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Bridge Taxi of South Africa Borrows $20m for Leasing Minibuses
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Triodos Renewable Energy Fund Debuts with $29m
Triodos Investment Management, an impact investing unit of the Netherlands’ Triodos Bank, recently announced the launch of the Triodos Emerging Markets Renewable Energy Fund. The fund will deploy senior debt in low- and middle-income countries to support: (1) large-scale energy projects such as “wind, solar and run-of-the-river hydro”; and (2) smaller-scale industrial and commercial projects, such as mini-grids. Some of this will be via third-party renewable energy funds. Triodos Investment has raised USD 29 million for the fund from undisclosed sources, and the fund remains open for participation from additional investors. Triodos Investment, founded in 1990, is a subsidiary of Triodos Bank. The goal of Triodos Bank is to help individuals and businesses use their money to promote “positive social, environmental and cultural change.” Triodos Bank has the equivalent of USD 23 billion in total assets under management, and Triodos Investment reports total assets of USD 7 billion. During 2020, Triodos Investment provided debt and equity to 109 financial institutions in Africa, Eurasia and Latin America. November 15, 2021

BFIU, IFC to Develop E-KYC System in Bangladesh
The Bangladesh Financial Intelligence Unit, a government agency that acts against financial crimes, and the World Bank Group’s International Finance Corporation recently agreed to collaborate to establish an electronic know-your-customer (e-KYC) system to “fast-track financial inclusion” in Bangladesh. The goal of the system is to “cut time and cost of client onboarding” thus allowing financial services providers to reach 30 million first-time customers over the course of nine years. Usage of the e-KYC system will be mandatory for new customers at traditional and digital financial services providers as well as insurers and investment firms. November 10, 2021

Creation, Norwest, IIFL Place $200m in Equity in Vastu for Housing Loans in India
Two US-based firms, Creation Investments and Norwest Venture Partners, recently co-led a Series C financing round of USD 200 million for Vastu Housing Finance of India. Each investor committed USD 75 million to Vastu, with India’s IIFL Finance investing the remainder. Vastu plans to use the financing to build on its Pulse platform, a “proprietary technology platform [that] helps customers estimate and demonstrate their undocumented income to access credit.” Founded in 2015, Vastu operates 86 branches in 13 Indian states. Since its inception, the firm has served 35,000 customers, most of whom earn less than the equivalent of USD 600 per month. Vastu reports total assets of USD 372 million and total loans of USD 289 million. IIFL is the parent of IIFL Home Finance and Samasta Microfinance. November 5, 2021

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NEWS FROM AFRICA

Co-operative Bank of Kenya Borrows $56m from EIB for SMEs
The EU’s European Investment Bank recently loaned the equivalent of USD 56 million to Co-operative Bank of Kenya for “companies active in sectors most challenged by the COVID-19 pandemic.” In particular, the line of credit will enable Kenyan firms with up to 250 employees to access local-currency loans “with tenors of up to 7 years, far longer than usually available.” The maximum amount of each sub-loan is set at USD 13 million. November 30. 2021

Bridge Taxi of South Africa Borrows $20m for Leasing Business
Bridge Taxi Finance, which is based in South Africa, recently borrowed the equivalent of USD 20 million from a group of unidentified “international impact investors” to expand its leasing of minibus taxis with vehicles that are safer and less polluting. In addition to leasing minibuses, the firm provides drivers with repair, tracking and advisory services. Bridge Taxi funded 1,100 entrepreneurs during the year ending September 2021. Verdant Capital arranged the funding for Bridge Taxi. Verdant, which has offices in Democratic Republic of Congo, Ghana, Mauritius and South Africa, provides capital raising and financial advisory services as well as assistance in mergers and acquisitions. November 25. 2021

Sidian Bank Lends MSMEs in Kenya $4.6m for WASH
Loise Mwangi of Kenya’s Sidian Bank recently described her institution’s success in providing pandemic-relief loans supporting the distribution of water, sanitation and hygiene (WASH) equipment. Sidian lent about half of the funds, which total the equivalent of USD 4.6 million, to small and medium-sized WASH re-sellers, and the other half to community-based organizations, microenterprises, and small and medium-sized enterprises (SMEs) active in sectors such as agribusiness, bottling and health care. As a whole, borrowers used about half of the funds for access to clean water and half for access to sanitation. Each of the pandemic-relief loans carries a term of two years, an upfront fee of 2 percent and an interest rate of 11 percent per year, subsidized by the equivalent of USD 226,000 from the Dutch NGO Aqua for All. The loans ranged in size from USD 900 to USD 44,000, with a median size of roughly USD 4,400 and an average around USD 6,200. The program, which is ongoing, had reached 548 borrowers as of September 2021. Ms Mwangi reports the portfolio at risk (PAR) ratio is zero. For comparison, Sidian usually issues SME loans of around USD 38,000 for terms of three to four years with PAR near 10 percent. The bank has 2,900 SME clients and an SME portfolio of USD 112 million. Sidian is working with Aqua for All on a possible extension of WASH lending in the amount of USD 890,000. The organizations have also discussed partnering to monitor the impact of the program. Meanwhile, Sidian is considering expanding into loans for green energy and technology such as smart electric meters and online payments. November 18, 2021

MFS Africa Buying Baxi, E-payment Firm Serving SMEs in Nigeria
Mobile Financial Solutions (MFS) Africa, a digital payments network based in South Africa, recently announced it will acquire Baxi, a platform facilitating online payments in Nigeria. Verdant Capital, a corporate finance firm that specializes in mergers and acquisitions, is advising Baxi on the transaction. The pricing of the sale has not been disclosed, and it remains subject to approval by the Central Bank of Nigeria. Founded in 2014, Baxi offers handheld devices and apps for mobile phones that allow small and medium-sized enterprises to accept electronic payments, manage inventory and create reports. The firm also allows consumers to perform electronic payments via the internet and in-person to pay for services such as airtime, utilities and sending remittances. During 2020, Baxi processed transactions totaling the equivalent of USD 1 billion. MFS Africa works with a range of financial services providers to connect 320 million digital wallets in 35 African countries, enabling “accessible, affordable, inclusive alternatives for remittance/money transfers, microlending, microinsurance, micro-savings, and payments.” November 18, 2021

Trafficking Survivors in Nigeria to Gain Access to Microloans
Nigeria’s National Agency for the Prohibition of Trafficking in Persons (NAPTIP) recently announced it is planning to offer microloans to survivors of human trafficking as part of a set of “sustainable and evidence-based rehabilitation, reintegration and empowerment programs.” These programs also include grants for micro-, small and medium-sized enterprises, as well as education services and “innovation hubs” to help survivors reenter society. The agency’s other strategies include: (1) counteracting trafficking by furthering convictions of traffickers and prosecuting legal cases against them; and (2) enhancing public educational efforts on human trafficking. Founded in 2003, NAPTIP is a unit of Nigeria’s federal government charged with carrying out the country’s “international obligation under the Trafficking in Persons Protocol to prevent, suppress and punish trafficking in persons.” The definition of trafficking in persons includes using force, the threat thereof, deception or other means to exploit people for the removal of organs, sexual purposes or other forms of modern slavery. November 9. 2021

Moneylenders Arrested for Impersonating MF Officials in Uganda
Police in the Buikwe district of Uganda recently arrested six employees of Moskal Enterprises, a moneylending firm based in the Luwero district, for impersonating staff of the Uganda Microfinance Regulatory Authority (UMRA). Some of the individuals were traveling in a vehicle marked with UMRA’s logo at the time of their arrest. This comes after UMRA had received complaints that people were “extorting money from [microfinance] lenders to process operating licenses for them.” In addition to charges for impersonating government officials, the suspects face punishment for operating a moneylending business without a license. November 8. 2021

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SPECIAL FEATURE

This feature is part of a sponsored series on European Microfinance Week 2021, which was held online from November 17 to November 19. MicroCapital has been engaged to promote and report on the conference each year since 2012.

Konietzko: Business Leaders Must Fight Gender Inequality

As part of the opening of European Microfinance Week 2021, Daniela Konietzko of Fundación WWB Colombia discussed the impacts of the COVID-19 pandemic, the brunt of which has fallen on women. There has been more domestic violence, neighbors have quarreled more over land disputes, and pregnant women and children have suffered the worst increases in malnutrition. Meanwhile children have missed school, and women have taken on more unpaid caregiving responsibilities.

As COVID-19 threatens to undo the gains made against poverty in recent years, Ms Konietzko argued that we need to address development with a gender lens for many reasons. Women are five times more likely than men to have zero income. Meanwhile, women who do have earnings invest triple the proportion in their families, relative to the amount of their earnings that men invest. Women spend an average of eight hours per day performing unpaid labor in the household - also nearly triple the time that men do - making it harder for women to access training and other resources.

Not only should the financial inclusion sector fight inequality, Ms Konietzko said, but this is needed in all sectors, including business, politics and emergency response planning. In closing, she declared that business leaders have a responsibility to speak out on this and other social issues in all countries - rich and poor.

Measuring Outcomes: Aligning Incentives, Adjusting Expectations

During a meeting of the European Microfinance Platform (e-MFP) Investors Action Group, Célia Fernandez of the French NGO Comité d’Échange, de Réflexion et sur les Systèmes d’Epargne-Crédit (CERISE) described LabODD, a project to help mission-driven organizations measure their progress toward the UN Sustainable Development Goals (SDGs). Among the outputs LabODD is to create during its four-year period is a brief due for publication in December 2021 that will cover outcomes management for financial services providers (FSPs).

Cécile Lapenu, also of CERISE, described several trends that will be presented in the brief. For example, the demand of impact investors for accountability from FSPs is growing. However, the focus now is more on measuring outcomes - which can be associated plausibly with the work of FSPs - rather than impacts - which must be shown to result from client-FSP interactions. This is due to the expense and other difficulties of the latter. Meanwhile, the cost to collect outcomes data has been on the decline. There is also a sense among many stakeholders that it is too ambitious to expect FSPs to reduce poverty, as many hoped for in the past. Goals such as smoothing consumption and creating jobs are more attainable.

Veena Yamini of Ankuram Social Ventures described several strategies for success in measuring outcomes. The number of variables should be limited - not only to keep the process manageable, but because of the need for consistent data. Complex datasets that change each year are not useful for benchmarking progress year-to-year or for comparison to data from peer institutions. Also, staff will do a better job collecting quality data if they see how the data are used, for example to improve the products that they sell. Because data quality is key, it must be validated at each step in the process of collection and analysis. If managers do not trust a dataset, they will not use it.

An important part of motivating staff to create quality outcomes data is for the CEO to drive the effort. Consequently, the board of directors should include outcomes measurement among the criteria on which it evaluates the CEO.

Ariane Schoen of Invest in Visions described her firm’s collection of output indicators from its 80 investees on a quarterly basis. One challenge is that some of the FSPs are quite limited in the depth of data they collect, which in turn limits the extent and usefulness of the portfolio-wide data that Invest in Visions is able to compile. Haruna Tanaka of Gojo and Company agreed that, “It’s a very big challenge for investors to collect client impact data.” One way to make it easier, she suggested, is to include data collection efforts as an extension of FSPs’ existing satisfaction surveys.

Nicolas Karambadzakis of ECOFL described his network’s experience working with 60 Decibels to conduct telephone interviews with hundreds of ECOFL clients in local languages. ECOFL used the surveys to learn how to support clients during the early stages of COVID-19, for example by allowing borrowers to use their guarantee funds (savings) to repay their arrears, determining when clients were interested in resuming borrowing to pay school fees and expanding farmer training.

Peers Networks Boost Trajectories of Women Staff, Clients

Marina Martinez of FinEquity, a platform hosted by CGAP that promotes women’s financial inclusion, described the platform’s Spanish-language arm, FinEquityALC. FinEquityALC focuses on Latin America and the Caribbean, serving as a pilot project that may lead to FinEquity establishing other regional projects. The goals of FinEquityALC are to improve public policy that impacts women’s financial inclusion as well as financial products and financial education that are targeted at women. Its 1,100 users work for 250 different institutions.

Barbara Magnoni of Andares and EA Consultants described how Andares connects 400 Spanish-speaking women who work in financial inclusion in 19 countries. Andares organizes networking and training opportunities in a range of formats, recognizing that women often have busy family schedules that compound the difficulty of finding time to access these resources during the workday. These opportunities include: in-person and online education, international exchange programs, scholarships for third-party training programs, and asynchronous networking via platforms such as WhatsApp. Maritza Ivón Pereda Ontón, who works for Symbiotics in Mexico, described her experience attending a program at the Boulder Institute of Microfinance, funded by a scholarship from Andares. Laura Elena Rosado of AXA said she has found Andares to be a safe space to share challenges and for younger participants to find role models. During the beginning of the COVID-19 pandemic, for example, Ms Rosado said the platform hosted a great deal of discussion of how to support women clients who were struggling to continue to repay their microloans. More broadly, she described the importance of helping more women grow into leadership roles - one reason being that subtle forms of bias are part of “almost every financial product.”

Njideka Nwabueze of Nigeria’s Sterling Bank noted that there is a surge currently in women taking leadership roles in banks in Nigeria. Echoing Ms Rosado, she predicted that this trend will result in products that better meet women’s needs. Regarding the importance of developing women’s careers, Ms Nwabueze noted that women agents in her department performed better than men when she was working at Access Bank. As for networking and training opportunities, she cited the work of the Nigerian nonprofit Women in Management, Business and Public Service (WIMBIZ). Its programming includes coaching sessions for future leaders, online events on topics such as building a personal brand, and mentoring for prospective board members addressing ethics and other elements of corporate governance.

Looking forward, Ms Magnoni expressed concern about financial services providers digitizing their operations, given that technology is a field that is even more male-dominated than finance. She also noted the trend in younger employees looking for work-life balance and that the microfinance industry has quite a bad track record in this regard.

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Fonkoze of Haiti Wins $114k Award for Inclusive Healthcare
Fonkoze, a development organization in Haiti, recently won a cash prize equivalent to USD 114,000 as part of the European Microfinance Award given by the Directorate for Development Cooperation and Humanitarian Affairs of the Luxembourg Ministry of Foreign and European Affairs. Fonkoze won the award for its Boutik Sante program, through which nurses train Fonkoze’s customers as community health entrepreneurs. These women carry out basic health screenings in their Boutik Sante franchises, run health education sessions, and sell health and hygiene products.

HRH the Grand Duchess of Luxembourg, Chair of the Award’s High Jury, said, “In the context of the current pandemic, guaranteeing access to affordable, good-quality health care to the most vulnerable is even more crucial. It is encouraging to see that microfinance is helping to find appropriate solutions for people in need while guaranteeing quality education for children, and offering employment prospects to young people.”

Franz Fayot, Minister for Cooperation and Humanitarian Affairs in the Grand Duchy of Luxembourg and another member of the High Jury, added, “If traditional insurers are reluctant to extend health care coverage to the people in need, we need projects promoting innovative solutions for improving access to health services. The financially excluded do not only need better access to health care, but also the ability to pay for it!”

Private, Public Funders on Microfinance for Climate Adaptation
At European Microfinance Week 2021, climate adaptation was a hot topic - in contrast to climate mitigation, which is more of a preventative measure. Panelists argued that the scale of funding for climate adaptation is much too small and that many of those who are most in need still lack access to funding. These groups include smallholder farmers, women, youth and members of indigenous groups. Meanwhile, financial services providers (FSPs) are reporting that climate change already is having negative impacts on their portfolios.

Another trend, which was widely discussed at COP26, is a much higher level of concern for biodiversity. Avril Benchimol Dominguez of the Global Environment Facility argued, “There is no economic system without nature.” Sebastien Soleille of BNP Paribas noted that, although his bank has tracked climate-related metrics for over a decade, it has only tracked biodiversity indicators for approximately two years. When BNP Paribas was looking into which of its clients had the most negative impact, one was a major agro-industrial firm. A challenge in acting on this information was that the deforestation involved in creating the firm’s products was not carried out by the company itself, but by its suppliers. This brings the focus back to reaching communities in rural areas to educate them on alternative practices and crops, Mr Soleille said. To do this, “It is clear that high-income countries need to finance adaptation and mitigation in low-income countries.”

In order to develop the market for investors to support climate adaptation and biodiversity, BNP Paribas, the Grameen Credit Agricole Foundation and Yapu are collaborating to build a special-purpose institute. One of the goals of this entity is to pilot technical assistance products that FSPs can use to help them address climate change, habitat loss and related challenges.

The panelists agreed that - although some financing products have been tested sufficiently and are ready for scaling up - many still need public financing to de-risk them while they are tested. On an optimistic note, Ms Benchimol pointed out that investing in energy efficiency and renewables was esoteric 20 years ago but has since become mainstream.

Remittance Providers Nudge Users Online, Cut Costs, Boost Speed
Attendees at a session on remittances learned about innovations from representatives of Caixa Economica Verde, Mukuru and Swift as well as the FairRemit service, whose collaborators include Akfit Bank’s UPT money transfer service and the World Savings and Retail Banking Institute.

Swift has a new product called Swift Go for low-value transactions, whose features include upfront visibility on cost. Among the selling points of FairRemit is that its transfers are instant. Mukuru focuses on migrants sending money to and from Africa, Europe and South Asia. It operates its own cash-in/cash-out locations as well as digital services, with some of its transfers available instantly.

Antonio Moreira of Caixa Economica Verde said the cost to send USD 230 from Luxembourg to Cape Verde, for example, might be USD 16 through traditional channels. Meanwhile online services, he and other presenters said, might charge USD 1 to USD 7 for the same transfer, although variation remains in transfer speeds.

Despite the efficiencies of online transactions, Cat Denoon-Stevens of Mukuru explained that many users - especially in rural areas - continue to use cash. To nudge users toward less-costly electronic options, Mukuru has used strategies such as discounts for cash-to-account payments and lower rates for paying recipients’ bills directly to the billers.

PAYGo Firms Struggle with Supply Chains, Lack of Equity Funders
Mariama Kamara of Smiling Through Light, a women-run provider of solar products in rural Sierra Leone, stayed in business during the COVID-19 pandemic thanks to emergency funding from the Shine Campaign. Demand is high for Smiling Through Light’s products, but the last shipment of solar appliances from the manufacturer took five months to arrive, causing a delay in paying staff. Only since the onset of the pandemic - and at the request of customers - did Smiling Through Light expand its payment choices from cash up-front to include a pay-as-you-go (PAYGo) option.

A survey by GOGLA, also known as the Global Off-Grid Lighting Association, found that write-offs in the sector doubled during 2020 to 14 percent. However, Daniel Waldron of Acumen Fund stated, “The resilience the companies have shown has been really impressive to us as investors.” Nonetheless, Mr Waldron finds that there are not enough equity investors to support the range of strong, up-and-coming firms offering clean energy options in developing countries. The established firms could benefit from additional financing, as well, to help them expand into more difficult-to-reach communities. Mr Waldron also expressed chagrin that Acumen’s peer investors were not as motivated as his firm had expected to help PAYGo firms adjust to the pandemic.

Alexander Brummer of Azuri Technologies said that one of the ways his firm is managing supply chain problems is to redesign products to accept different components when the original types have become unavailable.

Early in the pandemic, some PAYGo leaders were interested in giving their customers a period of usage at no cost but worried that users would not begin paying again afterwards. However, Mr Waldron said that being very clear with customers that the relief was temporary prevented most difficulties with customers resuming payments.

All of the panelists noted the trend of PAYGo firms diversifying from solar products into consumer products such as mobile phones. One concern with this trend is that the firms may be hurred by the profits of up-selling to existing customers at the expense of reaching new customers who still lack basic services.

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We have Agents spread across Africa, India, Southeast Asia, Central Asia and Europe, each with in-depth technical expertise and located in close geographical proximity to our key partners and target countries to ensure optimal support.

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A strategic approach to sustainability risks and impact opportunities

Impact and sustainability require the same strategic approach as any other business objective. They must be integrated into an organization’s structure, processes and culture. Today’s increased awareness of sustainability risks and the need to provide data on environmental, social and governance (ESG) aspects to investors and other stakeholders is the “new normal.” With our combined expertise and experience, we at AFI continuously strive to improve our ability to deliver on sustainability issues - bearing in mind that they translate into both risks and opportunities, with positive and negative impacts. Therefore, we aim to guide our partners to understand the interdependency of their impact objectives and their exposure to sustainability risks in order to manage them optimally.

What we do

Our sustainability RISK specialists perform plausibility checks for ESG ratings of listed companies by the major providers, such as MSCI ESG and ISS ESG. Through our partnerships in the micro- & SME finance sector, we also address ESG and other sustainability risks in impact measurement & management as well as sustainability-related regulatory developments such as the EU Sustainable Finance Action Plan.

Four elements of managing sustainability risks

- **Assessment**: We use our AFISAR© Tool to assess an FSP’s sustainability performance based on the SDGs and ESG criteria.
- **Analysis**: We link positive & negative impacts with sustainability risks and opportunities for impact.
- **Awareness**: We address key sustainability issues, inspiring action for sustainable development.
- **Advisory**: We share our expertise in sustainability, microfinance and impact investing.

You may find more information about AFISAR© at https://www.agentsforimpact.com/de/afisar/.

“While mapping out the business plan for AFI back in 2018, it was clear to me that sustainability risk had a lot of potential to function independently and that the RATING and RESEARCH pillars would always need to incorporate sustainability risks on a day-to-day basis. Hence, we established our third pillar in 2020. I am proud to see how well the sustainability RISK pillar has developed and how much good work it is enabling for our clients.”

- Dr Andrij Fetsun, CEO / MD

“Impact and sustainability require a strategic approach just like any other business objective. They must be integrated into an organization’s structure, processes and culture - bearing in mind that they translate into both risks and opportunities, with positive and negative impacts.”

- Manuela Fritzsch, Director of ESG Risks & Impact

Milestones

Since founding the sustainability RISK pillar in 2020, we have successfully completed:

- 100+ plausibility checks for the ESG ratings of listed companies across 30+ industries;
- consulting projects with the leading German financial institutions HANSAINVEST and SIGNAL IDUNA Asset Management to facilitate smooth implementation of the Guidance Notice on Sustainability Risks issued by BaFin, Germany’s banking supervisor;
- several management workshops for AFISAR© partners on addressing sustainability risks and opportunities;
- several workshops building in-house knowledge on integrating sustainability into investment processes; and
- the development of pilot products on “sustainable finance literacy.”

Initiatives

We are an active member of the Federal German Impact Investing Initiative, co-leading its “Initiative on Impact Measurement & Management.”

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EAR TO THE GROUND

Building Farmers’ Trust in Insurance Using a Method as Old as Time: Learning by Doing

This month, as COP26 dominated the airwaves, I was reminded of when I began working with Crezcamos, an MFI in rural Colombia, in 2017. I sat down with the CEO, Mauricio Osorio, and we dreamed up the ambitious goal of covering all of his farmer borrowers with agricultural insurance. A colleague of mine who joined one of the discussions told me, “It sounds too good to be true.” Indeed, the conversations seemed like countless others I have had with representatives of MFIs, insurers, reinsurers and other stakeholders. Five years later, however, I can resolutely say the plan we laid out for Crezcamos was not only different but transformational.

With the generous and consistent support of the Insuresilience Technical Assistance Fund, we embarked on a journey to understand client needs, develop products that meet those needs, and re-engineer processes to commercialize and service agricultural insurance policies. Crezcamos engaged a broad set of actors, including the Colombian government’s Finagro, which offered subsidies for the poorest farmers in the portfolio. Although I described our strategy as “complex,” that word is not allowed within Crezcamos: “Everything is possible,” insists Mauricio.

In 2020, despite the COVID-19 pandemic, the MFI issued parametric rainfall insurance to over 22,000 clients, some 1,200 of whom received a payout that same year, when rainfall exceeded the policy threshold. This never could have happened without Mauricio’s undying persistence in figuring out a puzzle that has stumped so many in the development world: how to generate demand for insurance from poor farmers. This month, as COP26 dominated the airwaves, I was reminded of when I began working with Crezcamos, an MFI in rural Colombia, in 2017. I sat down with the CEO, Mauricio Osorio, and we dreamed up the ambitious goal of covering all of his farmer borrowers with agricultural insurance. A colleague of mine who joined one of the discussions told me, “It sounds too good to be true.” Indeed, the conversations seemed like countless others I have had with representatives of MFIs, insurers, reinsurers and other stakeholders. Five years later, however, I can resolutely say the plan we laid out for Crezcamos was not only different but transformational.

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The first phase of our strategy was to use a simple insurance product as an “education” tool for farmers. What that means, in practice, is putting the parametric product and - crucially - that they learn when their neighbors are paid. So much microinsurance today is bundled with loans as a mandatory product that farmers barely know whether and how they are covered. That sets them up for disappointment when they believe they are owed a claim and aren’t paid. Trusts erodes quickly, and without trust you can’t build an insurance business.

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This month, we are testing out a new product for sugar cane farmers in central Colombia that offers higher payouts. The product is less simple and more expensive than the parametric insurance, so it won’t work without trust. Our early field visits are encouraging. Farmers, already familiar with the parametric product and the claims it has paid, are listening. They do not doubt the insurance will pay, but they are going deeper, asking smart questions about premium-to-benefit ratios, exclusions and how the coverage period relates to crop cycles. This is what education does! It helps people know what questions to ask and gives them the confidence to ask them. Rather than sitting farmers in circles and explaining relatively costly and complex products, we started with a simple and subsidized product that required only a very brief explanation. This product familiarized farmers with the language of insurance and has built trust, enabling them to use their knowledge and agency to consider new coverage that can protect their crops from more elements of an ever-changing and uncertain climate. As we consider how we can apply some of the ideas we learned about during COP26, let’s think about an age-old approach to adult education: learning by doing.

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, and you may follow her on Twitter at BarbaraatEA.
This paper documents a pilot savings program for women that was designed as an add-on to the Indian government’s Pradhan Mantri Jan Dhan Yojana (Jan Dhan) scheme, which allows any previously unbanked person to open a savings account at any bank in the country. Jan Dhan accounts have no minimum deposits or balances to maintain, and the customer earns interest on his or her savings. Jan Dhan was launched in 2014, and it has been credited in the rise in percentage of women with access to financial services from 26 percent in 2011 to 77 percent in 2017. One of the successes of Jan Dhan is its reach to illiterate customers due to its minimal paperwork requirements.

The pilot program offered “Jan Dhan Plus” accounts to encourage more women to save. These accounts came with a credit facility equivalent to USD 134 for users who made four savings deposits of USD 7 or more at any time during the course of one year. From February 2020 to August 2020, 50,000 people enrolled. Over the course of the study, which was heavily impacted by the COVID-19 pandemic, 18 percent of women met the deposit requirements to receive the credit incentive. Whether or not they met this threshold, women with Jan Dhan Plus accounts grew their savings balances an average of 1.5 times more than customers enrolled in standard Jan Dhan accounts.

Regarding business correspondents (banking agents), the study showed that women business correspondents were better able to gain the trust of clients. Women agents had an average of 1.5 times more...*  

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Innovating Digital Financial Services for Posts  

Postal services have large networks of branch locations that give them the potential to reach many more underserved people with financial services, particularly in rural areas. Meanwhile, private companies have been increasing rural financial inclusion, particularly via digital financial services (DFS). Some postal services have expanded outreach in partnership with these firms, which include mobile network operators, financial technology firms (fintechs), microfinance institutions and banks. For example, some postal services support DFS providers by acting as agents for cash-in and cash-out transactions. Rather than focusing on traditional financial services, the authors suggest postal services replicate these partnerships to expand their provision of digital savings, domestic and international payments, cash-in/cash-out services, microinsurance, micro-investment opportunities and digital credit.

As for the role of policymakers, many countries have the potential to make significant gains in financial inclusion by boosting the “role of posts in the formulation and...*  

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COVID-19 and Fintechs in Bangladesh - Impact and Resilience  

This is the second part of a study analyzing the impact of the COVID-19 pandemic - including subsequent regulatory changes - on financial technology firms (fintechs) in Bangladesh. The authors analyzed 12 fintechs, categorizing them into three groups based on monthly revenue and number of customers. Although public trust of fintechs increased significantly, early- and growth-stage fintechs struggled at the start of the pandemic, leading them to lay off staff and reduce pay, with senior leadership taking most of the salary cuts. As consumption patterns shifted, some firms pivoted to add new services. For example, TallyKhata, whose app helps users maintain business records, added digital loans to its menu and experienced user growth by a factor of 25, to 2.6 million users. While many smaller fintechs suffered, the mature-stage firms in the study experienced such rapid growth that they struggled to keep up with demand. Since the start of the pandemic, these firms’ customer...*