**MicroCapital Briefs | Top Stories**

*Want More? Subscribe Today*

This month, our subscriber edition includes 9 pages brimming with the best impact-investing news available, including many more briefs, event listings and summaries of current research. We invite you to request a free sample via info[at]microcapital.org.

**Fintech BizCapital Raises $15m in Equity for SMEs in Brazil**

Request a sample of the subscriber edition to read about this *MicroCapital Deal of the Month!*

**CommBanane Facilitates E-loans to Banana Farmers in Senegal**

Dimagi, a US-based provider of technical assistance to development organizations, recently rolled out CommBanane, a digital platform serving small-scale banana farmers via cooperatives in Senegal. CommBanane, which farmers can use to apply for loans via a mobile app, also serves as a “data tracking system” for agricultural production. The platform, which is supported by the UN Capital Development Fund and the Swedish International Development Cooperation Agency, connects users to the financial services of Baobab Sénégal, a member of the France-based Baobab Group. Cheikh Tidiane Guèye of Baobab Sénégal, said, “CommBanane gives us the visibility over the business information of this underserved market. This is needed to mitigate the risk of lending for financial institutions interested in serving the most vulnerable.” Baobab Sénégal has used the platform to approve USD 42,000 in loans, providing working capital to 472 smallholders in the Tambacounda region - of whom 29 percent are women - via 10 agri-cooperatives and one regional union of agri-producers. In total, Baobab Sénégal has 390,000 clients as well as 48 agencies and service points. November 18, 2020

**Philippines Unveils “Digital Payments Transformation Roadmap”**

Bangko Sentral ng Pilipinas, the central bank of the Philippines, recently released its Digital Payments Transformation Roadmap 2020-2023, which outlines steps for reaching: (1) half of retail sales volume being paid via digital channels; and (2) 70 percent of citizens having access to financial services. November 17, 2020

**Desjardins Group Launches $38m Aequitas Fund to Push SDGs**

The Canadian cooperative Desjardins Group recently invested the equivalent of USD 38 million to create Aequitas, a private investment fund aimed at working toward the UN Sustainable Development Goals by investing patient capital in financial inclusion efforts in Africa, Asia and Latin America. This includes targeting women, youth, farmers, and micro and small enterprises. Aequitas, which is slated to take on additional investors, will be managed by Fondi Management, a subsidiary of Desjardins Group member Développement international Desjardins. “By focusing on marginalized populations and helping to channel capital to those who need it most, the fund will simultaneously support sustainable economic recovery and foster diversity and inclusion,” argued Desjardins Group CEO Guy Cormier. With total assets of USD 266 billion, Desjardins Group serves 7 million members and clients with services such as retail banking, wealth management, securities brokerage, venture capital and asset management. November 2, 2020

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

---

**INSIDE**

<table>
<thead>
<tr>
<th>INSIDE</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>MicroCapital Briefs</td>
<td>2*</td>
</tr>
<tr>
<td>News on MSMEs, fintech, green finance…</td>
<td></td>
</tr>
<tr>
<td>European Microfinance Week</td>
<td>4</td>
</tr>
<tr>
<td>“Biscuits versus Guns”</td>
<td></td>
</tr>
<tr>
<td>Ear to the Ground</td>
<td>6</td>
</tr>
<tr>
<td>Can financial inclusion be political?</td>
<td></td>
</tr>
<tr>
<td>Upcoming Events *</td>
<td></td>
</tr>
<tr>
<td>Key industry conferences</td>
<td></td>
</tr>
<tr>
<td>Paper Wrap-ups</td>
<td>7*</td>
</tr>
<tr>
<td>Research and tools</td>
<td></td>
</tr>
<tr>
<td>Subscribe to the Monitor</td>
<td>7</td>
</tr>
</tbody>
</table>

**Next Month:**

The end-of-2020 issue!

---

**WE WISH YOU HEALTH!**

We recognize the significant health and business impacts that COVID-19 is having on communities around the world. Thank you for your efforts to minimize the risks that we all are facing. While each of us at MicroCapital is lucky enough to be able to work from home, we understand that many of our colleagues are not able to do so. We wish you and your loved ones good health and resilience during this time.
**MICROCAPITAL BRIEFS**

**Sasfin Wins Guarantee for $35m in Digital Lending in South Africa**
The Netherlands Development Finance Company, a public-private partnership also known by its Dutch acronym FMO, recently selected Sasfin Bank of South Africa to be the first beneficiary of an emergency risk-sharing facility intended to counter the impacts of the COVID-19 pandemic. The facility is part of FMO’s Nastr fund, which guarantees bank loans to “young, female, and migrant entrepreneurs in Sub-Saharan Africa and countries neighbouring Europe.” Specifically, the program reimburses lenders to the extent that they lose more than 10 percent on their loans to members of the target groups. The agreement with Sasfin Bank has a term of seven years and covers up to USD 35 million in loans. “This facility is a major next step in expanding our digital B\YOND Business Banking offering, becoming more diverse and inclusive as we launch to market in 2021,” said Sasfin Bank CEO Michael Sasson. Founded in 1951, Sasfin Bank is a member of Sasfin Holdings Limited, which reports total assets equivalent to USD 941 million. November 30. 2020

**AFD Loans $356m to IFAD to Assist Smallholder Farmers**
The French government’s Agence Française de Développement, recently loaned the equivalent of USD 356 million to the UN’s International Fund for Agricultural Development (IFAD) to assist small-scale farmers in developing nations. Motivated by both climate change and the COVID-19 pandemic, the funds are intended for managing natural resources, introducing sustainable agriculture practices and increasing access to financial services. “If we want a world without hunger and poverty, we have to focus our attention on the most vulnerable places where the poorest people live - and this is in rural areas,” said IFAD President Gilbert Houngbo. November 26. 2020

**‘Ave Pa’anga Pau Delivers E-remittances from Australia to Tonga**
The International Finance Corporation, a member of the World Bank Group; the Tonga Development Bank (TDB), a retail bank subsidized by the government of New Zealand; and the member-owned Regional Australia Bank recently expanded ‘Ave Pa’anga Pau, a product allowing Tongans residing abroad to send remittances to individuals in their home country using mobile phones. The service had been available in New Zealand and now is also active in Australia. Recipients may direct their funds to a TDB bank account or pick up their cash in person at a TDB branch. ‘Ave Pa’anga Pau charges a transaction fee of 5 percent. November 16. 2020

**Ukraine Developing National Financial Inclusion Strategy**
The World Bank Group’s International Finance Corporation recently agreed to work with the National Bank of Ukraine (NBU), the country’s central bank, to develop a financial inclusion strategy for improving digital services, expanding access to underserved populations and protecting consumer rights. NBU Chairman Kyrilo Shevchenko said, “We have no right to leave anyone behind.” November 16. 2020

**Charm Raises $360k to Finance Solar Energy in West Africa, India**
Charm Impact, a UK-based lender to renewable-energy firms in developing countries, recently raised the equivalent of USD 360,000 in equity through the UK-based crowdfunding platform CrowdCube. Charm plans to use the funds to scale up its operations over three years as well as to become regulated by the UK’s Financial Conduct Authority. “For the energy access sector to truly scale over the long term, there is a dire need to support the advancement of early-stage, locally owned companies… that will become an investable pipeline for later-stage investors,” said Charm co-founder Gavriel Landau. The firm has lent to a total of five early-stage solar energy companies in India and Nigeria. The loans range up to USD 30,500, with terms up to 36 months, and annual interest rates of 6 percent to 8 percent. November 13. 2020

**Paraguay Borrows $15m from IDB to Boost MSMEs’ Productivity**
The Inter-American Development Bank, whose membership comprises 48 nations, recently issued a 24-year loan of USD 15 million to the government of Paraguay with the goal of increasing the productivity of 8,500 micro-, small and medium-sized enterprises (MSMEs). The funds are earmarked for technology innovation and to create a national network of “productivity centers” providing business development training and technical assistance. In addition, the government will seek to assist MSMEs “through the creation or reformulation of regulatory frameworks; the implementation of an observatory to monitor and analyze the sector; [building a] gender- and environmental-indicators monitoring system; and the training of people in policies and business development.” November 12. 2020

**Cameron Launches 10-year National Development Strategy**
The government of Cameroon recently released its 2020-2030 National Development Strategy, which includes plans to expand banking, microfinance and Islamic financial services. To boost the number of banks in the country from 16 to as many as 30, the government will engage microfinance institutions seeking to transform into banks. Banks also will be monitored to ensure they are offering the services the state mandates they provide at no charge, such as small-scale savings and checking accounts. Meanwhile, the government will work to increase the availability of Islamic finance by partnering with regional institutions to regulate the practice. November 12. 2020

**Stanbic IBTC of Nigeria Borrowing $75m from CDC**
The CDC Group, an entity of the UK government formerly known as the Colonial Development Corporation, recently agreed to lend USD 75 million on a “long-term” basis to Nigeria’s Stanbic IBTC Bank, a member of South Africa’s Standard Bank Group. The funding will allow Stanbic IBTC to boost its lending in sectors such as manufacturing, telecommunications and construction, which “employ large numbers of local staff and support substantial SME [small and medium-sized enterprise] supply chains.” Stanbic IBTC was formed from the merging of Stanbic Bank Nigeria, Nigeria’s Investment Banking & Trust Company (IBTC), and the Nigerian operations of South Africa-based Standard Bank. Stanbic IBTC, which offers corporate, investment, business and personal banking products, reports total assets equivalent to USD 7.9 billion. Standard Bank Group operates in 31 countries and territories. November 11. 2020

**Development Bank of Ghana to Launch with $250m for MSMEs**
The World Bank’s International Development Association recently agreed to provide USD 250 million for Ghana’s Ministry of Finance to create the Development Bank of Ghana. The new institution is tasked with: (1) providing “long-term wholesale financing, credit guarantees, and other services” to micro-, small and medium-sized enterprises (MSMEs) that are active in agribusiness, manufacturing and unspecified “high-value services;” (2) maintaining a rate of 20 percent or more of client firms being women-owned; (3) creating a “digital financing platform... making it more efficient and less risky for private financiers to lend to MSMEs;” and (4) promoting the incorporation of environmental and social standards into local retail lending. November 11. 2020

**BlueOrchard Raises $140m for COVID-19 MSME Fund**
BlueOrchard Impact Investment Managers, a member of the UK-based Schroders Group, recently partnered with Schroders and three development finance institutions to mobilize USD 140 million to fund lenders in developing countries that serve micro-, small and medium-sized enterprises (MSMEs) that…*

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

---

This is a free, abbreviated preview of a monthly report available by paid subscription at MicroCapital.org
DIPLOMA IN
FINANCIAL INCLUSION
Take a step beyond the certified expert?

Stay ahead of the curve with Fern Software’s Flexible Lending Solutions

Please register your interest at info@fernssoftware.com

This is a free, abbreviated preview of a monthly report available by paid subscription at MicroCapital.org
SPECIAL REPORT

As part of a sponsored series on European Microfinance Week 2020, this feature describes a portion of the proceedings, which took place online from November 18 through November 20. The event is held annually by the European Microfinance Platform (e-MFP). MicroCapital has been engaged to promote and report on the conference each year since 2012.

Ela Bhatt on Savings vs Credit, Biscuits vs Guns

Microfinance Week 2020 launched with Action Group meetings; opening remarks from Christophe Schlitz of Luxembourg’s Ministry of Foreign and European Affairs; and a keynote address by Ela Bhatt, the founder of India’s Self-Employed Women’s Association.

Mr Schlitz spoke in favor of continued emphasis on client protection as the COVID-19 pandemic stresses both financial services providers (FSPs) and households. He also quoted from e-MFP’s COVID-19 Financial Inclusion Compass that the pandemic has created the opportunity to improve the financial inclusion sector in ways “that the gravitational pull of the status quo would never allow in more normal times.”

Ela Bhatt noted that her organization and others were focused on savings in the 1970s before microcredit became more popular. Indeed, the provision of a menu of services targeting various phases in the “life cycle of low-income households…” such as healthcare, skills training, veterinary care, market linkages… has cut down on the forced migration of men from their own land and families to seek wages in cities. Ms Bhatt views this migration as a great tragedy in the history of India.

Ms Bhatt also spoke more broadly about the financial sector. She argued that people have gotten caught up serving the financial system rather than money serving people as a tool. Players in the financial sector need to decide whether to invest in biscuits vs guns, trees vs pesticides, bicycles vs cars. How do we make recycling more profitable than new manufacturing? She also argued for community approaches: “Let us encourage community ownership of assets in addition to private assets. The spirit of cooperation is as likely to lead to profit as a dose of healthy competition.” Along those lines, Ms Bhatt added, “Digital financial services should be owned and managed by local women and organizations such as cooperatives; [these] services should be localized.”

“Taking Shelter: Housing Finance for the World’s Poor”

In partnership with Practical Action Publishing, e-MFP has published its first book, Taking Shelter: Housing Finance for the World’s Poor, edited by Patrick McAllister and e-MFP’s Daniel Rozas. The volume explores the spectrum of housing-finance practice from the perspective of house-holds, FSPs, investors, and regulators and policymakers. Taking Shelter draws on the experience of expert authors explaining the macroeconomic significance of low-income housing finance, the breadth and complexity of the pro-poor housing ecosystem, a case study on the housing-finance ecosystem in India, financial diaries of families constructing their homes, a decade of Habitat for Humanity’s work on the housing microfinance programmes of dozens of FSPs around the world, and a full spectrum of housing-finance investment options - public and private, debt and equity, from a local apex fund to capital market securitizations.

Investors Not Incentivizing MFIs Enough on Social Performance

The Investor Action Group of e-MFP met to discuss social performance measurement within microfinance institutions (MFIs). Calum Scott of US-based NGO Opportunity International described his organization’s efforts to work with MFIs to measure client outcomes. He specified that Opportunity generally does not seek to measure client impact, as that has proven too resource-intensive for its purposes. However, he argued that the pandemic “makes it more important to know if and how your products are helping clients.” Of Opportunity’s partners, 95 percent use SPI to report quarterly data.

Paul Thomas of India’s ESAF Small Finance Bank described his organization’s collection of data on client outcomes. For example, “barefoot counselors” gather data door-to-door using tools such as SPI and PPI. ESAF has found this work helpful to improve existing products and also to develop new ones that are more customer-centric, giving the bank an advantage over its competitors. These products include different debit cards designed for youth and farmers as well as loans for clean-energy products and disaster recovery, including recovery from the COVID-19 pandemic. Mr Thomas also hopes that outcomes data will help the bank to attract funding from more impact investors, although this has not been the case to date.

Marilou Juanito of the Netherlands’ Oikocredit described a 5-day workshop format Oikocredit uses to help MFI staff develop measurement processes that meet their needs. She starts participants’ thinking with questions such as, “Are women clients poorer than male clients?” and “Do urban borrowers move out of poverty more or less often than rural borrowers?” The participants leave the workshop with action plans that include steps such as integrating social and financial reporting, cleaning data regularly, and updating a dashboard each month to simplify monitoring. Kavien Ziedses des Plantes of Oikocredit explained that, “We underestimated the amount of time that would be needed” for certain parts of the workshops. This includes to boost participants’ practical skills (eg using spreadsheet software) and analytical skills (eg understanding what data in a spreadsheet are most important). Still, “They were just delighted to learn on the spot, working with real data from their own systems… It really pays off in terms of engagement and empowerment.” Each group includes about 10 people from a single MFI, including staff of different levels of the organization. “When you decide as a group what data to report and to whom, then it becomes part of the organization - embedded structurally....”

Regarding data collection, Cécile Lapenu of CERISE stressed the importance of setting reasonable goals for field staff. She cited instances in which overburdened staff have falsified data to make customers seem more poor or simply fabricated data to save time.

Jürgen Hammer of the US-based nonprofit Social Performance Task Force asked, “Are investors doing enough to incentivize MFIs to do this work?” Although Oikocredit does offer lower interest rates for loans to MFIs showing “exceptional social performance,” Ms des Plantes said that MFIs are not getting the message that investors believe this is deeply important.

Muktinath Bikas Wins European Microfinance Award for Savings

In recognition of its savings expertise, Nepal’s Muktinath Bikas Bank has won the 2020 European Microfinance Award, including its cash prize of EUR 100,000 (USD 119,000). Muktinath serves low-income households and women in rural areas with a department dedicated entirely to this population. It has a collective and solidarity savings model specifically for these customers, with doorstep collections. The product lineup includes retirement savings plans, insurance plans, and savings schemes specifically for migrant workers and the families they have left behind in Nepal. Muktinath has also developed financial education and household budget training using dramas and a purpose-made film entitled Pariharten, which means “transformation” in English.
**“Region of Crisis” Stable But “Moratorium Veil” Not Yet Lifted**

Mohammed Khaled of the International Finance Corporation argued that the effects of the COVID-19 pandemic on the microfinance sector in the Middle East and North Africa (MENA) so far have not been as bad as was feared earlier in 2020. Most of the large MFIs in the region have maintained 30-day portfolio-at-risk (PAR) ratios below 4 percent. Mr Khaled said, “We thought [PAR might rise to] 10 percent to 20 percent, but many MFIs have kept things under control.” Part of the reason for this, he believes, is that “this is a region of crisis.” After challenges such as the microfinance downturn in Morocco in 2008 and the Arab Spring, which began in 2011, MFIs came into the pandemic better prepared for crisis than their counterparts in other regions.

Regarding pessimistic predictions, Mr Khaled added, “We need to be careful about the message we are sending about the sector. Some [development finance institutions] are seeing the sector as too risky.”

Greta Bull of the US-based nonprofit CGAP discussed her organization’s Global Pulse Survey of Microfinance Institutions, which has been active since April. The monthly results indicate that the liquidity crunch expected from the COVID-19 pandemic “did not materialize.” However, solvency may yet become a problem, especially for Tier-2 and Tier-3 institutions. “It is too soon to let down our guard,” Ms Bull said.

At the onset of the pandemic, many MFIs reduced lending by as much as half. Since then, however, lending has recovered to about 85 percent of pre-COVID levels. Meanwhile, PAR data remains unclear, as two thirds of MFIs responding to Pulse have given borrowers moratoria on repayments. One third of Pulse MFIs anticipate greater challenges within the next six months, a period during which the “moratorium veil” may be lifted.

Eric Campos of the Luxembourg-headquartered Grameen Credit Agricole Foundation also shared data from approximately 100 MFIs that was collected since the onset of COVID-19. The Grameen Credit Agricole Foundation and its partners shared the survey results with both the participating MFIs and a range of investors, with the aim of avoiding any potential panic regarding the effects of the pandemic on the financial inclusion industry.

This data, like the Pulse data, reveals no liquidity crisis. The reasons seem to be that: (1) increases in withdrawals of savings were minimal; and (2) investors coordinated efforts to work with MFIs on how to manage their wholesale loan repayments. Among the surveyed institutions, the peak increase in client withdrawals from savings was 19 percent, and that level was down to 12 percent as of September. The portion of MFI portfolios in moratorium peaked at 32 percent and decreased to 21 percent as of August. About one third of MFIs report that at least 90 percent of their clients are back to work, and another half of MFIs report that most of their clients are working. In response to the pandemic, 70 percent of MFIs are looking to start new initiatives. Most have become more interested in lending for agriculture, which was less impacted by lockdowns.

Sanjay Sinha of India-based rating agency M-CRIL revealed data from the financial statements of large MFIs along with information gathered informally from stakeholders in five Asian countries. As with MENA, Mr Sinha noted that “Indian microfinance has long experience with crises,” such as the downturn in the state of Andhra Pradesh in 2010 and the nationwide demonetization in 2016. Based on data from these disruptions, Mr Sinha expects the COVID-19 spike in PAR 30 to exceed 20 percent and that it will take four or five years to recover from the pandemic. Moreover, he warned that PAR 30 may never go back below 0.5 percent, instead hovering in the 3 percent to 4 percent range.

The moderator of the session, Barbara Magnoni of EA Consultants, asked the group about the underlying weaknesses of MFIs. Mr Khaled argued that institutions that fail in crises were already weak and that the crisis simply exposed those weaknesses. He added that this crisis is easier to manage in some ways because it is hitting sectors differently, while other crises tended to hit all sectors more similarly.

Many MFIs are lending more money post-COVID, but they are doing this by increasing loan sizes to repeat clients while taking on fewer new clients. Hence in MENA, borrower numbers are sometimes down while portfolios are growing modestly. Mr Khaled noted that the industry is quite consolidated in MENA, with many strong institutions. “Some of our MFIs [in the region] are better off than local banks because they have stronger systems,” he added.

Ms Bull argued that, globally, there remain many MFIs that must “up their game” in areas such as risk management and legal expertise. This is particularly true among smaller institutions. While better data helps with risk management, it has a wealth of other benefits, including to “help understand clients better.” As an extension of this, Ms Magnoni highlighted the notion of client retention as risk management strategy.

As many institutions have turned to digital financial services to counter the risk of spreading COVID-19, Mr Sinha said that the challenge of “going digital” is larger than most people realize. It may be seen by some as “the next panacea, but there are many people for whom smart phones are a black box.” Much work remains to be done spreading digital literacy as well as financial literacy.

In closing, Mr Khaled noted the need to balance the priorities of people and institutions. While moratoria are important to protect consumers, there is value in institutions being able to retain their staff. He cited the example of Tunisia, where MFIs may charge partial interest during moratoria; they may not charge the customary rate, but they may charge enough to cover their cost of funds. This is a way to balance needs that can seem to conflict. Mr Khaled says, “Letting institutions collapse is not in the interest of customer.”

**Lessons from Giving Away, Selling Insurance with Remittances**

As part of the ongoing search for models that can make microinsurance profitable, the Luxembourg-based nonprofit ADA partnered with UAE-based insurtech Democracy to insure migrant workers in Dubai as they send money to family in their home countries. The target population is migrants from India and the Philippines, who are generally tech savvy and aged 25 to 45 years old. Most of these workers earn up to AED 4,000 (USD 1,100) per month and send about a quarter of that amount home. Rise, a UAE-based facilitator of financial services to migrants, enrolled 1,000 customers by offering the insurance at no charge as a way of increasing brand loyalty.

HelloPaisa, which is based in South Africa, enrolled 12,000 customers in a mix of free and paid policies. The free product covers accidental death and total disability. The paid option adds coverage for partial disability, medical expenses, tele-health consultations and repatriation. The firm also offers a product covering family members in the worker’s home country. All of Rise’s customers are women, and 20 percent of the policies sold by HelloPaisa were to women.

Among the roles of Democracy is to allow data to move freely among the partners. These include France-based AXA, which writes the policies. As for the retail partners, ADA and Democracy spent the first year of the project engaging a larger UAE-based firm, only to have that partnership fail. Despite losing the larger outreach of that firm, Rise and HelloPaisa hold deep customer knowledge that led to better results. The smaller firms were more willing to experiment and more able to help with appropriate product design because of this closeness to their customers.

The lessons learned include that overcoming regulatory hurdles is quite time consuming. Building customer awareness also requires significant resources as well as a long-term focus. The project was launched in 2017, and Democracy is continuing the work indefinitely. ADA exhausted its funding for the project, which had been provided by the UN’s International Fund for Agricultural Development, in 2020.
EAR TO THE GROUND


When I was in college, I studied “popular economic movements” in Chile. These movements were primarily women’s groups struggling to make ends meet by collaborating in community kitchens (ollas communes), laundromats and crafting circles. They were looking to save some money since so little was coming in after the dismantling of labor unions and the spike in unemployment to over 24 percent in the 1980s. Inevitably, putting unhappy citizens in a room together - regardless of the initial purpose - can lead to political dissent, and the Pinochet regime prophylactically kept a tight lid on these activities. I see these initiatives as early contributors to microfinance models. When you already have strong social groups, it is much easier to build a layer of trusted financial services on top.

Last week, I “traveled” to South Africa - yes on Zoom - only to learn that something similar had been happening there in the 1980s. Savings groups, mostly comprising women, were also viewed with suspicion by the apartheid government. Nkisa Masondo and Mizi Mtshali, CEO and CFO, respectively, of the National Stokvel Association of South Africa (NASASA) kindly told me the history of stokvels. People in South Africa have used these savings groups for decades to help pay for funerals, bulk grocery purchases, holidays and investments. Since 1990, the Banks Act has required that every stokvel register with a regulatory body such as NASASA, which provides the groups with a voluntary set of rules for managing savings safely. Mizi explained that the stokvels were regulated prophylactically as a result of government worries that these mostly Black-organized groups would use these channels to fund anti-government or illicit activities. This is ironic since during apartheid, formal alternatives were not accessible to Black households. What other choice did people have? Today, banks in the country remain hard to access for reasons such as high fees, limited points of contact and administrative requirements. Stokvels, in turn, remain a very important alternative, with 800,000 groups covering 11.5 million people, or about half of the adult population of the country. Nearly a quarter of the groups deposit funds in formal banks, and NASASA is now partnering with a Dutch investment fund to develop a digital version of stokvels.

The role that organic, grassroots organizations play in empowering marginalized people is significant for many reasons, including that this empowerment is extremely political. Yet we have resisted thinking about the political risks and opportunities of financial inclusion. We promote financial inclusion for health, housing, education and so on - but rarely for political engagement. If anything, politicizing financial services has been seen as partisan, distracting and polemical. I wonder if this is a missed opportunity. Economic inequality is, after all, linked to lack of political agency. Aggregating small-scale savers to show financial muscle could be a powerful approach to get poor people’s voices heard. South Africa’s stokvels have total assets of over USD 3.2 billion, certainly a sufficient amount to draw political attention.

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[at]eac-global.com, or you may follow her on Twitter at BarbaraatEA.

This is a free, abbreviated preview of a monthly report available by paid subscription at MicroCapital.org
Private Asset Impact Fund Report 2020

This survey reports on private asset impact funds (PAIFs), which are defined as those that have most of their non-cash asset [base] allocated both to private debt and/or private equity instruments and to emerging and frontier markets, with a development impact bias.” Regarding impact, Symbiotics focuses on the “intention of generating measurable social and environmental” improvement. The report succeeds the series of surveys that Symbiotics has published yearly on microfinance investment vehicles since 2007 and private debt impact funds since 2018.

The dataset covers 157 PAIFs, which hold a total of USD 22 billion in assets - two thirds of the global market. The participating funds are managed by 78 firms, which are headquartered in 26 countries.

The PAIFs report growth in total assets of 9.5 percent during 2019 and forecast contracting 1.5 percent during 2020. Of these assets, 58 percent are deployed in microfinance, 21 percent in small and medium-sized enterprise (SME) development, and...*

*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! 📚