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SBFC Raises \$18m from Amansa to Expand On-lending in India

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AIA Investing \$200m in Health Care, Insurance Via LeapFrog

Hong Kong-based insurer AIA recently agreed to invest USD 200 million in LeapFrog Investments, a US-based actor in sectors such as healthcare and insurance, largely in Africa and Asia. LeapFrog focuses on firms that deliver low-income customers services that advance their health, financial inclusion, and ability to mitigate and adapt to climate change. The firm was founded in 2007 and since has raised USD 2 billion. June 29. 2023

Elm, IrisGuard Partner on Biometric IDs for G2P Payments


IrisGuard, a UK-based payment processor that images the human eye to identify payment recipients, recently partnered with Elm Company, an instrument of the Saudi Arabian government, to use biometric identification when distributing humanitarian and social protection payments. IrisGuard claims its system offers “100-percent accurate biometric proof-of-life,” circumventing the need for payment cards, passwords and financial accounts. The aim of the partnership is to increase the transparency and efficiency of payments from the Saudi government to beneficiaries within the country as well as those it funds abroad. Among the countries to which Saudi Arabia sends development aid are Egypt, Lebanon and Pakistan. IrisGuard reports processing payments totaling USD 1.3 billion per year for banks, governments, NGOs and retail establishments. June 12. 2023

EIB Loans \$214m to Sicredi for Solar Energy in Brazil

Banco Cooperativo Sicredi, a Brazil-based financial cooperative owned by its 6.5 million members, recently agreed to borrow the equivalent of USD 214 million from the EU’s European Investment Bank. Sicredi plans to use the capital to equip houses and small and medium-sized enterprises - including those in rural areas - with solar power systems. Founded in 1995, Sicredi offers loans, payment cards and checking accounts as well as foreign exchange, investment and insurance services. Sicredi has 40,000 employees operating 2,500 branches with USD 58 billion in assets, USD 41 billion in deposits and USD 37 billion in outstanding loans. June 9. 2023

KEPFIC Pension Funds Invest \$61m in Housing via Acorn, KMRC

Kenya’s Acorn Holdings Africa and the Kenya Mortgage Refinance Company (KMRC)...

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NEWS FROM AFRICA

Mogo Kenya Borrows \$7m from Verdant for Vehicle Finance

Mauritius-based Verdant Capital recently announced that it is lending - via its Verdant Capital Hybrid Fund - USD 7 million to Mogo Kenya, a subsidiary of Latvia-based Elevation Group, to fund 2-, 3- and 4-wheeled vehicles - some powered by electricity - for taxi and delivery drivers. The loan is structured in two tranches, a subordinated loan and a senior secured loan. Among Mogo's strategies is to partner with ride-hailing companies and promote the use of technologies such as GPS tracking. Verdant Capital Hybrid Fund invests debt and equity in funders of small and medium-sized enterprises in Africa. The fund has a volume USD 36 million and a target volume of USD 100 million. June 30, 2023

Aequitas Loans \$1.7m to Sipem Banque of Madagascar

The Canadian NGO Desjardins International Development (DID) recently informed MicroCapital that its subsidiary FONIDI Management has lent euros equivalent to USD 1.7 million from the Aequitas Impact Fund to Madagascar-based Sipem Banque. Sipem provides 46,000 customers with deposit, lending and payment services via 28 locations in the country. These services include payment cards, salary advances, microcredit, and loans specifically designed for small and medium-sized enterprises. During 2021, the institution's 410 employees generated net profit of USD 440,000 on a balance sheet of USD 29 million. Established in 2021, Aequitas has a volume of USD 38 million that it is deploying as debt and equity to support smaller micro-finance institutions in Africa, Asia, and Latin America. DID is a unit of the cooperative Desjardins Group that operates in 30 countries in Africa, Asia, and Latin America. June 23, 2023

OPEC Fund Loans Access Bank Botswana \$20m for MSMEs

The Botswanan subsidiary of Nigeria-based Access Bank Group recently agreed to borrow USD 20 million from the Organization of the Petroleum Exporting Countries Fund for International Development to on-lend to micro-, small and medium-sized enterprises, with USD 6 million of the total earmarked for women-run businesses. Musonda Chishimba, Acting Managing Director of Access Bank Botswana, stated, "This partnership will enable Access Bank Botswana to deliver much-needed access to finance for small businesses, provide these businesses with trade finance solutions through tailored financial products and promote the use of digital banking channels to help accelerate the growth of SMEs [small and medium-sized enterprises] across the country." Access Bank Botswana provides retail and wholesale banking services such as loans, savings, digital banking, insurance and investments. The institution reports total assets equivalent to USD 700 million, customer deposits of USD 547 million and a gross loan portfolio of USD 512 million. Founded in 1989, Access Bank Group offers corporate, business and personal banking services in 17 countries in Africa and Eurasia with the goal of contributing to "sustainable economic growth that is profitable, environmentally responsible and socially relevant." June 22, 2023

TASC Borrows \$3.5m from Spark+ for 90k Cookstoves in Zambia

Spark+ Africa Fund, a partnership of Switzerland-based Enabling Capital and the Dutch NGO Stichting Modern Cooking, recently lent USD 3.5 million to The African Stove Company (TASC), which is based in Jersey, to sell 90,000 cookstoves in rural Zambia. Spark+ Africa raised the funds from the sale of "several million tons of emissions reductions" to an unidentified firm. Burn Manufacturing, a Kenya-based cookstove maker in which Spark+ holds quasi-equity, will supply the stoves. The mission of TASC is to "finance and develop high-impact climate mitigation projects," leveraging carbon trading to reduce emissions while generating financial returns. Over 10 years, the company has distributed 800,000 cookstoves and 30,000 water filters in Australia, South Africa, Zambia and Zimbabwe. Spark+ Africa, which has a volume of USD 70 million and was launched in 2022, finances companies dedicated to reducing the environmental impacts of cooking in sub-Saharan Africa. June 22, 2023

Sun King Raises \$130m for Pay-as-you-go Solar in Kenya

With the goal of expanding access to off-grid solar energy in Kenya, the US-based solar products firm Sun King recently won a securitized funding package denominated in Kenyan shillings equivalent to USD 130 million. The private participants include: (1) the Kenyan unit of Amalgamated Banks of South Africa (ABSA); (2) US-based financial services provider Citi; and (3) Kenya's Stanbic Bank, a unit of South Africa-based Standard Bank Group. ABSA Kenya is investing USD 14 million in the syndication, and Stanbic is partnering with the UK government's British International Investment to provide USD 20 million. Among the public-sector investors is Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO), which is controlled by the Dutch government and is participating in the amount of USD 20 million. Citi arranged the loan package, and Stanbic was Citi's co-placement agent. Sun King sells and finances solar-powered products in 65 countries in Africa and Asia. Its products include solar panels, appliances, inverters and storage systems. Many of these are sold on a pay-as-you-go basis, meaning that Sun King can turn the products off and on as the user chooses to make payments. June 19, 2023

Credit Bank, FSD Kenya, SACCOs Aim at Cheaper Remittances

The UN's International Fund for Agricultural Development recently announced EU-funded support for Kenya's Credit Bank and the non-profit Financial Sector Deepening (FSD) Kenya aimed at "reducing transaction costs [and] promoting financial inclusion in rural areas." Credit Bank will engage savings and credit cooperative organizations (SACCOs) to serve as sub-agents to facilitate access to remittances from abroad. The bank also will develop a financial literacy curriculum for rural customers regarding remittances, budgeting, payments and savings. FSD Kenya will partner with the SACCO Societies Regulatory Authority "to evaluate the capabilities of SACCOs in catering to remittance users in rural Kenya," with the goal of informing policymaking and "identifying innovative models" to enable SACCOs and their partners to foster greater access to digital remittances for SACCO members. June 15, 2023

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EAR TO THE GROUND

Fertilizer Addiction in Ethiopia - Customer Centricity Isn't Enough


During my firm's recent study on the viability of climate insurance in Ethiopia, I learned a bit about the Input Voucher System (IVS) of the country's Ministry of Agriculture. Although IVS is unique to Ethiopia, it reinforced an idea I've been thinking about based on observations I've made elsewhere: Our over-emphasis on the client experience can sometimes lead us down rabbit holes. Instead, we need to bring back systems thinking to tackle many of the complex problems we are facing today.

To access IVS, a farmer travels to an MFI or SACCO to receive a voucher good for fertilizer and seeds. She then takes this voucher to a warehouse, usually managed by a farmer coop, where she gets her inputs. If she is very poor, these might be subsidized. If she is deemed credit-worthy - and is also credit-savvy - she can get a loan to pay for the inputs. In most cases, farmers qualify for neither and need to pay in cash. The complexity of the scheme reflects, in part, the need for the government to balance avoiding theft with the fact that most Ethiopians are neither banked nor digitally included. Indeed, according to the World Bank's Findex, only about 2 percent of financial sector lending in the country goes to farmers, and a tiny 12 percent of the adult population made a digital payment in the last 12 months. Among women, this rate is doubtless much lower.

Many financial inclusion specialists will respond that the process is inconvenient and overly burdens women (not least because fertilizer bags are heavy, and warehouses are located far from some farms). These specialists likely will turn to digital financial inclusion as a policy response. Fair enough. However, looking at the customer journey is not only insufficient, but also can divert resources and efforts away from actions that might help the overall well-being of

farmers more than saving them a trip to the MFI to claim their vouchers. Instead, I suggest a systems approach, which will reveal a much more complex set of problems.

Fertilizer is addictive, both financially and ecologically. Financially, it is expensive. A farmer needs to invest about USD 80 per hectare to fertilize a wheat crop. A local consultant told me that farmers often sell a goat or cow to pay for this. Also, fertilizer often is imported from Russia and the Persian Gulf and is extremely sensitive to the price of oil - as well as supply factors triggered by the war in Ukraine. Since the war started, fertilizer prices have doubled in Ethiopia. Meanwhile, financing for inputs is limited and - at 20 percent interest - not cheap. MFIs are small, widely dispersed and have limited liquidity. They thus need to manage their risk by limiting investments in some crops. Ecologically, fertilizer is a double-edged sword. Since the late 1990s, the government has controlled the fertilizer market as part of efforts to meet ambitious cereal production goals to ensure food security. However, chemical fertilizers can lead to soil degradation, especially when not applied optimally. The consultant said to me, "Farmers are addicted to fertilizer; it used to be we had very good soil - anything could grow. But when fertilizers come, and you add fertilizer to good soil, it dries out." Nothing will grow now without fertilizer, he said. "It's a vicious cycle." The impact of these chemicals on the environment and on human lives should also be considered. By looking at the whole system, suddenly, digital payments seem to matter less than addressing the addictive nature of fertilizers.

About the Author: Ms Barbara Magnoni is President of EA Consultants, a development consulting firm based in New York. She has more than 30 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](mailto:bmagnoni[at]eac-global.com). 

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NEWS FROM AFRICA (continued)

Partners Aim to Create 400k Jobs in Ethiopia

Ethiopia's First Consult and the Canada-based Mastercard Foundation recently launched the MESMER Programme (Micro, Small, and Medium Enterprise Recovery and Resilience), which is intended to increase financial inclusion, support 72,000 micro-, small and medium-sized enterprises (MSMEs) and create 400,000 jobs. The programme is to be executed in partnership with the Ethiopian Ministry of Labor and Skills and is based on the idea of providing MSMEs and their owners help with building credit histories, as well as "business development and psychosocial support." MESMER has a budget of USD 49 million to be disbursed as grants and soft loans. Samuel Yalew Adela, Mastercard Foundation Country Director for Ethiopia, noted the programme's intent to include "conflict-affected regions" in its service area. MESMER is a follow-up to the foundation's COVID-19 Recovery and Resilience Program, which reached 15,000 MSMEs over two years with a budget of USD 34 million. Based in the city of Toronto, the Mastercard Foundation also has offices in Egypt, Ghana, Kenya, Nigeria, Rwanda and Senegal. The foundation, which seeks to improve the lives of African youth, reports USD 300 billion in assets under management. First Consult is an economic development con-

sultancy active in business development and planning in the manufacturing, service and agricultural sectors. June 13, 2023

She WINS Africa Program to Empower Women-led Startups

Women-led startups in sub-Saharan Africa have been invited to apply for the "she Wins Africa" programme of the International Finance Corporation (IFC), a member of the World Bank Group. IFC plans to select 400 firms to receive training, mentorship, and support in accessing venture capital and other forms of funding. She WINS Africa is modeled on she Wins Arabia, which was launched in 2021 and has since provided similar support to 80 women-led businesses. To apply, email [shewinsafrika\[at\]ifc.org](mailto:shewinsafrika[at]ifc.org). June 13, 2023

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AxisPay Mobile Money App Targets Small Firms in Egypt

The Egypt-based firm Axis recently launched its mobile money app axisPay, after raising USD 8.2 million in seed funding in 2021. The app targets small enterprises and their employees, and a version for individual users is in development. Among the app's functions are to help businesses "manag[e] employee payroll and salary advances, as well as business payments to suppliers, contractors and vendors [via] its fully interoperable mobile wallet." Employees can use the app to: (1) send, receive and request money; (2) access a one-time or reusable virtual payment card number to make purchases at online stores that accept payments via US-based Visa; (3) make in-person purchases by scanning a QR code; and (4) access automated teller machines. June 9, 2023



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