



## FSD Africa backs fintech pioneer to build a new platform aimed at increasing access to carbon markets

- *Investment in 4R Digital Ltd to build a platform that will use digital technology to help democratise access to climate finance for small, green projects in Africa*
- *The Carbon Value Exchange's (CaVEx) use of remote monitoring technology will create verifiable carbon credits from projects such as solar pumps, electric vehicles, and nature-based solutions, as well as use digital finance to deliver proceeds from credit sales directly to project participants*
- *4R Digital's co-founder Nick Hughes to reveal details at the AFSIC Investing in Africa Conference in London on 12<sup>th</sup> October.*

### For immediate release

**12 October 2021:** FSD Africa, the UK Government's flagship financial sector programme in Africa, is making an initial investment (£650,000) in a highly innovative digital solution connecting carbon credits from small-scale green projects across the global south to international buyers. The investment will deliver funding through the test phase of the solution being developed by Nick Hughes, who led the development of Africa's revolutionary mobile money service M-PESA.

Hughes is co-founder of 4R Digital, a green fintech start-up developing financial solutions for a range of business partners committed to climate positive projects in Africa spanning distributed solar energy, electric mobility and nature-based schemes. 4R Digital is building a solution that connects these projects to investors looking to offset greenhouse gas emissions at the same time as supporting locally-led climate action.

Voluntary markets allow individuals, organisations or governments to offset their greenhouse gas emissions by purchasing credits from projects that prevent, reduce, or remove an equivalent level of carbon. However, the markets are currently dominated by large-scale projects such as wind farms and waste-to-energy plants while smaller players struggle to complete the complex and costly process of verifying the emissions they have helped avoid or absorb. 4R Digital's Carbon Value Exchange (CaVEx) is being developed in response to this challenge.

CaVEx leverages technological innovations such as the Internet of Things (IoT) and machine to machine connectivity to remotely monitor tiny levels of activity by connected devices such as solar pumps and e-vehicles and to calculate their impact on carbon emissions.

By pooling and aggregating these data, the platform centralises verification of emission reductions, significantly cutting the cost for these projects to issue high quality carbon credits. The exchange also enables micro-payments from the sale of carbon credits to be digitally transferred direct to the individuals involved in the projects, increasing the flow of capital to locally-led initiatives that both combat the climate crisis and support incomes in developing economies.

To ensure the exchange meets international standards for verification, 4R Digital will engage an expert third-party organisation to audit the system. This evaluation will give purchasers confidence that each carbon credit they buy translates directly into an equivalent reduction or removal.

Over the last year FSD Africa has been working with 4R Digital to test the feasibility of using digital technology to open up access to climate finance, committing £250,000 in grant funding. It has now approved a further investment of £400,000 in the form of a convertible grant to



enable 4R Digital to build a functioning version of the platform around several use cases, bringing the total investment to £650,000.

The investment is one of a number of new initiatives by FSD Africa as part of its increased focus on green finance. By working with partners to develop robust regulatory and policy frameworks FSD Africa aims to strengthen the continent's capacity to tap into the growing pool of international ESG funds whilst also building a pipeline of investable and scalable projects that are aligned with a low-carbon and climate-resilient future.

**Nick Hughes, Managing Director of 4R Digital, said:**

*“There are many projects that simply cannot access climate finance because of the overhead costs associated with the processes involved and concerns on the 'buy side' about the accuracy of credit sources. Advances in digital technology and connectivity let us remove barriers on both sides and ultimately enable more finance to flow to worthwhile initiatives in the global south. We're pleased to move this from concept into pilot with partners who are committed to seeing real action on the ground”.*

**Juliet Munro, Director, Digital Economy at FSD Africa, said:**

*“This investment is a demonstration of the important role development finance can play in providing early-stage funding for high-risk, high impact projects that would otherwise struggle to find the necessary capital.*

*“It is illogical that Africans highly exposed to environmental change find themselves barred from carbon markets intended to fund our fight against the climate crisis. 4R Digital is developing a revolutionary solution with the potential to throw open international sources of finance for entrepreneurs, farmers, and small businesses in developing countries. The early-stage funding FSD Africa has committed so far will enable it to take the next step of its journey, delivering a viable product to demonstrate its enormous potential and opening the way for private finance to play its crucial role”.*

Watch Nick Hughes of 4R Digital talking about CaVEx at the [FSD Africa Panel: Pushing frontiers in digital finance](#) at the AFSIC Investing in Africa Conference in London at 4:40pm on Tuesday 12 October 2021.

You can also find out more details by visiting the FSD Africa exhibition stand at AFSIC where the 4R Digital team will be giving a presentation on the technology and meeting interested parties.

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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 policymakers 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.

### **About 4R Digital**

4R Digital Ltd is a young company, established in 2020, to find and develop early-stage concepts in the digital finance sector. The team at 4R Digital is experienced in developing scalable models, working across the spectrum of mobile money through to PAYG energy access models in sub-Saharan Africa. 4R Digital works with investors, donors and partners in the digital finance arena.