6) clients; and...*

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