Lami of Kenya Raises $1.8m in Equity for Insurtech in Africa
Request a sample of the subscriber edition to read about this MicroCapital Deal of the Month!

True North Sells $25m Stake in India’s Fincare to Motilal Oswal
Two India-based private equity firms recently exchanged a minority stake in India’s Fincare Small Finance Bank (SFB). Motilal Oswal Private Equity bought the shares through its India Business Excellence Fund-III for USD 25 million from True North. Although the size of the stake has not been disclosed, True North previously held 7.25 percent of the shares of Fincare SFB as well as 36.5 percent of the bank’s parent company, Fincare Business Services Limited. Based in the city of Bengaluru, Fincare SFB was founded as a microlender in 2007 and received its SFB licence in 2017. The firm promotes financial inclusion by providing individuals as well as micro-, small and medium-sized enterprises financial services such as savings and loans for business needs, housing and vehicles. The firm also provides institutional services, gold loans and non-resident Indian banking. As of March 2020, Fincare SFB served 2.5 million customers in 15 states and union territories, and it reported total assets of USD 971 million, a gross loan portfolio of USD 663 million and customer deposits of USD 635 million. For the 2020 fiscal year, the firm reported return on assets of 2.4 percent and return on equity of 18 percent. May 12, 2021

YCash Adds Door-to-door Service, Partners with Red Cross
YCash, a company in Yemen also known as the National Cash Transfer Company, recently partnered with the International Committee of the Red Cross (ICRC), a humanitarian organization based in Switzerland, to provide cash transfers to ICRC clients “through mobile teams, fixed outlets and point[s] of sales.” Due to the disruptions caused by ongoing civil war and the COVID-19 pandemic, YCash recently began “moving to the beneficiaries,” offering door-to-door service. The firm, which acquired the Floosak digital wallet service in December 2020, already had been offering services via mobile phones and debit cards. These services include domestic payments, international remittances, loans, savings and mobile credit top-up. YCash was established in 2019; financial data on the firm have not been released. May 10, 2021

Central Bank of Iraq, Mastercard Tie Up on Digital Payments
Mastercard, a US-based financial services company, recently partnered with the Central Bank of Iraq on an effort to expand Iraq’s digital finance ecosystem with the aims of furthering financial inclusion, moving toward a cashless society and promoting socio-economic development in general. The program will begin with the digitization of tuition payments before expanding to include consumer spending, government collections and salary payments. Among the reasons to promote digital payments are to...

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

**Tugende to Lease Boat Engines for Fishing in Uganda**
Tugende, a technology-driven lease-to-own firm, recently expanded its product portfolio to finance boat engines for informal workers in the fishing industry in Uganda. The company provides “financing for income-generating assets,” such as motorcycle taxis; associated resources, such as insurance and training; and digital profiles demonstrating clients’ repayment histories in Kenya and Uganda. Tugende expects to increase its social impact with this new product as more women have been interested in financing boat engines relative to the firm’s other products. While the terms of the engine leases have not been published, the firm’s motorcycle leases run as long as two years. Tugende, whose name can be translated as “Let’s Go,” has opened 17 branches in Uganda since its launch in 2012. In 2019, it expanded to Kenya, where it opened its first branch in the city of Kisumu. The company has served 47,000 customers as of May 2021.

**Madagascar, IFC, Local Insurers Partner on Agricultural Cover**
The International Finance Corporation (IFC), a member of the World Bank Group, recently announced a partnership with the government of Madagascar to boost farmers’ access to insurance. The project will engage Malagasy insurers to create products to protect against risks such as drought, cyclones, pests and flooding. Marcelle Ayo, IFC’s country manager for Madagascar, said, “Agricultural insurance can help [smallholder farmers] enjoy a more predictable and stable cash flow, enabling them to repay loans and improve credit worthiness, boost production, and build more resilience against natural disasters and other shocks.” The project is supported by the Global Index Insurance Facility, which is managed by the World Bank Group and funded by the African, Caribbean and Pacific Group of States; the EU’s European Commission; and the governments of Germany, Japan and the Netherlands. May 14, 2021

**Baobab+ Raises $5m for Pay-as-you-go Solar, Tablets in Africa**
The French technology company Baobab+ recently raised the equivalent of USD 2.4 million in equity from the Facility for Energy Inclusion Off-Grid Energy Access Fund, an initiative of the African Development Bank. Baobab+ also secured a loan of the same amount from the Energy Entrepreneurs Growth Fund, which is managed by Netherlands-based Triple Jump. Baobab+ CEO Alexandre Coster stated that the funding will help the firm “expand its distribution network of solar kits while targeting more microentrepreneurs” in Côte d’Ivoire and Senegal. In addition to solar products, Baobab+ offers technology such as tablets for agricultural, healthcare and educational purposes. Each of these is offered on a pay-as-you-go model, allowing users to possess the items while they make periodic payments, rather than being required to pay the full cost upfront. The firm serves Côte d’Ivoire, Madagascar, Mali and Senegal, and it is expanding to Democratic Republic of Congo and Nigeria. In total, Baobab has equipped 200,000 homes with solar kits since its launch in 2015. May 12, 2021

**Incofin Assists SOPROCOPIV of DRC with Fairtrade Certification**
Incofin, an investment management firm based in Belgium, recently launched a technical assistance project for Solidarité pour la Production et la Commercialisation des Produits Industriels et Vivriers (SOPROCOPIV), a cofee cooperative in Democratic Republic of Congo. The goal is to help SOPROCOPIV meet documentation requirements and train 5,000 producers on the guidelines they must follow for the cooperative to become certified by Germany’s Fairtrade International. The certification will allow farmers to receive higher prices in general as well as to qualify for guaranteed minimum prices. It also signals to customers that the products are produced with high quality standards, environmental sensitivity and non-exploitative working conditions. Due to security and infrastructure challenges in the region, Fairtrade is conducting its audit remotely, as a test for making remote certification an option for more producer organizations. Incofin is funding the technical assistance project in partnership with entities backed by the governments of Belgium, Germany and the Netherlands. These four funders also have launched a Fair Trade COVID-19 Producer Fund, through which SOPROCOPIV is receiving cash for personal protective equipment, health education and general business costs. Founded in 2008, SOPROCOPIV serves 7,600 people. May 12, 2021

**Numida of Uganda Raises $2.3m for E-lending via MFS Africa**
Numida, a financial technology (fintech) firm in Uganda, recently raised USD 2.3 million in seed funding from a group of investors led by South Africa’s Mobile Financial Solutions (MFS) Africa, whose infrastructure Numida plans to use to expand outside of Uganda and launch unspecified additional digital financial products. The other investors were the US-based Draper Richards Kaplun Foundation, Bermuda-based Equilibria Capital, the US-based Segal Family Foundation, and several angel investors. Numida was founded in 2016 and offers an app that provides working capital loans ranging from USD 100 to USD 5,000. The loans carry no collateral, and loan approvals are promised within two hours. Numida has lent a total of USD 2 million to 3,000 businesses in Uganda. MFS Africa works with financial services providers to connect 200 million digital wallets, enabling “accessible, affordable, inclusive alternatives for remittance/money transfers, microleasing, microinsurance, micro-savings, and payments.” May 3, 2021

**ECCAS, UNCDF Promote E-remittances To, Within Central Africa**
The 11-member Economic Community of Central African States and the UN Capital Development Fund (UNCDF) recently entered a two-year agreement through which they aim to expand “affordable and convenient access to digital remittances” for migrants transferring money to family members in their home countries. Priti Sinha, the Executive Secretary of UNCDF, said, “Our goal at UNCDF is to support creation of coherent and interoperable systems, both technological systems as well as the policy systems that govern the technology.” The effort includes research on “how remittances, if shifted from cash to digital channels, could be the gateway to other financial services supporting the resilience and financial health of migrant households.” To support this work, UNCDF will arrange peer-learning meetings among regulators, financial service providers and other stakeholders. April 28, 2021

---

**Study Sustainable Finance Online**

**Master | Diplomas | Certificates**

This is a free, abbreviated preview of a monthly report available by paid subscription at MicroCapital.org
EAR TO THE GROUND

Women on the Verge of… Borrowing

Last week, as part of the LEADS Mujer program of INCAE Business School, I led a workshop with a group of women who own medium-sized enterprises in Central America. The plan was to discuss digital financial services, but we spoke a lot more about the women’s broader financing needs and their experiences with financial institutions in general. This is partly because many of them are already using the limited digital financial tools available in their countries.

I was struck by their enthusiasm but also by their fears of taking on risk. Despite the confidence and soft skills they have developed, few were excited about borrowing. Some mentioned fearing the commitment of a loan in these uncertain (post-?) pandemic times. That brought me to reflect on past instances when I have been fearful and what was helpful to me during those turning points. Generally, a combination of advice, encouragement and leveraging a tried-and-true skill set have worked best to help me feel comfortable taking on risk. At times, I got feisty when faced with others’ skepticism, and that motivated me to prove myself. But that’s gotten tiring now that a few decades have gone by!

The experience of María, a young woman on the webinar whose firm processes cocoa in Honduras, reminded me of some of those challenges I had to overcome. She needed to update her processing machines and walked into her bank for a loan. The loan officers asked her to bring in some paperwork, which she did. Then they asked for more paperwork. After a few iterations, she gave up and went to a different bank; she assumed he knew his business.” She proudly recounted how she explained the details of each machine, pointing out every nut and bolt that needed attention. She eventually got the loan, but she was resentful of the extra stress the bank employees put her through.

Jumping through hoops - like María had to do - is a lot of work. Many women get discouraged after the first, second or third attempt. Some won’t even approach a bank for fear of feeling intimidated or being rejected. Helping women overcome these barriers will be a key component of jumpstarting many economies that have withered since the onset of the COVID-19 pandemic.

The LEADS program offers some clues of how to address these barriers. In a small “community of practice,” women business owners can strengthen their soft skills, build confidence and find encouragement to take risks. They can share successes and failures, and they can learn new business and management tools. Together, these steps significantly reduce the risk of these women’s businesses failing.

One limitation of LEADS is that it only tackles the demand side of the gap in women’s financing, but it’s a great start. The supply-side barriers are also an important challenge - one that I expect to address in a future column!

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.
ONLINE COURSES ON FINANCIAL INCLUSION AND GREEN FINANCE

English | French | German | Turkish | Spanish | Russian

QUANTUM AI

Loan Decision Engine Power by AI

Quantum AI is Fern Software’s Loan Decision Engine powered by Salesforce Einstein Artificial Learning technologies that can rapidly and accurately determine loan decisions for any financial institution.

Key Benefits of Quantum AI

- Highly Accurate Loan Prediction
- Core Agnostic Flexibility
- Lightning-Fast Loan Prediction
- Automate Your Loan Process
- Greater Efficiency Better Results
- Open Banking & CRAs Connectivity

Kickstart Your Loan Automation Today

www.fernsoftware.com

This is a free, abbreviated preview of a monthly report available by paid subscription at MicroCapital.org
The authors of this paper evaluated methods that Zambia’s Ministry of Community Development and Social Services (MCDSS) uses to issue certain government-to-person (G2P) payments to very low-income women in rural areas. The women who were studied receive mobile phones, two digital transfers totaling the equivalent of USD 167, and business and life skills training. The payments are unusual in that they are delivered through a range of payment intermediaries. Recipients use an online portal to choose their preferred provider from a group of participating commercial banks; mobile money providers; the nation’s postal service; and NatSave, a government-owned institution.

The authors found that: (1) MCDSS had to expend resources after the initial rollout to revise recipient and staff training. The payments are unusual in that they are delivered through a range of payment intermediaries. Recipients use an online portal to choose their preferred provider from a group of participating commercial banks; mobile money providers; the nation’s postal service; and NatSave, a government-owned institution. (2) The advantages of savings are important, which sometimes led to investment in “climate vulnerable activities.” For example, a set of women’s savings groups in Ethiopia planted crops and bought livestock through a project intended to diversify their incomes. However, prolonged drought resulted in poor crop yields and deaths of many of the animals. Hence, when climate variability is high, it may be wiser for farmers to diversify into sectors unrelated to agriculture.

The authors conclude with the following findings: (1) While informal savings is important, its effectiveness wanes when shocks are larger; (2) the advantages of savings are increased when combined with interventions such as the “adoption of...”

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

---

**Savings and Climate Resilience**


This paper cites various instances of savings groups being used to accrue capital for “income diversification activities.” For example, a village savings and loan association in Ethiopia trained members in running microbusinesses. The resulting income was reinvested to buy feed in bulk to help livestock survive a period of drought. Although savings groups mostly generated positive impact, they sometimes led to investment in “climate vulnerable activities.” For example, a set of women’s savings groups in Ethiopia planted crops and bought livestock through a project intended to diversify their incomes. However, prolonged drought resulted in poor crop yields and deaths of many of the animals. Hence, when climate variability is high, it may be wiser for farmers to diversify into sectors unrelated to agriculture.

The authors conclude with the following findings: (1) While informal savings is important, its effectiveness wanes when shocks are larger; (2) the advantages of savings are increased when combined with interventions such as the “adoption of...”