

Abstract of the 4th edition of the SAM  
21-25 October 2019, in Ouagadougou, Burkina Faso

# Pathways Towards Impact: African Inclusive Finance for the Sustainable Development Goals





## The SAM, the major event dedicated to development of inclusive finance in Africa

Every two years since 2013, the SAM brings together in one place for a whole week all the actors involved in the development of financial inclusion in Africa.

The 4th edition took place from 21 to 25 October 2019 in Ouagadougou, Burkina Faso.

Over the years, the SAM has become the largest platform for reflection and exchange between practitioners involved in the sector: investors, MFIs, researchers, banks, networks, innovators, governments and NGOs come together to:

- meet decision-makers in the sector, public and private donors, MFI directors and microfinance investors;
- forge partnerships and establish new collaborations;
- expand and develop your network of contacts;
- share innovative good practices;
- accelerate financial inclusion on the continent.

## In 2019, the SAM of all records!

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## Meeting the SDGs through partnerships and modernizing microfinance in Africa

Mathieu Soglonou of the UN Capital Development Fund (UNCDF) commented on several of the UN's Sustainable Development Goals (SDGs) in a session on the **“State of the Inclusive Finance Sector and Its Contributions to Development in Africa.”** Despite general progress toward the SDGs, Mr Soglonou noted that there have been setbacks in SDG 2, “Zero Hunger.” The number of people living with hunger has increased by 800 million due to problems such as extreme weather, war, and difficulties with the storage and distribution of agricultural products. Mr Soglonou noted that one challenge in reducing hunger is that lenders tend to be more interested in investing in cash crops than foods grown to be eaten locally.

Regarding SDG 8, “Decent Work and Economic Growth,” Mr Soglonou noted that, while only 35% of people in Africa have accounts at financial institutions, the rise of digital financial services is increasing this ratio. Philippe Guichandut of the Grameen Credit Agricole Foundation commented that, despite the low average rate of inclusion in

Africa, several regions have significantly higher rates. He cited East Africa and Southern Africa as among those in which more people are financially included and noted, **“West Africa is on the right track.”**

Mr Guichandut also referred to data from Symbiotics on 87 private microfinance investment vehicles (MIVs). **The MIVs have 8% of their portfolios, a total of USD 2.4 billion, placed in Africa. They described interest in boosting that level, but cited impediments including the low capitalization levels of many MFIs, low portfolio quality, governance issues and lack of scale.**

Wango Fidele Yameogo, Burkina’s Permanent Secretary for the Promotion of Microfinance, commented on the situation in his country. With over 80% of the population using mobiles, he said **“mobile phone penetration has really boosted financial inclusion.”**

Unfortunately, conflict, largely in northern Burkina, has displaced 500,000 people. Although some MFI branches have closed because of the conflict, he argues that “MFIs are cornerstones” of working in these difficult areas.



One area of progress for Burkina is bringing together banks, mobile network operators, MFIs and financial technology (fintech) firms to support the country's third multi-year plan for financial inclusion. These stakeholders comprise a digital finance working group, which is just one of the four working groups supporting the plan. This ties in to SDG 17, "Partnerships for the Goals."

Regarding mobile connectivity, Mr Soglonou explained a strategy UNCDF has used to encourage mobile network operators to bring 3G service into more rural areas. UNCDF guarantees their investments, but the firms so far have been able to recoup their costs, so UNCDF has incurred no expense. Now UNCDF is pursuing similar arrangements to expand the reach of 4G technology.

Despite widespread excitement about the potential of digital financial services, Mr Guichandut cited

concerns such as the unregulated blacklisting of 2 million "nanoborrowers" in Kenya. Much as microfinance once was regarded wrongly as a silver bullet for ending poverty, Mr Guichandut warns that digital finance is not a panacea. He referred instead to a recent conversation he had with a microlender about the idea of finding a balance between impersonal technology-based services and traditional "high-touch" microfinance, which involves significant face time between customers and MFI staff.

When it comes to agricultural finance, Mr Guichandut argued that "commercial-only is not appropriate." Given the risks inherent in agricultural lending, which are exacerbated by climate change, he suggested that governments may need to continue to offer blended tools such as guarantees. **Partnerships with NGOs that can provide training in topics such as agronomy and leadership can be critical.**



## Customer protection as main issue in digital development

Sébastien Boyé, the Chief Investment Officer of Investisseurs & Partenaires, delivered a keynote address on the future of financial inclusion in Africa. **Mr Boyé expressed optimism about Africa's future because of the continent's dynamism and entrepreneurial spirit.** He cited forecasts that by 2050, 250 million new jobs will be created in Africa as the continent's GDP overtakes that of the EU. In terms of weaknesses, there is significant volatility, and several countries are getting into trouble with too much public borrowing.

Mr Boyé argues that stakeholders in the financial inclusion sector need to focus on topics such as human resources, academic research and digitalization. **When it comes to digitalization, institutions must look to improve both customer service and productivity.** While many organizations have been taking on this weighty challenge to benefit microfinance clients, Mr Boyé argues that we also must find ways for digitalization to benefit small and medium-sized enterprises (SMEs).

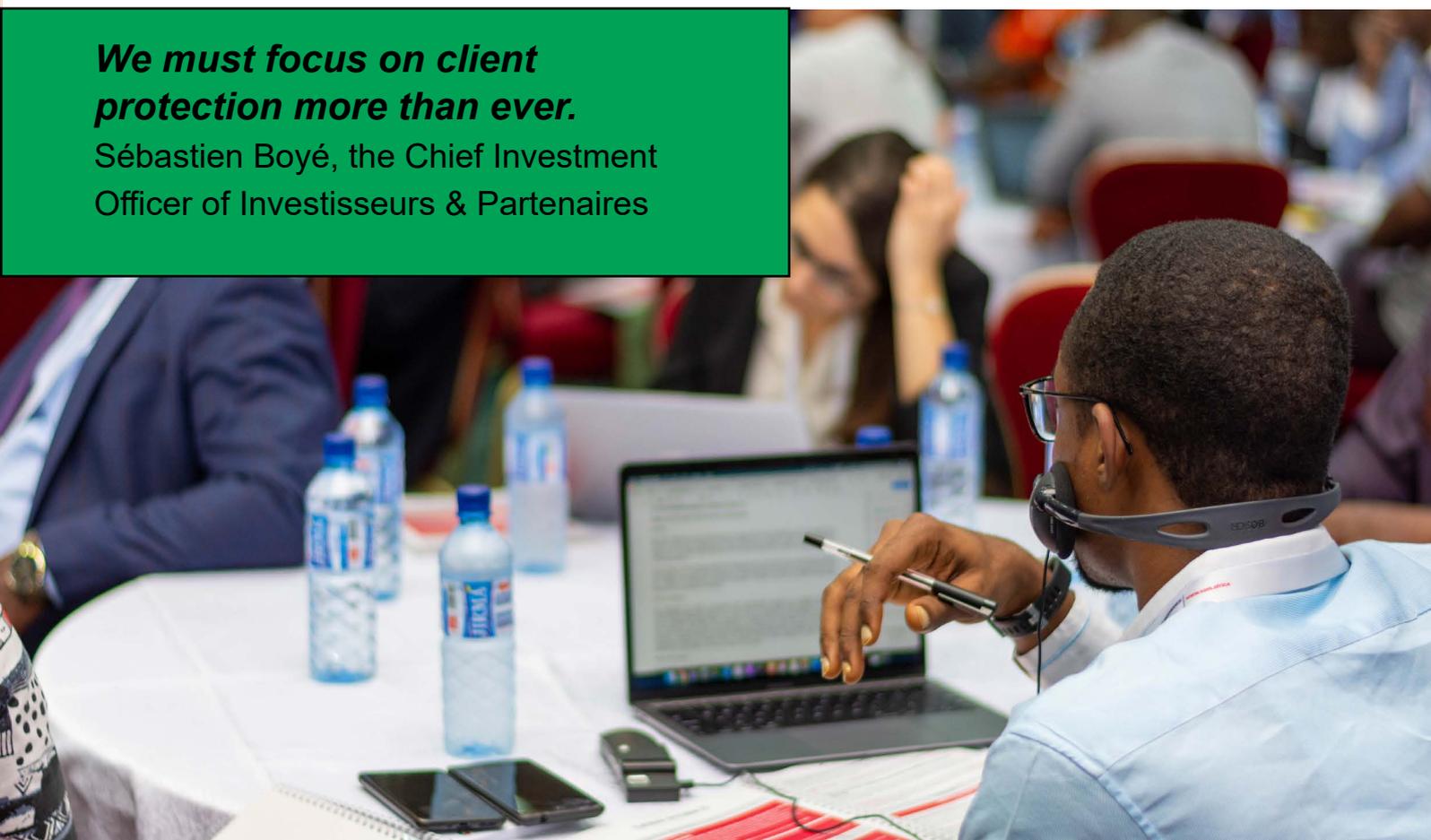
As digitalization ripples through the industry, **Mr Boyé points out that microfinance institutions (MFIs) are facing "aggressive new actors," such as Facebook, WhatsApp and Alibaba, as well as mobile network operators and banks.** Given the high costs of digitalization, **Mr Boyé suggests finding ways to share these costs with partners.** For MFIs to continue to make progress, they may take on alliances with some of these new actors, which may have very different workplace cultures. Consolidation is also on the horizon.

Meanwhile, the heart of MFIs' strength is the trust relationships they have with their customers. This is something that artificial intelligence cannot replace, Mr Boyé points out. **We must focus on client protection more than ever.** The microfinance sector has 30 years of experience in customer protection, creating social impact and working successfully with regulators. This is a significant advantage MFIs have over the new entrants to the field.

Investisseurs & Partenaires, which has offices in France and seven African countries, is "entirely dedicated to financing and supporting small and medium-sized enterprises in Sub-Saharan Africa.

***We must focus on client protection more than ever.***

Sébastien Boyé, the Chief Investment Officer of Investisseurs & Partenaires





***Without financial access,  
opportunity is unequal.***

Paulette Lenert, Minister for Development Cooperation and Humanitarian Affairs of Luxembourg

CONFERENCE SESSIONS: 22 & 23 OCTOBER 2019

## **Opening Ceremony inaugurated by the Prime Minister of Burkina Faso, the Minister of Cooperation of Luxembourg and senior Senegalese representatives of BCEAO**

At the opening ceremony in the presence of Prime Minister Christophe Joseph Marie Dabiré of Burkina Faso, about 900 conference participants had the opportunity to hear several prominent government officials on the status of financial inclusion in the region. **Norbert Toé, Vice Governor of the Banque Centrale des Etats de l’Afrique de l’Ouest (BCEAO), explained that his institution has made financial inclusion a priority, with the goal of increasing to 75 percent the portion of people in West Africa who have access to affordable financial services.** He explained that this is motivated by the idea that financial inclusion supports sustainable development, economic growth and several of the UN Sustainable Development Goals, including gender equity, access to jobs, lower inequality and less hunger. Despite challenges in the realm of technology and other arenas, Dr Toé foresees the regulatory changes that BCEAO is now developing will lead to a “safe, resilient and inclusive financial sector.”

**Zahra Iyane Thiam, the Senegalese Minister of Microfinance, Social Economy and Solidarity, described how access to finance affects so many aspects of people’s lives.** In addition to helping with access to education and health, it allows entrepreneurs to create wealth, which promotes stability. Ms Thiam expressed concern, however, that microlending interest rates are becoming too high.

**Paulette Lenert, Luxembourg’s Minister for Development Cooperation and Humanitarian Affairs, pointed out that more women than men lack basic financial services.** She won a round of applause from the audience for pointing out the irony of this, given that women tend to be better at managing financial resources. Ms Lenert explained that her country provides technical assistance in microfinance, often to boost the impact of particular investments and to help standardize operations from country to country. She argued that, “Financial inclusion is needed to allow people to access their basic needs.” This includes savings, payments and other services beyond loans. Ms Lenert described financial inclusion as “a means to an end, giving people tools to improve their lives.” She added, “Without financial access, opportunity is unequal.”

## Expanding rural finance with more public-private partnerships in East Africa and training loan officers in West Africa

At the session on “Enabling Rural Finance: Multisectoral Collaboration”, Hedwig Siewertsen of the Africa-based Alliance for a Green Revolution in Africa (AGRA) discussed her work helping the government of Kenya experiment with mechanisms to extend the reach of its limited funding for agriculture. In 2016, the government had USD 7 million to invest in agriculture and was considering acting as a lender to disburse that money to the agricultural sector. **Recognizing that the government may be better at market facilitation than managing money**, AGRA worked with officials to bring in Barclays Bank of Kenya and the World Bank Group’s International Finance Corporation (IFC) as partners. As a result, the government was able to leverage its USD 7 million to guarantee USD 23 million in lending from Barclays. **This enabled 150,000 farmers as well as 300 small and medium-sized enterprises (SMEs)** – including producer organizations – to access funding and non-financial assistance, such as help with business planning.

At the same session, Ousmane Thiongane of the Senegalese microfinance institution network U-IMCEC, described his organization’s struggles entering the agriculture sector. Despite agriculture being a risky proposition, the organization’s mission demanded that it serve rural areas. At first, he explained, “our rural agents weren’t well trained” in agriculture and thus the entry into rural areas “was a complete failure.” With agents lacking basic information, such as the differing cycles of potato and onion crops, portfolio quality suffered. In response, U-IMCEC began to train loan officers as “local portfolio managers” rather than credit agents. Armed with much improved agricultural knowledge, U-IMCEC was able to

give farmers the financial support they need in a way that allowed for institutional stability. This included maintaining a “high-touch” model of staff-client interaction even as the organization brought in more technology.

**Mr Thiongane says, “We have no choice... microfinance cannot be separated from digitalization today.” While some clients remain uninterested in e-money, financial technology (fintech) is allowing U-IMCEC to reduce its operational costs.**

Representing Belgium’s Alterfin, as well as the 12-member Council on Smallholder Agricultural Finance (CSAF), Jean-Marc Debricon discussed the differences between investing in agriculture and mainstream microfinance. For example, loans to producer organizations generally have shorter terms than loans to microfinance institutions. For the members of CSAF, microfinance investments tend to be stronger, allowing them to meet their missions of investing in rural areas where they generally accept more risk or lower returns. Mr Debricon also described CSAF’s work on Aceli Africa, which will launch in 2020 with a pilot program in East Africa. **The effort is a public-private partnership mobilizing funds for agricultural SMEs through instruments such as a guarantee fund to protect investors against potential loss.**

Safiatou Malet-Coulibaly of Luxembourg-based SOS Faim discussed her NGO’s work with “agri-plus” in Burkina Faso, Mali and Niger. She argued that producers’ organizations are critical partners for managing risk – both market risks and those related to climate change. Ms Malet-Coulibaly’s organization has supported 48 such organizations with loans, guarantees to help them access bank financing, and technical assistance relating to both finance and agriculture.

## Agricultural loans with risk-sharing between input suppliers and output purchasers

Giorgi Samadashvili described a risk-sharing framework that Advans Ghana, a member of the France-based Advans Group, has been using to fund small-scale farmers. Since 2017, the institution has lent a total of EUR 534,000 (USD 600,000) to 5,400 farmers in partnership with the farmers' suppliers and aggregators. The arrangement depends on very strong relationships with suppliers, which, of course, gain direct benefits from the farmers' loans. The suppliers take initial loan applications from the farmers. They also recruit farmers for group meetings at which they can receive their loan proceeds. **This allows Advans Ghana to service 200 to 300 farmers who live in remote areas within just one or two days, greatly cutting costs. The lender reports a 100-percent repayment rate from this framework.**

The scheme involves the farmer paying 20 percent to 40 percent of the cost of the inputs as a cash downpayment. The supplier is paid an additional amount by Advans, so it receives 90 percent of its income within 60 days of delivering the inputs. The remaining 10 percent of supplier income acts as a guarantee, being deferred until the farmer completes repayment. The aggregator, which buys the produce at harvest time, also pledges a guarantee of 10 percent to 20 percent. **This leaves Advans Ghana with exposure of no more than 60 percent.**

Although Advans Ghana has used the same concept to lend to rice and cashew growers, most of the participants are cocoa farmers who borrow to buy pruners, fungicide and insecticide. As part of the process, Advans Ghana expends significant resources educating farmers about the product. This includes how to repay the loan via mobile money, although poor connectivity sometimes makes this troublesome.

Other presenters at the session included staff of Burkina Faso's Coris Bank International, who explained how that firm lends to members of the rice value chain; Advans Côte d'Ivoire, which provides financial education and lends to farmers for inputs for growing cocoa as well as imports like trucks; International Solidarity for Development and Investment (SIDI), which funds to rice growers in Niger as well as onion and corn farmers in other countries; and Banque Agricole du Faso, which the government of Burkina Faso launched in February 2019 and lends largely for cotton production, although also for fisheries, sesame, agroforestry and nuts, including to value-chain operators and importers of harvesting equipment. **Banque Agricole du Faso also uses risk-sharing arrangements, with a 10-percent portion of the risk accepted each by the buyer, supplier and farmer.**

Albert Sié Dah of Advans Côte d'Ivoire described the process of getting suppliers interested in taking on 10 percent of farmers' risk. **Of course, it is easier to engage more suppliers after having success with the first.** Among the benefits for suppliers, in addition to locking in more customers, is that Advans gives them data, such as on how farmers are using the inputs they buy.



## Technology as an accelerator for the development of financial services in the agricultural sector

At a session on agricultural and financial technology, Emmanuel Ansah-Amprofi of Ghana's Trotro Tractor described how his company's service helps small-scale farmers mechanize their operations. **Farmers call a toll-free number to request a tractor for a short period of time, such as for harvest. Within 72 hours, the farmer is connected with one of the 320 tractor owners that partners with Trotro.** Trotro takes a commission of 10 percent on the payment from the farmer to the tractor owner, which totals USD 20 to USD 25 per acre. **Mr Ansah-Amprofi said the mechanization helps the farmers increase their yields by 50% to 66%.**

With more demand for tractors than its tractor owners can supply, Trotro has developed several methods for supporting tractor buyers. For example, Trotro's data can help a bank forecast how much money a new tractor can bring in, thus increasing its confidence in lending to the tractor buyer. Trotro can also divert a percentage of the tractor owner's income directly to the bank to pay off the tractor loan.

Karen Rieckmann of Mali-based NGO myAgro discussed her organization's support of 60,000 farmers – typically women tilling about an eighth of a hectare – in 1,500 villages in Mali and Senegal, as well as newly in Tanzania. **Her team observed that nearly everything in the towns most accessible to the farmers is sold in small, affordable units.** A unit of phone credit or cooking oil might cost USD 1, while seeds or fertilizer costs USD 50 per unit. MyAgro started equipping young people in these towns with smart phones to act as "village entrepreneurs," enrolling farmers in savings plans and offering cash-in and cash-out services. **Farmers receive an account card, which allows them to save money in increments of USD 1 or more.** Over time, the farmers build up credit to pay for myAgro to deliver seeds and fertilizer to them at harvest time. **These quality inputs, along with training from myAgro, have increased the farmers' agricultural yields by 50% which is worth USD 145 to a typical family.** After the farmer saves successfully during her first year of participation, she saves an average of 27 percent more in her second year of participation.



**Ms Rieckmann also described using technology to reduce costs. For example, staff are trained, motivated and retained via WhatsApp messages and videos. Automated tracking also offers insights into transaction patterns, such as what time of day women tend to save. The higher frequency of saving during the evening hours led myAgro to focus its staffing availability on that time of day.**

Paul Kweheria of US-based NGO MercyCorps discussed issues such as alternative credit scoring and how to increase the usage of available financial services. To improve one lender's credit scoring, MercyCorps worked with the lender to expand the sources from which it draws data. Previously, it had relied on bank and mobile-money transactions, but it added agricultural data from producers' cooperatives, thus increasing its confidence in lending to farmers. Regarding boosting usage, the microfinance institution FINCA found usage in one region was much lower among women. Upon further research, MercyCorps and FINCA found that the chief marketing strategy – sending vans blaring loud music into small villages – was less favored by women.

Mr Kweheria also described a tea buyer in Tanzania that had a complex system for paying tea farmers in cash via village intermediaries. **With money getting “lost,” and complaints about the slow speed of the system, there was a strong case for moving to digital payments.** One significant problem was that the village intermediaries would lose power in the transition, so it was very important to find incentives for them to support the new system, so they would not be tempted to sabotage it.

**After going digital, organizations can analyze customer data much more easily. In one case, MercyCorps was able to determine that women preferred to save as part of a periodic plan, whereas men preferred open-ended accounts.** While women saved less, they did so more consistently, particularly on Wednesdays and Fridays. Meanwhile, Monday was the day that they most often broke with their savings plan. **In response, the institution began sending its customers motivational SMS (text) messages on Sundays to help maintain consistent participation.**





## Fostering economic resilience to climate change through micro-insurance, savings and investment in agriculture

Dan Zook of ISF Advisors opened the SAM session on “Fostering Economic Resilience in the Face of Climate Change” arguing that **smallholder farmers are the “number one most vulnerable in the world to climate change...so it’s important that we talk about adaptation financing.”** A survey by CGAP segments the needs of farmers as follows:

1. subsistence farmers are the poorest and most vulnerable; they need savings and insurance;
2. commercial farmers that sell cash crops can benefit from investments such as drip irrigation;
3. larger-scale farmers need to think about adaptation as well as how to reduce their own environmental impact.

Although agriculture is the source of a quarter of greenhouse gas emissions worldwide, Mr Zook said, smallholders have minimal environmental impact, except in the case of those raising a few particularly resource-intensive crops.

Yann Groeger of BlueOrchard cited his firm’s InsuResilience Investment Fund, which works with insurers to **build microinsurance products that help poor people manage climate change. The fund’s investees provide 50 million people with index insurance, which pays out when weather exceeds certain thresholds rather than based on direct losses. Mr Groeger argues that microinsurance is “probably best done when distributed with loans.”** That is, bundled together with a microloan, often as a condition of loan disbursement. This benefits both the farmer and the lender, in that the farmer wants to avoid having to repay a loan on a failed crop, and the lender doesn’t want its customer to be unable

to repay. However, financial education is key, Mr Groeger says: “If the product’s not well explained, then farmers might just say ‘No.’”

Louise Boehm of FMO described her organization’s work with Banpro Promerica on the “Green Line” in Nicaragua. This product funds projects such as mini hydroelectric plants or the costs of planting native trees to shade coffee plants, which can help farmers achieve certification that their practices are good for the local rain forest.

**Isabelle Van Grunderbeeck of the European Investment Bank (EIB) discussed her institution’s “green” lines of credit for retail banks looking to on-lend for renewable energy and energy-efficiency projects.** EIB provides technical assistance along with these credit lines. For example, EIB helped Banco Findesa of the Dominican Republic evaluate the climate risks in its portfolio. EIB also offers an on-line course on standards for measuring an institution’s climate resilience.

**Regarding the paybacks for working toward climate resilience, Mr Zook cited improving an institution’s service to client needs, opening new business lines, differentiating the institution in the market and accessing new funding sources.** However, he points out that governments in rich countries subsidize most of the premiums that domestic farmers pay for insurance. Thus it is not likely that farmers in poor countries would be able to buy insurance on an unsubsidized basis. However, Mr Zook argues that investing in climate-resilient agriculture can be profitable. For example, drip irrigation is climate-resilient and also can boost yields significantly.

## How measuring social performance improves MFI results?

Amelia Greenberg of the Social Performance Task Force (SPTF), at a SAM session on measuring social impact, reviewed some of the excuses microfinance institution leaders use to postpone measuring client outcomes. Some say satisfaction surveys are sufficient, or they feel a robust process will be too expensive. **Some worry that it is unreasonable to claim a cause-effect relationship between their institution’s financial services and changes in clients’ lives.**

Colin Rice of South Africa’s Small Enterprise Foundation (SEF) argued that it is valuable to start by measuring just a few parameters that the organization is already tracking. **Monitoring the amount that clients save over time is a prime example. It is easy to measure and directly (though not exclusively) attributable to the institution’s services.** In addition to savings, **SEF tracks variables such as housing quality, assets, and the amounts of – and reasons for – withdrawals.** To help interpret its data, SEF developed thresholds for outcomes that it deems

successful, merely acceptable or not acceptable. Implementation was a slow process, Mr Rice explained. Retraining staff was difficult. SEF had to revise its financial education system. It dropped certain indicators of poverty that were difficult to measure and had too long of a time horizon. Now, however, the data allows SEF to see how its system changes affect clients. The institution can run product tests at certain branches to see if it should roll them out across the institution. Overall, Mr Rice says, measuring outcomes “allows us to be proactive rather than reactive.”

Snezana Jovic of Cerise discussed her organization’s tools for social performance management for both microbanks and investors. **The tools offer frameworks for evaluating the products an institution offers, assessing internal procedures, mapping criteria to the UN’s Sustainable Development Goals, and collecting data from clients, for example, yearly by phone.**

***Measuring outcomes allows us to be proactive rather than reactive.***  
 Colin Rice, South Africa’s Small Enterprise Foundation (SEF)



Machal Karim of the CDC Group described looking at impact at all stages of her institution's investment life cycle, including

1. impact management;
2. establishing an impact thesis to go along with the investment thesis;
3. considering investees only if they have built impact into their business models.

Regarding data collection, CDC works to avoid superfluous requests by starting with the data the business is already collecting, including subdividing the balance sheet by product. For example, this subdivision might delineate collateral-fee versus traditional loans or rural versus urban business. Getting started can be as simple, Ms Karim argues, as asking oneself, **"What effect do I want to have as a business?"**.

**Antonique Koning of CGAP argued that customers who use financial services have more resilience and are more able to capture opportunities that arise.** She described six areas of focus, following the customer journey:

1. Is the product suitable to the client's need?
2. Does the client have choices?
3. Are the client's money and data safe?
4. Is the service fair to the client?
5. Does the client have a voice in service delivery, such as to get questions answered and issues resolved?
6. Does the product meet one or more client goals?

**Amelia Greenberg listed reasons that a product may not be working as intended,** such as: insufficient staff training, clients using the product outside of its intended purpose, high product prices, lack of client trust, inappropriate expectations regarding time horizon, lack of needed complimentary services, products that are inappropriate to the market segment, poor data and unrelated stressors causing client setbacks.

To address such issues, data is key. **The process involves planning, data collection and data analysis before taking action.** The business case for all this work includes that **successful clients are more likely to become long-term clients that repay loans and refer new clients.** **In addition, institutions with good data will make better decisions** about where to put new branches, what staff to hire, what products to offer, how to train staff and how to market products. **Another key is the ability to identify emerging problems before they become big problems.**

The takeaway, Ms Greenberg said, is to start now, with the data you already have. Simply talking to a few clients can really get the ideas to start flowing.



## **The 5 Ps for increasing impact: people, prosperity, planet, peace and partnership**

**“We need to develop services with added value to increase impact,”** said **Corinne Molitor of ADA during the first Wednesday plenary session at SAM.** In the absence of non-financial services, financial inclusion does not lead directly to reduced poverty. To find evidence of poverty alleviation, she says, we must consider the long term because reducing poverty is a very slow process. Mathieu Ciowela of the UN Development Program said of the Sustainable Development Goals (SDGs) that, “We have been implementing this for four years. Maybe in 10 years we’ll have data on progress.”

**Adrian Kamenitzer of the European Investment Bank (EIB) also spoke in terms of decades rather than years.** He told a personal story of growing up in Romania and observing the transition from communism. “In 1990, we had a new regime. We had hopes, but we had no private sector, no investors.... Many MFIs were started in the western part of the country. Thirty years later, that is the most economically developed part of Romania.”

**“Progress is slow because development challenges are quite complex,”** as **Mr Ciowela explained,** due to the interplay of “poverty, exclusion, inequality, climate change, poor governance and lack of peace. In working toward the SDGs, we should consider the 5 Ps: population, prosperity, planet, peace and partnership, including partnerships across sectors as well as between countries.”

By “ensuring that people are supported with easy access to finance, training and technology, then jobs will be created. This increases the distribution of wealth,” allowing for improved health, protection of the environment, strengthened peace and a host of other positive outcomes. “Poverty is an open door to crises.... Without peace, nothing can be maintained,” Mr Ciowela said.

**Emmanuel Diarra of the African Development Bank (AfDB) discussed “the importance of agriculture, the digital economy, fintech, SMEs, youth and gender equality.”** While the number of Africans lacking financial accounts is nearly twice the global average, Mr Diarra sees many reasons for optimism. He says that with “the advent of the fourth industrial revolution – technology – Africa has a number of advantages” such as its young population and their access to mobile phones. He cited the Africa Digital Financial Inclusion Facility, which “is meant to address systemic challenges by making strategic and catalytic investments” during the course of a decade, totaling USD 400 million in value.

Given the magnitude of the challenges before us, Corinne Molitor expressed the importance of starting small. Regarding metrics, for example, she said it is better to look at a few important criteria “rather than to chew everything at the same time, which may not be attainable.”

On a related note, Jean-Luc Konan, the Cofounder of Senegal’s COFINA, shared the “legend of the hummingbird” during the second plenary of the day. This story is about doing one’s part to address a challenge that no single person could solve alone. Mr Konan also shared the idea that one should “start by doing what is necessary, then do the desirable, and soon you will find you are doing the impossible.”

By way of example, Mr Konan described the experience of a “woman in Burkina Faso who got a loan from an institution to start a warehouse. This let her enroll her daughter in one of the best universities, [and] she was able to open a mango-processing plant.”

**Mr Konan closed with the suggestion that “because 32,000 people are getting to working in age in Africa daily, and only 8,000 are getting formal jobs, we all need to ask ourselves, how can we play our part like a small hummingbird?”**

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# Pathways Towards Imp

## African Inclusive Finance for the Sustainab

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***Start by doing what is necessary, then do  
the desirable, and soon you will find  
you are doing the impossible.***

Jean-Luc Konan, CEO Cofina

## Best practices and regulation at the heart of the UNCDF/SAM Grand Soir for digital and inclusive finance

During the UNCDF/SAM Night for Digital and Inclusive Finance, UN eTrade for Women Advocate Patricia Zoundi-Yao discussed the importance of agriculture to Burkina Faso as well as West Africa in general. **She noted that 80 percent of the fruits and vegetables cultivated in the region are grown by women. She argued that these farmers need support to minimize pesticide use and reduce the clearing of forests. For example, Ms Zoundi-Yao suggests that governments guarantee the purchase of farmers' crops.** Regarding digital financial services, she proclaimed, "No one is to be left behind by this revolution!"

**Hermann Messan of the UN Capital Development Fund (UNCDF) explained how internet access can help farmers learn about agricultural best practices, check the weather to time their application of fertilizer, apply for loans and insurance, check crop prices, and purchase running time for pay-as-you-go solar appliances.**

On the topic of digital financial services, David

Cracknell of First Principles Consulting argued that, "Financial institutions have to change. We have no choice. If we don't, our organization fails..." For example, institutions must become more focused on the customer, he said, and develop new partnerships. Sometimes, Mr Cracknell argued, it is best to look at the simplest needs of the customer to find ways to build valuable services. He asked the audience to consider, **"What is the environment we need, in terms of regulation, data security, client protection?"**.

As an example, Mr Cracknell cited a farmer about to buy seeds. An app could help her check the soil type in her location, which could help her choose seeds that would produce a better yield. Such an app might use Google Maps, for example, behind the scenes such that the user does not even know it is happening. Mr Cracknell noted that Equity Bank Kenya has an award-winning app that does just this, layering over several other apps that the users need not know how to use, thus simplifying the user experience.

Dr Euphrasie Kouamé of UNCDF argued that, "Microfinance allows us to boost the Sustainable Development Goals, but we need data [to do this]." For example, in Togo, her team launched a national survey to learn what percentage of people earn less than USD 1 per day, how many lack educational services, etc.



They found that 26 percent of people in the country have health needs they cannot afford to manage. **She added that coordination among data collectors is critical to develop usable datasets. Ms Zoundi-Yao also argued that we must upgrade school curricula to reflect the new types of jobs that are being created.**

Aiaze Mitha of UNCDF pointed out that digital services are defining our lives today and quickening the innovation cycle. He notes that the time from an idea to product launch might now be just 45 days. He asks, **“What do we want to be in microfinance? More than a credit machine?”. In terms of risks, he cites data security and bias in artificial intelligence systems.**

Wango Fidèle Yameogo, Burkina Faso’s Permanent Secretary for the Promotion of Microfinance, cited the challenges in his country due to violence that has been spreading there. Now there are 500,000 internally displaced people in the country, and some microbanks are closing branches in the regions that have experienced the most violence. Secretary Yameogo also cited the importance of governments maintaining rules for client protection.

Herman Messan agreed that client protection is very important. On this topic, he also cited the example of Google, including that the company’s services are not free, even if they seem to be. We need to be aware that companies are collecting user data, from which they earn money. Mr Cracknell agreed, asking whether Facebook or Google own or should own people’s digital identities. **Mr Mitha argued that citizens must have control of their own data. “Government has an important role to play here!”, she exclaimed.**

In closing, Dr Kouamé encouraged the group, saying, **“Digital allows us to reach people in difficult places.... It can be done, but we can’t sell oranges to people who want apples.”** The key she says is, “not just the number of people with accounts, but: Have we brought change to people’s lives?”. Mr Mitha agreed, “It appears huge, but don’t be discouraged. There is no wrong destination.... The worst pathway is not to progress.”

***Digital services are defining our lives today and quickening the innovation cycle. The time from an idea to product launch might now be just 45 days.***

Aiaze Mitha, Digital Ambassador to UNCDF



**In one day, over 550 meetings between microfinance institutions and funders at SA Investors' Fair!**

In a series of "speed-dating" sessions, more than 125 microfinance institutions and 24 investors met a total of over 550 times to find out whether they might be good matches for one another. The MFIs represented 27 countries. About half were for-profit firms, while about half were organized as cooperatives or NGOs.

Altemius Millinga, Managing Director of Yetu Microfinance Bank in Tanzania, testifies to the added value of this event: "The Investors' Fair was the best part of the SAM because I was able to interact with investors, while immediately sharing experiences with other MFIs. It gave me the opportunity to meet investors and make several

preliminary proposals for funding. It was surely worth the investment!"

Christian Ramm, the Investment Director for the Nordic Microfinance Initiative, commented, "The Investors' Fair is an efficient and useful arena where we can meet, match and discuss the big picture (and sometimes a few details), all in the time span of 20-minute meetings."

Ed Higenbottam, the Managing Director of Verdant Capital, was pleased to find "a wide range of MFIs, diverse in terms of Anglophone versus Francophone as well as a good continuum from larger, more mature institutions to smaller, younger institutions, including institutions with very specific developmental impact."

***The Investors' Fair was the best part of SAM [...] It gave me the opportunity to meet investors and make several preliminary proposals on funding. It was surely worth the investment!***

Altemius Millinga, the Managing Director of Tanzania's Yetu Microfinance Bank



**INVESTOR FAIR 2019  
IN FIGURES!**

**24 investors**

**2 rating agencies**

**More than 125 MFIs represented  
from 27 countries**

**550 appointments taken between  
MFIs and investors**

## Many innovators present at the Village to modernize the African sector!

Around 30 firms presented their newest technologies and other products during the full-day Innovators' Village of the recent SAM conference. Among these was ICCO Cooperation, whose representatives described their organization's ACAT tool for evaluating the creditworthiness of agricultural producers. **ACAT, which was designed in partnership with the French bank Crédit Agricole, offers features to help loan officers who do not specialize in agriculture to evaluate producers' operations.** The tool calculates the input needs per hectare for crops such as sesame as well as predicting farmers' income. While the pilot phase has gone well, there have been a few challenges, such as poor internet connectivity and difficulty calculating the sizes of the farmers' plots due to deficient land surveys.

**Mohamed Asri of HPS (Hightech Payment Systems) discussed his firm's PowerCard core banking system, which allows the "client to act as an agent." The system allows her to perform transactions, apply for loans, and get a credit score that she can monitor as she works to improve it.** Upon loan disbursement, she can access the funds via a bank or payment card, among other other avenues. PowerCard also allows loan officers to operate via tablets. The system conforms to the currencies, languages and regulatory requirements of many countries.

Jean-Louis Perrier of Suricate Solutions explained his firm's work to reduce the time it takes for financial services providers (FSPs) to discover security breaches. While months often pass without detection, he said, Suricate can often find breaches in just days or hours. **The computer systems operated by Suricate's 47 FSP clients automatically send data logs to the firm's center in Senegal for risk analysis.** As part of

its work, Suricate also trains security engineers, counsels central banks on security and shares information on emerging threats with others in the industry to improve the security of all.

**Representatives of Rwanda-based ADFinance described their firm's "Push and Pull" service, which allows clients to add to or withdraw from their savings accounts via agents, banks and automated teller machines (ATMs). These transactions, which can be initiated via a code sent from a simple mobile phone, work via mobile money systems such as MTN and Orange.** The service is part of ADFinance's core banking system, which is deployed via both cloud and in-office installations in eight countries.

**Quipu, member of the ProCredit Group, offers FSPs a subscription-based model to offload data management processes to a remote system. This includes a decision-making and scoring tool that incorporates quantitative and qualitative data to evaluate client creditworthiness.** Among the core banking system's other features is significant flexibility regarding repayment schedules. The firm has been active in microfinance for 30 years, and it now has clients in Africa, Europe and Latin America.

**Qotto, a provider of kits that bring solar power and internet to off-grid households.** The kits include battery packs and can be used to run appliances such as lamps, televisions and telephone chargers. The system includes an app for tracking usage and allowing Qotto and the owner to share revenue from selling phone recharges or wireless internet access to neighbors.

**Eclectics International offers a core banking system for FSPs that was designed "by Africans for the African market."** Its features allow for loan disbursement via mobile money, as well as integration with automated teller machines (ATMs). Its mobile functionality for agents reduces



the amount of time spent in the office entering data. In addition, its paperless document system can replace all paperwork. Staff can use tablets in the field via 2G, 3G or 4G networks, or they can work offline and allow the system to sync later when better connectivity is available. The cost of the system, which Eclectics has deployed 1500 times in 23 countries, can be shared among multiple organizations. In one instance, a new client raised its customer count by 10 times in a single year.

**Gateway Academy offers FSPs consolidated access to an array of digital training providers. Classes, which last five to six weeks, cover topics such as leadership, customer centricity, digital financial services, working with agents and working with clients who lack credit histories.** The facilitation of the classes is asynchronous, and work can be completed offline to be synced later. The service includes a tracking system for human resources staff to observe their colleagues' progress. Payment is based on a yearly subscription model. Courses are available in English now and are due to be available in French beginning in 2020.

**Projet Femmes-Jeunes Entrepreneurs et Citoyenneté (ProFeJeC) offers a 12-month incubator program for innovative financial initiatives run by women and youth in Burkina Faso.** Several of its constituent organizations presented at the Innovators' Village, including the following:

1. Yelen, an NGO offering technology-based health and microinsurance solutions;
2. Aion Digital, whose Yelkai savings product enables women to save via FSPs and telecommunication firms' mobile money services;
3. AgriData, which provides weather and agricultural information to small-scale farmers, with local-language call centers and voice messages that can serve clients whether or not they are literate;
4. ITS, which connects FSPs with clients via agents, the internet and mobile devices in a way that reduces the challenges of tracing cash.

**MSC (MicroSave Consulting) offers support regarding social and financial inclusion in**





**India and 10 African countries.** It assists FSPs with acquiring practical skills, becoming more customer-centric, accessing research to maximize effectiveness, and undergoing strategic and digital transformations.

**Representatives from Musoni described their firm's core banking system, which is deployed at FSPs in Africa and Asia.** Its features include access for customers to view balances and perform transactions remotely, as well as to receive confirmations via SMS (text messaging). The staff app can function offline and then sync when connectivity is available. The Musoni System is a software-as-a-service, so pricing is based on a subscription model.

**Hedera offers tools for measuring impact; an e-learning platform; and "Hedera Connect," which helps FSPs, investors and consultants meet and communicate.** The organization defines good data as being consistent across both countries and client segments; easily viewable, such as in a dashboard layout; and automatically distributed to stakeholders, such

as investors. In addition to financial indicators, Hedera tracks criteria such as access to water and energy.

**The Luxembourg House of Financial Technology (LHoFT) is a foundation offering the "Catapult: Inclusion Africa" program for startups active in financial inclusion in Africa.** The program is now accepting applications to spend a week in Luxembourg meeting with investors. Of the 11 participating startups last year, five each secured investments of EUR 1 million (USD 1.1 million) to EUR 5 million (USD 5.5 million).

**Microfact offers free tools for FSPs to track financial and social indicators. One of these is Microvision, which helps smaller and midsize FSPs build five-year projections.** It "provides a general framework for strategic and operational planning, but it also simulates the the impact of different parameters on...overall activity." Training sessions are available at rotating locations worldwide in English, French and Spanish.

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