

FSD Africa Investments welcomes a new £90m commitment from UK aid
Commitment expected to unlock over £500m in additional private sector finance

Nairobi, Friday 27th September 2019: FSD Africa today welcomes an additional commitment of £90m from UK aid to scale-up its development capital arm, FSD Africa Investments. The new commitment will enable FSD Africa Investments to invest in high-potential financial sector businesses across sub-Saharan Africa, unlocking over £500m in critical private sector finance for SMEs, businesses and entrepreneurs.

The new UK aid package, announced this evening by Secretary of State Alok Sharma at the UN General Assembly in New York, will channel much-needed patient capital into financial sector businesses operating in Africa – from financial technology firms to private funds in emerging asset classes and alternative finance companies.

With this new commitment, FSD Africa Investments aims to catalyse £500m of long-term finance for SMEs, entrepreneurs and businesses, and through co-investing, unlock £244m of private sector investment and institutional capital into intermediaries investing in real economy sectors (including housing, health and education) and enabling improved access to financial services for 12.5 million people, 50% of whom will be women.

FSD Africa Investments invests in financial sector firms and funds that address some of the biggest challenges facing Africa's financial markets. This week, FSD Africa finalised a £350,000 commitment to the People's Pension Trust Ghana, a subsidiary of the pension fund administrator Peoples' Pension Trust, to help design and scale innovative tailor-made pension products for underserved and low-income people across Ghana. Today, only 10% of people in Ghana have access to a pension scheme – when over 80% of the workforce is employed in the informal sector with no access to this vital safety net for later life. This initial investment will serve 500,000 Ghanaians with affordable pension services; if successful the products will be scaled to Rwanda and other countries in the region.

FSD Africa Investments is designed to invest in high-potential financial sector firms that would otherwise be deemed too high-risk for commercial investment. Instead, FSD Africa Investments can take early stage risk and flexibly invest in financial sector businesses and funds. This investment provides innovative businesses with the capital they need to test and scale high-potential ideas. FSD Africa Investments uses a mix of tools to disburse capital – including loans, guarantees, and equity or quasi-equity.

FSD Africa Investments also helps unlock capital and finance from other players. An earlier £15.3m investment in the African Local Currency Bond Facility has unlocked £137m in finance from the private sector. This funding has helped local banks and financial institutions use local capital to fund small businesses on the continent.

International Development Secretary, Alok Sharma, said: "I am committed to mobilising the private sector to help African nations make the most of their enormous potential. This new UK aid package will reduce poverty by mobilising private sector investment in infrastructure, creating jobs and boosting access to finance. I have recently announced an Infrastructure Commission whose aim will be to boost investment in green, sustainable infrastructure."

Mark Napier, Chief Executive Officer, FSD Africa, said: “Innovation in financial services is vital for the next generation of African entrepreneurs to get the capital they need to grow their businesses and for people to get access to the basic services we take for granted, like housing and healthcare. But innovation requires investment that is flexible and patient. This commitment to FSD Africa Investments is both generous and smart. It directly addresses the unmet demand that financial innovators have for capital. But it also allows them to use that capital to unlock much larger amounts of long-term finance from their local markets.”

Anne-Marie Chidzero, Chief Investment Officer, FSD Africa Investments, said: “FSD Africa Investments builds on FSD Africa’s on-the-ground network and insights to invest in a way that directly addresses the most pressing challenges facing Africa’s financial markets. We have a unique investment mandate to take the early stage risk when investing in African financial intermediaries that could yield high economic and social impact but require patient capital to demonstrate commercial returns.”

FSD Africa Investments received an initial capital allocation of £30m from UK aid in 2017. To date, it has completed five transactions valued at £21.25m, with the last investment heading to financial close. Over £10m in transactions are at the advanced stages of due diligence.

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Notes to Editors:

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About FSD Africa

FSD Africa is a specialist development agency working to reduce poverty by strengthening financial markets across sub-Saharan Africa. Based in Nairobi, FSD Africa’s team of financial sector experts work alongside governments, business leaders, regulators and policy makers to design and build ambitious programmes that make financial markets work better for everyone. Established in 2012, FSD Africa is incorporated as a non-profit company limited by guarantee in Kenya. It is funded by UK aid from the UK government.

To date FSD Africa has:

- Supported the financial inclusion of 3,583,849 individuals (41% of which are women)
- Developed approximately 82 regulations/policies to strengthen financial markets across Sub-Saharan Africa
- Mobilized to date \$1038 (approx. £820m) of private capital, thus for every pound invested, FSD Africa have mobilized an additional £40 of private sector capital
- Supported 28 countries with financial sector development programming (Benin, Botswana, Burkina Faso, Cameroon, Cape Verde, Cote d’Ivoire, Ghana, Guinea Bissau, Kenya, Malawi, Mali, Mauritius, Mozambique and Namibia)

About FSD Africa Investments:

FSD Africa Investments provides the investment capital to achieve FSD Africa’s mission and its current investee companies are:

- **African Local Currency Bond Fund**
ALCBF creates opportunities for local African issuers, investors and intermediaries by providing technical assistance and anchor investment in companies whose ultimate

beneficiaries are low-income households and MSMEs.

- **Sofala Capital**

Sofala invests in innovative housing finance companies that offer secured housing finance products. As an active issuer in the debt capital markets, Sofala creates direct links between capital markets and African families and facilitate the flow of affordable housing finance between them.

- **MFS**

MFS Africa is the largest Mobile Money Hub in Africa, with over 170 million users connected and growing. Named second most innovative company in Africa by Fast Company in 2017, its vision is to build the largest cross-border digital payments network in Africa and beyond.

- **People's Pension Fund**

People's Pension Fund Ghana is an early stage company providing micro-pensions to low-income people, particularly informal workers in Ghana. It operates over a digital platform and distributes its products through partnerships with mobile operators. It is testing a long-term retail savings product targeting low income household in Ghana and Rwanda.