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**Tugende Raises $10m for Motorcycle Leasing in Uganda, Kenya**

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**ADA’s Smallholder Safety Net Program Engages Investors, Focuses on Africa**

ADA Microfinance, an NGO founded in Luxembourg as Appui au Développement Autonome, recently announced its Smallholder Safety Net Upscaling Programme, which will assist: (1) smallholder farmers in accessing insurance and implementing agricultural practices that increase productivity in a “climate-smart” manner; (2) actors in agricultural value chains in adopting “more sustainable environmental and social business practices;” and (3) investors in boosting their commitments to such value chains. The Luxembourgish government’s LuxDevelopment will assist with implementation, and the investors Grameen Credit Agricole Foundation, Incofin, Oikocredit, responsAbility and Symbiotics have agreed to participate by increasing investment in small-scale farms and providing technical assistance to value-chain actors. The goal is to serve 3 million households and catalyze value chains to impact a total of 50 million vulnerable people, mostly in Sub-Saharan Africa but also in Asia and Latin America. The program has a 10-year budget equivalent to USD 65 million. October 22, 2020

**Easy Microfinance, Ongo Partner on E-repayments in Myanmar**

Easy Microfinance, a for-profit microfinance institution (MFI) in Myanmar, recently began offering repayment channels powered by Ongo, a digital payment service provider in the country. This allows the MFI’s borrowers to make loan repayments through the Ongo app and at Ongo agent locations. This development comes amid increased demand for remote service options due to the COVID-19 pandemic. Frank Snieders, the Managing Director of Easy Microfinance, added that the MFI is “offering flexible payment solutions for clients whose businesses are affected by COVID-19.” This includes payment moratoria and re-scheduling of loans “to achieve lower monthly installments” for clients who have lost all or part of their income, respectively. Established in 2016, Easy Microfinance has a loan portfolio equivalent on USD 35 million outstanding to 139,000 clients, whom it serves via 24 branches. Founded in 2008, Ongo has 1,900 agents in 73 cities in Myanmar serving 130 corporate clients, 26,000 merchants and 750,000 consumers. Ongo is the brand name of Ronoc Myanmar Limited, a subsidiary of Ireland-based investment and advisory services firm Ronoc. October 14, 2020

**Brazil Expands Microloan Eligibility for Small Businesses**

In an effort to help more microenterprises survive the COVID-19 epidemic, Brazil’s Conselho Monetário Nacional recently raised the revenue limit for firms receiving microloans from the equivalent of USD 35,500 per year to USD 64,000. The council also removed the in-person component of the online…*
MICROCAPITAL BRIEFS

Banco Agromercantil Borrowing $40m for MSMEs in Guatemala

The International Finance Corporation (IFC), a member of the World Bank Group, recently agreed to lend Banco Agromercantil (BAM) USD 20 million, mobilizing the same amount from the Eco-Business Fund, which invests in businesses deemed sustainable. BAM, a Guatemalan subsidiary of Colombia-based Grupo Bancolombia, plans to use the liquidity to support 1,000 microenterprises and small and medium-sized enterprises (SMEs) in the country as Guatemala continues to adjust to the COVID-19 pandemic. Bolanos Coloma, the CEO of BAM, said, “IFC’s timely support will help us strengthen our position in the SME segment and allow us to expand financing to local companies, thus creating jobs… fostering economic recovery in Guatemala.” BAM provides banking services online and at 165 agencies, and it reports total assets equivalent to USD 3.3 billion. October 27, 2020

10 Startups in Zambia Join FinTech4U Accelerator

The UN Capital Development Fund and BongoHive, a Zambia-based provider of technology consulting, co-working space and other support to entrepreneurs, recently selected 10 financial technology (fintech) startups for the second iteration of the FinTech4U Accelerator Programme. These participants gain access to a three-month program of training and mentorship, and the top three performers will win up to USD 5,000 to expand their businesses. As part of the program, the Bank of Zambia, the nation’s Securities and Exchange Commission and the Zambia Information Technology and Communication Authority will provide technical assistance and regulatory guidance on increasing the financial inclusion of underrepresented groups such as women, youth and rural populations. The participating firms are listed at https://www.ucdfl.org/article/6136/ten-fintechs-join-the-sophomore-class-of-the-fintech4u-accelerator-programme-in-zambia. October 26, 2020

FAFN Purchased by Employees as Goldman Sachs Acquires Folio

First Affirmative Financial Network (FAFN), a US-based investment advisory company, recently became an employee-owned firm after having been acquired in 2016 by Folio Financial, a US-based brokerage, custodial services and financial technology company. The move comes as US-based investment company Goldman Sachs is buying Folio. “We’re thrilled to reinforce more than three decades of values-based investment innovation with employee ownership,” said George Gay, the CEO of FAFN. Founded in 1987, FAFN is network of independent advisors helping its clients incorporate “socially conscious” investments into their portfolios via strategies such as sustainable, responsible and impact (SRI) investing and environmental, social and governance (ESG) investing. The organization’s members advise clients on assets totaling USD 1.1 billion. October 25, 2020

Haqdarshak Helps Workers Access Government Services in India

Haqdarshak Empowerment Solutions, a for-profit service that helps people in India access 254 government and private programs, recently expanded its focus on community organizations and larger businesses to include micro-, small and medium-sized enterprises. The firm works with these partner organizations to reach their members and employees, who are contacted by Haqdarshak-trained agents to determine if and how they can connect with health, financial, educational and other services, including to acquire identity documents. Haqdarshak charges community organizations a screening fee to determine individuals’ eligibility, and then it charges the individuals for each service in which they want help enrolling. When working with employers, the firm bills both of these fees to the employer. During the year ending March 2020, Haqdarshak served 150,000 applicants, enrolling 126,000 in one or more programs, thus unlocking benefits totaling the equivalent of USD 27 million. October 23, 2020

Britam Boosting Property Insurance for Microenterprises in Africa

Britam, a Kenya-based investment firm active in seven African countries, is “developing new property insurance solutions” to provide security to microentrepreneurs who use their homes for business purposes. The project is supported by the US-based nonprofit Habitat for Humanity and the Impact Insurance Facility of the UN’s International Labour Organization. Britam was founded in 1963 and is active in insurance, asset management, banking and property development. October 20, 2020

Financial Literacy Centre of Kosovo Targets Primary Schools

The Financial Literacy Centre, which was established in Kosovo in 2017 by the Central Bank of Kosovo and the European Fund for Southeast Europe, recently helped build financial literacy into the curriculum of Kosovo’s Ministry of Education. The programming includes “an inclusive approach featuring characters of various physical abilities and gender presentation” introducing “learners to responsible money use, including savings, tracking spending, and more.” The effort includes supplying 900 schools in the country with sets of five different textbooks, targeted for students in first through fifth grades. October 20, 2020

MFC “Borrow Wisely Campaign” Fights Over-indebtedness

During the month of October, the Microfinance Centre (MFC), a 113-member network based in Poland, ran its annual Borrow Wisely Campaign (BWC) “to make [borrowers] aware of the threat of excessive debt and help them learn how to avoid it.” BWC and its partners do this through: (1) outreach to borrowers via social media; (2) sponsoring events both online and in-person; (3) training…*

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EMW2020 GOES VIRTUAL - 18 - 20 NOVEMBER!

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DIPLOMA IN FINANCIAL INCLUSION

Take a step beyond the certified expert?

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

This feature is part of a sponsored series on European Microfinance Week 2020 (EMW2020), which will take 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.

European Microfinance Week

MicroCapital: EMW2020 - like so many events nowadays - is going virtual. How will this change the conference? What will the experience be like for attendees?

Christoph Pausch: EMW2020 remains - like in all years - a member-led conference, with the agenda constructed around what members indicate they find most important each year. So that hasn't changed at all. But there will be clear differences, of course. There still will be a diverse range of sessions over three days (even more than usual in fact, with close to 50 events on the programme). But going online dictates that we be imaginative and innovative in the format and presentation of those sessions. Attendees will experience a huge range of event types - big plenaries and traditional panel discussions, but also fireside chats, keynotes, case study presentations, working sessions, topic lounges and publication launches, including of Taking Shelter, the new book on housing microfinance.

By this point in the COVID-19 pandemic, we have all experienced some form of “webinar fatigue.” Longhy online sessions with a series of presentations one after the other can be dull and exhausting. So in choosing our event platform and putting together the agenda, we’ve strived to design sessions guaranteed to be varied, engaging, dynamic and interactive.

MC: How do you suggest attendees choose from all these formats and topics?

CP: Firstly, the programme is split into thematic streams - for example, the impact of COVID-19, climate change, client protection, digitalisation, and the topic of this year’s European Microfinance Award, “Encouraging Effective and Inclusive Savings.” And they’ve been scheduled so that someone with a focus in a particular area can certainly attend all the sessions within that stream live. But one of the great advantages of going online is that all sessions will be recorded, and all attendees will have access to those recordings during and after the conference. One of the other opportunities of going online is bringing in a more diverse, international audience of stakeholders who would not be able to travel to Luxembourg. This allows new people across different time zones to take part, expanding e-MFP’s network and also introducing more content focused on particular regions. So, in short, anyone attending the conference will be able to choose to take part live or watch after the fact. Virtual EMW2020 offers great flexibility.

MC: Besides the pioneering topics in over 40 sessions, what else can attendees expect from EMW2020?

CP: Every year after our in-person conference, we conduct a survey of participants, and one of the things that always stands out is how much attendees value the networking opportunities available at our wonderful conference venue in Luxembourg. So we knew from the start that our online conference would have to offer attendees the chance to reach out and connect as much as possible. It so happens that the pandemic has led to enormous advances in the effectiveness of the networking opportunities offered by online conference systems. So after trialing several, we found one that really does this very well. Attendees will be able to join different groups of other attendees based on their role or region or subject focus, allowing them to take part in smaller, focused group discussions. They’ll also be able to invite additional people to a group or break off for one-to-one meetings. During an in-person conference, of course, this is exactly how many concepts move from idea to collaboration to stronger partnerships. Being able to connect people and organisations together is one of the things that a network like e-MFP does best.

By this point in the COVID-19 pandemic, we have all experienced some form of “webinar fatigue”… [but EMW2020] is not a list of 40-something webinars. It is a holistic, interactive knowledge experience that will help attendees share their ideas about the future of financial inclusion after this most challenging of years.

Another key element of EMW2020 is the online European Microfinance Award ceremony, which - as always - will be on the Thursday of the conference. As in past years, there will be videos about the three Award finalists - Buusaa Gonofaa, Mukinath Bikas Bank and RENACA-Bénin - and of course the announcement of the winner of the EUR 100,000 prize.

Beyond the networking and Award ceremony, attendees will see a stellar line-up of speakers across all the formats - top experts and opinion leaders in their fields, from all over the world. In almost all sessions, there will be a strong audience-engagement component as well, with opportunities to ask questions, take part in polls and share ideas. And more than ever, the conference will really become more than the sum of its parts. It is not a list of 40-something webinars. It is a holistic, interactive knowledge experience that will help attendees share their ideas about the future of financial inclusion after this most challenging of years.

Christoph Pausch is the Executive Secretary of e-MFP, a role he has held since 2007.

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SPECIAL REPORT

Student Lending for Tertiary Education: Lessons Learned

The Higher Education Finance Fund (HEFF) was implemented in seven Latin American countries with the objective of improving access to tertiary education for motivated yet socially disadvantaged young people. It was promoted by Omtrix, Inc., a consulting and fund management company based in Costa Rica. HEFF’s equity investors were the German development bank KfW, the Norwegian Investment Fund for Developing Countries (Norfund), the Swiss Investment Fund for Emerging Markets, the Luxembourg Finance and Development Fund, Corporación Andina de Fomento, Omtrix and the Calvert Social Investment Foundation.

HEFF was premised on the idea that student loans are an intrinsically viable product for financial institutions (FIs) with social objectives. The experience of HEFF confirmed the validity of this notion, provided that an adequate credit methodology is in place to facilitate implementation in a self-sustaining manner while at the same time generating a high level of social impact.

HEFF was launched in December 2011 as a closed-end vehicle with a life of 10 years. In addition to the funding provided by its equity investors, the program also attracted senior and subordinated debt from organizations including DFC/OPIC. As of June 2020, the program had benefited 12,000 low-income students, four times the initial objective. Of those students, 53 percent were female, and 49 percent had family incomes below USD 730 per month.

Beyond providing lines of credit to the participating FIs, the program had an associated technical assistance facility, which also was managed by Omtrix. This facility was funded with a total of USD 1.6 million from KfW; the Mastercard Foundation and the US Agency for International Development. Omtrix used this funding to work with each FI to implement the student-lending methodology at every level of the organization: training the staff, supporting the rollout of the new product, and promoting its marketing and commercialization.

Omtrix commissioned an evaluation of HEFF as it entered its final phase. Following is a summary of the conclusions of the independent consultant who was hired for this purpose.

- Overall, the fund was managed as per the guidelines stipulated in its organizing document. Omtrix kept administrative expenses below budget, and, in turn, income from treasury operations was higher than projected. Likewise, all participating FIs complied with the payment terms and conditions of the loans granted. Nevertheless, mostly because of FX losses, the fund came close to reaching breakeven and thus did not achieve its projected financial return to investors.

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- One of the main objectives of HEFF was to expand the FIs’ product portfolios by establishing education lending as a sustainable product. Of the 10 participating institutions, this objective was fully achieved in four and partially in two, while one institution already had educational loans as an integral part of its portfolio. In three institutions, the objective was not achieved. Taking into account the nature of HEFF as a pilot program, this result is considered satisfactory.

- While student loans tend to be less profitable than microcredit due to their nominally lower rates, it appears they can generate attractive levels of profit if they achieve critical mass. In addition, student loans have value as an alternative product for cross-selling and contributing to customer loyalty.

- Data on the social and economic impact of student loans funded by HEFF reveal marked differences among the participating FIs and their respective enabling environments as well as how these differences can have a material impact on the placement of student loans. For example, FIs with strong social mandates were more successful in implementing the product than those that were more commercially oriented. Moreover, the culture of each country should be recognized as a key factor when designing the product. For instance in some countries, parents don’t want students to borrow to pay for their own education. Instead, the parents feel that paying for their children’s education obligates the children to care for them during their retirement.

This feature is sponsored by Omtrix. Founded in 1995, the firm since has grown to manage several funds. Omtrix, which also provides consulting services in the impact investment space, is active in Africa and the Americas.
EAR TO THE GROUND

Yes, Farmers Can “Get” Parametric Insurance

In 2017, I was in the department of Santander, Colombia, interviewing farmers for a study with Crezcamos and CGAP on the effectiveness of marketing and education for selling agricultural insurance. This included developing remote tools such as videos to explain the product in a standardized way. The first step was understanding how clients interact with their phones. We walked into home after home and learned that many farmers were using feature phones, not smart phones. And when we asked them to read an SMS (text) message, their literacy and poor eyesight often got in the way. “My son reads them to me when he visits,” explained one farmer. We also found that the farmers didn’t carry their phones around with them. When asked about their phones, farmers would sometimes lead us into the house and fish around in a drawer to find them. This was a problem for our study, which involved calling farmers two weeks after they purchased insurance to follow up; we only reached 10 percent of them. Although remote tools like videos can help quality and potentially productivity - they would have no real impact on cutting the biggest cost of distributing insurance to farmers: the mobilization of loan officers to far-off places.

Early this year, we reactivated our work with Crezcamos as the micro-bank was launching a parametric insurance product to protect farmers from drought and excess rain. We had no idea COVID-19 was about to change the way everyone does business, but we knew that selling policies one-by-one through loan officers would be costly. Instead, we developed a multichannel strategy using loan officers as a complementary rather than the primary channel. Taking a lesson from 2017, we made the main channel the feature phone. We tested calls to farmers at various hours of the day and identified 4pm to 7pm as the most likely window for them to answer the phone. We then tested various explanations of the product with both clients and loan officers to get the wording right. We moved away from video, which relied on the loan officer traveling to each farm with a smartphone to show the movie. Instead, we developed text messages and prerecorded audio messages to inform clients about the product. We expanded the hours of the call center to accommodate farmer availability, phoning farmers with a sales pitch after they received initial prerecorded messages. “Farmers felt proud that we were reaching out to them,” explained one project manager. With Crezcamos’ IT partners, we developed an end-to-end digital onboarding process that allows staff to enroll farmers either during a phone call or a visit to the farmer’s doorstep. After a successful pilot test in March, Crezcamos launched the product in two departments in July. By then, COVID restrictions were in place, making our remote strategy seem like a godsend. Crezcamos sold 19,815 policies in July and August. Crezcamos CEO Mauricio Osorio refers to these as the 19,815 reasons to continue to grow his business.

Selling parametric insurance is not easy. Although some people believe this is because the product is complex, I believe that most of those people are not farmers. In my experience, if the product is explained simply, most farmers grasp its concepts quickly. What farmers object to more often is the basis risk, as well as the potential for badly pegged triggers that could lead to insufficient payouts. While the way to get over this is to build a large enough pool of clients to show that significant payouts happen, reaching scale can be costly. Crezcamos’ multichannel strategy offers some insights into how to do this at lower cost while conforming to the needs of a post-COVID world.

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**Digital Survey: Digitalisation in Financial Inclusion**


Among a sample of 27 financial institutions in Africa, Asia and Latin America, Ms Schicks finds that the commercial banks drive more innovation in the digitalisation of financial services than the microfinance institutions (MFIs) with banking licenses and non-bank financial institutions (NBFIs) that lease to small and medium-sized enterprises. The products under evaluation were mobile wallets, micro-merchant payments, insurance, loans, savings, domestic transfers and international remittances. Although none of the banks offer mobile insurance, most of the banks offer all of the other six products in digital formats. The portion of MFIs/NBFIs offering each of the services varies from zero to 28 percent. Sixty-three percent of the commercial banks have agent networks, while 12 percent of...*

A COVID Perspective on Nepal Microfinance


The authors find that the COVID-19 pandemic has had less severe effects on the microfinance sector in Nepal than it has in other countries. This is partially because customers in Nepal didn’t make significant withdrawals from their savings during the lockdown. However, an increase in the usage of digital services...*


Based on data from 22 European microfinance providers, the authors find that microenterprises are suffering a range of challenges due to the COVID-19 pandemic. Those in the service sector have generally been hit the...*