4G CAPITAL

# Coverage Report 2019

LYDIA CLAIRE HALLIDAY
CONSULTANCY

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# 2019 Communications Overview

| | No. of Primary Online Articles* | Online Readership | Estimated Coverage Views | Social Shares |
|---|---|---|---|---|
| January to March | 9 | 10.3M | 33,200 | 142 |
| April to July | 12 | 84.1M | 121,000 | 216 |
| August to November | 16 | 16M | 49,100 | 391 |
| December | 9 | 12.9m | 49,200 | 87 |
| | **46** | | **250,500** | **836** |

*Not including print copy magazines and newspapers*

## 2019 Press Releases

January: 4G Capital Welcome Accreditation by London Stock Exchange Group (LSEG)
March: 4G Capital Welcomes Lord Currie To Board Of Directors
April: 4G Capital Launches Award Winning Financial Services In Uganda
October: 4G Capital Recognised By The International Finance Corporation (IFC) and The Sme Finance Forum For Innovations In Small Business Lending
November 4G Capital Celebrates B Corporation Certification
December 4G Capital Secures $4Million Investment as value of loans hit $90 Million

## 2019 Exclusive Interviews

| | | | |
|---|---|---|---|
| 1 | January | African Law & Business, | LSE Accreditation: Companies to Inspire Africa |
| 2 | March | Forbes Africa | 4G Capital Story |
| 3 | April | New Vision | 4G Capital Story |
| 4 | April | Daily Telegraph | 4G Capital Story |
| 5 | May | Business Insider | 4G Capital Story |
| 6 | May | Kenyan Wall Street | 4G Capital Story |
| 7 | July | New African | Financial Inclusion Special Report: UN Assembly |
| 8 | July | Bonds, Loans & Sukut | Fintech and Traditional Financial Services |
| 9 | August | African Business | Financial Inclusion Special Report: WEF Africa |
| 10 | August | WakeUp MakeUp | 4G Capital & RefuShe story |
| 11 | September | Invest Africa | 4G Capital Story |
| 12 | October | Business Daily | 4G Capital Story |
| 13 | October | Daily Monitor | 4G Capital Story |
| 14 | November | StartUp Magazine | 4G Capital Story |

# International Media Report
# January – March 2019

Media Opportunities:

1. Forbes Africa – CEO Profile - Interview given
2. New Vision – Uganda – Launch of 4G Capital Uganda – Interviews (WHB, GHB & Moses)
3. The Economist – "the rise of MSMEs" – Delayed until beginning of May
4. NBC News – in talks with producer regarding participation in series of social impact stories – specifically Refushe
5. BBC – nurturing, Peter Wakaba is interested, need to solidify

## 4G Capital Media Coverage

1. Setting DFS Standards for Client Protection
2. LSE Companies to Inspire Africa – Interview with African Law Business magazine
3. Mastercard featured article identifying Kuza
4. International Women's Day Empowering Women
5. Lord Currie joins 4G Capital Board of Directors

## 1. Setting DFS Standards for Client Protection

CENTER for FINANCIAL INCLUSION | ACCION

BLOG POST

**Partnering with Providers to Set DFS Standards for Client Protection**

This post, the first of two on pilot assessments for digital credit standards, features a Q & A with 4G Capital CEO Wayne Hennessy-Barrett.

Digital lending has the potential to close the credit demand gap for unbanked, low-income customers, but the rapid growth of the sector has raised consumer protection concerns.

In Kenya alone, a leading testing ground for the digital credit sector, there are more than 50 providers and an estimated **one in four** Kenyans have taken a digital loan. With **mobile phone ownership saturating** developing markets, we can anticipate similar acceleration in the digital lending space globally.

**Recent findings** have generated debate over whether or not these new products are translating into real benefits for base of the pyramid consumers. Demand is rising from investors, regulators, and providers for ways to demonstrate responsible practices in digital lending.

To fill the gap, the Smart Campaign has undertaken research to better understand risks and benchmarks for responsible digital financials services. In partnership with **MFR**, we're working with providers to conduct field assessments that identify best practices and help us to determine where to set the bar for responsible behavior. These field assessments, industry research, and engagement with DFS providers in Smart's **Fintech Protects Community of Practice** will lead to standards for responsible digital credit that are sustainable for the industry while keeping client needs as the central focus.

**4G Capital**, a digital MSME lender in East Africa and a member of Fintech Protects, recently **partnered with the Smart Campaign** to conduct a field assessment. We asked 4G Capital CEO Wayne Hennessy-Barrett for his take on responsible digital lending and the value of industry standards for consumer protection.

### Q: Tell us about the origins of 4G Capital and its products.

WHB: We began operations in Kenya in 2013, starting with microloans for enterprises using only mobile money. As our relationship with our customers grew, we began informal coaching and mentoring of clients to improve their performance. This evolved quite quickly into a program of enterprise-skills trainings packaged with each loan. We now have a number of different working-capital credit products which are the right size and timed according to the specific needs of the business user, and we're also scaling with partners to reach tens of thousands of new clients each month.

### Q: What was your motivation for joining Fintech Protects and inviting the Smart Campaign to work with 4G in a field assessment of responsible practices?

WHB: We have always been a mission-driven business. As a fintech lender, Fintech Protects was the perfect forum to share our experiences and learn from others to find ways to close the finance gap, which leaves so many businesses and families excluded.

The field assessment was a rigorous, end-to-end audit of whether we were able to 'walk the talk.' It is nearly impossible to self-assess with the right level of accuracy. Either you're too hard on yourself, or you get distracted by successes and don't zero in on the things that need to be fixed.

### Q: What did the field assessment confirm about your business? What surprised you?

WHB: I was delighted, but not surprised, by the level of professionalism and rigor exercised by Smart and MFR. It was encouraging to get positive feedback on the positive customer outcomes we continue to see consistently – that really is the most important thing that we need to reinforce and protect.

### Q: How do you think about scale and growth of your business in the context of a blended high-touch/high-tech model?

WHB: Accounting for inflation, forex risk and future value of money, this is the $64 Billion Question!

We need to scale to reach more excluded people, catalyze more value chain growth, and, of course, grow our own business. Our transformation program (which is a continuously evolving cycle) sees our AI and technology developing to continue to improve predictive underwriting to further deliver value to our clients as part of supporting their overall financial health. This should free our people to really focus and excel at what they're good at: relationships, customer care, and contributing their own experience and knowledge to help us evolve with our clients' needs.

**Q: Of all the areas that the Client Protection Principles cover, what do you think will be the single most important issue digital lenders must contend with over the next five years?**

WHB: It has to be data protection. There are a ton of fintech lenders who are trying to do good things at the moment, but where data can sometimes be gathered in a way clients, if fully aware, would find really intrusive. We need to reset the conversation about data and the way businesses conduct themselves so that even the most remote and excluded have digital self-sovereignty and power over their own data.

**Q: How do the client protection standards provide value to you as a business?**

WHB: Happy clients = happy business. It really is that simple.

https://www.centerforfinancialinclusion.org/partnering-with-providers-to-set-dfs-standards-for-client-protection

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An Initiative of the
William Davidson Institute
at the University of Michigan

# Client Protection in the Age of Fintech: New Standards Promote Best Practices in Digital Finance

Technology has vast potential to improve lives, and financial inclusion is no exception. Yet with half a million digital borrowers blacklisted on Transunion Credit Reference Bureau in Kenya – many for defaulting on loans of just a few dollars – it's clear that digital finance also has its downsides.

Is it possible to link digital finance with client protection? Yes, but it's not an easy task, even if the incentives are clear. The process involves building client trust, improving providers' reputations, attracting impact investors and mitigating any regulator concerns. The Smart Campaign (hereinafter Smart) and MFR are working to achieve this by adapting client protection standards to digital business

models, detailing concrete guidelines to improve practices, and providing a credible way to prove adherence to them (i.e. Smart Certification).

Smart, housed at the Center for Financial Inclusion at Accion, is the self-regulation standard-setting body of reference for client protection in inclusive finance: It has promoted good practices in the industry for over 10 years. Smart maintains a rigorous certification program, elevates the client voice, convenes partners to effect change at the national level, and has led the effort to update industry-facing client protection standards to encompass digital credit models. MFR, an independent rating agency specializing in inclusive finance, has conducted 57 percent of Smart client protection certifications, and is the sole assessor for the GSMA Mobile Money Certification.

Smart and MFR joined forces in 2018 to draft client protection standards applicable to digital credit providers, and pilot tested them in the field with two different companies in Kenya. These companies included 4G Capital, using a hybrid model based on both technology and in-person interaction with clients, and Tala, using a low-touch model where the client interactions mainly happen through a dedicated app. We shared the first findings of the pilot at the European Microfinance Week 2018, organised by the European Microfinance Platform. The draft standards, revised in light of the pilot feedback, are now available for a six-week period of public comment, allowing experts and the industry to weigh in and shape the final version of the standards. The draft standards were defined by Smart and MFR building upon multiple experiences, including Smart's Fintech Protects Community of Practice, the SPTF Social Investor Working Group, the Responsible Finance Forum, GSMA Mobile Money Programme, GOGLA, Better Than Cash Alliance, ITU, the World Bank, CGAP and others.

## VIEWING CLIENT PROTECTION THROUGH A DIGITAL LENS

What changes when one looks at client protection through a digital lens? The objective clearly does not: Keeping clients first remains the ultimate goal, and the motivation for many of us to go to work each day. But other aspects do change. Here are some of the lessons learned from our research, and the client protection practices we recommend, based on these lessons. Please refer to the full list of draft standards for more details.

First of all, the time when a financial service used to be provided by one organization is over. Recognizing the fragmentation of functions among ecosystem players, the draft standards propose holding the DFS provider accountable for the functions which are under its direct or indirect control. When the DFS provider is partnering with an outsourced company (e.g. a call center), we encourage it to manage the external client protection implications. Conversely, when the DFS provider is a user of a service with negligible negotiation power vis-à-vis the external company (e.g. a mobile network operator), this expectation is not realistic. Hence, synergies with other initiatives, such as the GSMA Mobile Money Provider certification, should be explored. As the public comment period continues, industry feedback will be especially crucial for shaping the final standards in light of the complexity of these partnerships.

## CLIENT PROTECTION IN DIGITAL LENDING

When it comes to client protection in digital finance, algorithms for loan underwriting cause the most excitement – and the most headaches. If external assessors cannot look inside the algorithm for proprietary reasons, then we encourage them to review its governance (e.g. systems to manage the risk of over-indebtedness and discrimination) and its results (e.g. loan portfolio quality). For instance, one good practice we've observed is to establish an underwriting policy that actively and deliberately excludes any variables that may be discriminatory (e.g. gender, race, ethnicity, religion, national origin, sexual orientation, disability, medical history) – even if these factors may correlate with repayment likelihood.

The common trial-and-error approach to product design and algorithm development can be an effective innovation technique, as long as the inevitable experimental mistakes are not paid for by clients. To that end, one positive client protection measure that emerged involved not reporting clients to the credit bureau if they failed to repay loans taken during the underwriting algorithm's initial stage of development. And when it comes to the question of whether to use client cash-flow analysis or alternative data to estimate the repayment likelihood, we recommend a risk-based approach that uses different methods to assess the borrower's financial information, depending on their risk of over-indebtedness.

The ease of access enabled by digital finance is exciting. At the same time, immediate access may lead to impulsive, unnecessary debt. Compared to traditional finance, this increases concerns about client harm – and it's something providers should consider when clients walk in more than when they drop off. That's why we've explicitly incorporated "time to think" and analysis of loan use into the draft standards methodology. One good example of this from the pilots involved giving clients two days after their loan approval to decide if they actually wanted to take the loan.

## THE QUESTION OF RISK VS. RETURN IN LOAN PRICING

Solving the risk-return and client value equation becomes even more paramount in digital finance. But though the link between growth, portfolio quality and prices remains valid, what changes is the higher risk appetite – especially in low-touch models – and the associated expectation of higher returns. Moving from high to low-touch models, the predominant cost to run the business generally changes from operating expenses to loan loss expenses. A 2018 CGAP research report in Tanzania calculated loan default rates over 90 days ranging from 35 percent for borrowers taking their first loan to 12 percent for borrowers taking their 7th – 10th subsequent loans – significantly higher than the single digit indicators of portfolio quality (e.g. Portfolio At Risk more than 90 days) in traditional microfinance.

In light of this increased risk, our standards will incorporate benchmarks of portfolio quality and pricing, among others, to digital models as the data become available. However, the standards maintain the notion that poor portfolio quality costs shall not be passed on to clients (who repay)

through high prices. We recommend that the pricing of very short-term loans be described as Monthly Percentage Rate – still easily comparable to the Annual Percentage Rate – and that it be compared with the Monthly Percentage Rate of loans of similar amount and tenure. The draft standards explicitly consider price trends and risk-based pricing as evidence of a lending algorithm's capacity to learn.

OTHER ISSUES TO CONSIDER

Human interaction in financial services may be changing in light of the digital revolution, but it remains important. Live interaction should be available for clients to understand what they are buying and to solve complaints. In-person interaction is key to building trust with the most vulnerable populations, especially during some critical phases of financial service use (Uniting Tech and Touch, ACCION). However, not all digital lenders target the low-income population, and effective live interaction may take the form of in-person assistance, voice or live chat support, depending on what target clients are comfortable with. As the pilots demonstrated, call centers offer the opportunity to monitor the recorded calls and response time, rewarding good customer support with bonuses.

We've also strengthened our client protection methodology in the areas of data privacy and security. While it may be too early for the majority of providers to implement the General Data Protection Regulation in full, many of its concepts have been included in the standards in spirit – for example the notion of minimizing and justifying the personal data collected, kept and shared.

As you can see in the above examples, linking digital finance and client protection is not always easy. We still have much to learn, and we will need to constantly interpret the standards in ways that make sense in the variety of cases that exist, whether that involves a provider self-assessing and self-improving, an investor doing due diligence, or Smart certifying a provider. Digital finance is a complex industry, and defining appropriate client protection is an equally complex task. However, we all have the responsibility to contribute to this important process, starting now. We believe that client protection will be a key factor in the ongoing success of digital finance providers – and it remains an essential element of the financial inclusion movement. Let's join forces in this journey: Share your views on our draft standards during the public comment period, which runs until March 22, and help Smart improve upon the standards based on the insights and real experience of the industry.

https://nextbillion.net/client-protection-in-fintech/

## 2. LSE Companies to Inspire Africa


# Ringing the bell for African investment

**ANDREW MIZNER** 22/01/2019

**The launch of the London Stock Exchange's Companies to Inspire Africa report shone a light on the level of SME activity in Africa and the growing interest being taken by international investors.**

The **London Stock Exchange** (LSE) has launched a report designed to promote up-and-coming privately owned African small and medium-sized enterprises (SMEs) and encourage further investment in the continent.

*Companies to Inspire Africa 2019* was unveiled on Wednesday 16 January at the London Stock Exchange by a line-up that included the chief executive of the **London Stock Exchange Group**(LSEG) and the United Kingdom's International Development Secretary **Penny Mordaunt**.

Speaking at the event, LSEG's chief executive **David Schwimmer** said the organisation is "dedicated to championing investment into African companies, adding his belief that "Africa possesses a prestigious entrepreneurial spirit".

The report highlighted the scale of Africa's potential. The continent's GDP has tripled since 2000 and it will have 25% of the world's population by 2050, while mobile phone usage grew by 344% between 2007 and 2016.

The companies featured in the report have been using these market conditions to good effect, achieving a compound annual growth rate (CAGR) of 46%. Criteria for inclusion in the report include the need to be privately owned and headquartered in Africa, with three years of growth and revenues that have been audited by one of the 'Big Four' accountancy firms or a nominated local affiliate.

LSEG was also keen to promote the increasing equality in African businesses; female executives made up 22.5% of the senior executives of this year's companies, compared to 12% last year.

The report reflected the state of African industry and the popular areas of investment. Of the 360 companies listed in the report, 53 were in agriculture, 21 in renewables, 79 in customer services, 51 in technology and telecommunications, 48 in financial services, 31 in healthcare and 77 in industry.

East Africa was best-represented in the report, with 147 of the listed companies, while West Africa was not far behind with 130. There were 47 in Southern Africa, 26 in the north and six

in Central Africa. The East African region was recently revealed to be the best on the continent for freedom of movement.

Speaking after ringing the bell to open the day's trading on the LSE, Mordaunt praised the companies featured in the report, saying their success "will demonstrate globally the opportunities that are increasingly present in Africa".

She described Africa as "a continent alive with opportunity", noting that it has five of the world's fastest-growing economies".

The UK has been aggressively marketing itself as an African trade partner in the run up to its departure from the Europe Union, with Prime Minister **Theresa May** visiting Africa with a trade delegation, state-owned development finance institution **CDC Group** committing GBP 4.5 billion to African investment and London hosting events including last year's Ghana Investment and Opportunities Summit and next year's UK-Africa Investment Summit.

One of the companies in the report, agricultural operator **Blue Skies**, is the largest private sector company in Ghana and is backed by CDC Group. Mordaunt said: "We are committed to supporting innovative African companies to make it easier for finance to flow into and across the continent."

She sounded an optimistic note for the year, saying "2019 is the year of significant opportunities to take those partnerships further".

Among the report's supporters was London-headquartered law firm **Stephenson Harwood**. Head of the firm's Africa group, **Kamal Shah**, said in a statement that "securing investment to expand markets and create new ones will drive the transformation and diversification of economies across the African continent".

Speaking to *African Law & Business* at the launch event, **Wayne Hennessy-Barrett**, chief executive of Mauritius-registered and Kenya-headquartered financial technology (fintech) provider **4G Capital Group** says inclusion in the report offers a platform to promote the company and its clients.

He explains that the report is consistent with a stock market's role in bringing people together. "This is a bourse, this is a marketplace for ideas, a marketplace for fair exchange of value, a marketplace for relationships. The LSE is one of the oldest in the world and the premier in its class of professional services, so bringing the LSEG brand to this kind of forum provides confidence in the first place and first-rate connections to make this happen."

Despite the optimism, obstacles remain. Speaking at the event, both **Tony Edwards**, a corporate partner with Stephenson Harwood, and **Rob Withagen**, chief executive of corporate information service **Asoko Insight**, spoke of the need for better corporate governance if many African businesses are going to break through.

Elsewhere, despite some progress, international credit agency **Moody's** has predicted another slow year for credit and financial growth across Africa, while the **World Bank**'s *Doing Business 2019* report revealed that although the business climate is improving for SMEs, there is a long way to go before that progress spreads across the continent.

Hennessy-Barrett says potential investors should stop seeing Africa as a risk and engage with it. "Get on the front foot and visit. Stop seeing Africa as a big, scary, strange place and see it as an amazing land of opportunity, because it is the future of mankind."

It is through engagement with the local communities that the obstacles will be overcome, he argued: “There are huge problems to be solved, with local solutions, not western-imposed solutions. Western, developed, northern hemisphere investment can enable local solutions to local problems and that’s really what the name of the game is.”

In the meantime, Hennessy-Barrett notes that there is a “list is as long as your arm” of industries which offer opportunities, including agriculture, technology and life sciences, “as well as helping the needs of the emerging middle class and helping the working class transition to that better life”.

https://www.africanlawbusiness.com/news/8987-ringing-the-bell-for-african-investment

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FINOVATE

## Finovate Global: Fintech News from Around the World

By David Penn Posted on January 18, 2019

### Sub-Saharan Africa

- London Stock Exchange Group honors African fintech 4G Capital.
- Business Insider’s Pulse reviews the top lending platforms in Nigeria.
- South Africa’s Personal Finance shares a few predictions on fintech in South Africa for 2019.

https://finovate.com/finovate-global-fintech-news-from-around-the-world-34/

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DEYTHERE

## 4G Capital named pioneering African fintech by London Stock Exchange Group

4G Capital celebrated the launch of the Companies to Inspire Africa Report, at the London Stock Exchange during a special event marked by the opening bell of the day’s trading.

Published by the London Stock Exchange Group, the Companies to Inspire Africa report is a showcase of leading private companies with the most inspiring stories and strongest growth potential. Within this pioneering report, 4G Capital is accredited as one of the most ambitious and dynamic fintech private companies in Africa.

To qualify, companies needed to be active and privately held, with headquarters in Africa, demonstrating growth over the past three years with annual revenues audited and accredited by a 'Big Four' firm or a local affiliate. The report was produced in partnership with African Development Bank Group, CDC Group, PWC and Asoko Insight who contributed their insight and expertise to select the featured companies.

4G Capital has supported the sustainable growth of micro-enterprises in Africa since 2013 by providing financial literacy training blended with working capital credit. Since its launch, 4G Capital has grown exponentially; revenue has consistently increased by over 100% year on year.

In 2018, operations went live in Uganda and Ghana as part of 4G Capital's strategy to expand across the continent. By the end of the year the total number of branches had risen to 72 across Kenya and Uganda. In Kenya alone, over $21m was disbursed over the course of the year. Collection rates remain above the national average, at 94.08%. 4G Capital also received two positive credit ratings: 'BB' from MicroFinanza, and 'BB+' from the Global Credit Ratings Co.

4G Capital seeks to address the MSME finance gap in Africa which critically stands at $331bn according to the SME Finance Forum, an IFC organisation. MSMEs across Africa contribute to over 50% of combined GDP and more than 80% of employment. Recently, 4G Capital gained accreditation and received a "Responsible Digital Innovator of the Year" honorary award from the SME Finance Forum at its Annual Awards event held in Madrid.

Research into and the development of new fintech products continues. At the Africa 2018 Forum last month in Egypt, 4G Capital announced the launch of NxtGen: a seamless, easily integrated, turnkey technology that provides a credit solution designed specifically for the banking industry.

The Seed Funds (TSF) in Ghana is 4G Capital's first banking customer to adopt NxtGen. Inspired by 4G Capital's successful Kuza product, TSF seeks to support 'last mile' retail supply chain by providing working capital credit, blended with 4G Capital's fintech platform to micro-retailers on behalf of large distributors and supply chain aggregators.

During 2018, partnership development increased momentum. Diageo and Procter & Gamble joined 4G Capital's list of Kuza partners, helping micro-retail customers to run their businesses more sustainably. Technoserve also joined forces with 4G Capital and published findings that showed MSMEs who undertook business and financial literacy training as well as working capital credit, saw an 82% increase in revenue over a year period, thus proving the need to address not only the finance gap but the lack of financial literacy within this important business sector and contributor to GDP.

As a result of 4G Capital's proven client centricity and positive social impact, the Centre for Financial Inclusion SMART Campaign recently announced the initiation of a partnership with 4G Capital to help

define global standards for client protection across the digital financial services industry as part of its FintechProtects initiative.

During the year, 4G Capital also initiated an important social impact program in partnership with RefuSHE, delivering business training to young female refugees as part of RefuSHE's Girls' Empowerment Project. By providing short and long-term support through RefuSHE, refugee girls gain better understanding of their human rights, experience economic success and skill development, and become leaders in their own communities.

Remarking on the year's success and recognition, Wayne Hennessy-Barrett, CEO and Founder of 4G Capital said, "It has been another extraordinary year that has seen quantum growth to our value creation operations. The greatest accolade must go to our clients, who day in and out work for a better future for Africa. We are proud to stand with them to fight poverty through small business success."

https://deythere.com/4g-capital-named-pioneering-african-fintech-by-london-stock-exchange-group/

## 2. Mastercard featured article identifying Kuza

STANDARD Digital
Your Gateway...

# Why Unilever wants to fill your duka on credit

Locating Sarah Macharia's shop in the maze of buildings in Nairobi's Umoja estate is no easy task.

The easiest option is using a location pin off Google Maps to make the numerous turns off unnamed roads. And when you finally get to Sarah's shop, the name of its previous owner is fading into the paint and it requires deliberate effort to spot 'Shalom General Shop' over the door beam.

Sarah is one of the beneficiaries of an initiative being run by the British-Dutch firm Unilever.

The consumer goods multinational has lent Sarah Sh9,000 worth of stock. She's one of 8,500 retailers across the country in the initiative that has cost Unilever Sh245 million.
But how does a global conglomerate reach customers in such difficult-to-locate addresses and go so far as to risk lending them its products?

Mobile banking
It's definitely not goodwill; it's the result of a meeting in Davos, Switzerland, in 2017, that sought to leverage on the model of mobile phone lending that's taken root in Kenya.
The model taps into the potential of clients who lack access to the loans market because they lack a credit history.

“Two years ago, the CEOs of Mastercard and Unilever met in Davos and looked at how they could expand businesses at the bottom of the pyramid. They chose Kenya because of the adoption of technology and mobile banking,” Unilever Customer Development Director Luck Ochieng told Hustle.

Unilever, the makers of products like Vaseline, Sunlight, Omo and Lifebuoy, had data on its 41 distribution points, and Mastercard could offer credit windows. What was needed was the buy-in from retailers who, according to Luck, are 400,000 across the country.

And they didn’t struggle to convert the willing. Sarah says the stock in her shop was limited to the amount of money she could raise, but that changed when she signed up for the programme, dubbed Jaza Duka.
She needed at least Sh5,000 a week to restock her shop, but soon after she enrolled, she got a credit limit of Sh9,000 and could use the Sh5,000 to buy other brands.

Her shop has now been transformed into a mini-pick market, where you walk in and shop rather than buy goods dispensed through a pigeonhole.

Grace period
Traders under Jaza Duka can get up to 35 per cent of their stock on credit, and are charged 3.5 per cent for the facility.

They also get a grace period of up to 17 days within which no interest is charged if the trader pays back.

Luck says up to 10,000 small traders have accessed the facility, with 8,500 being active users. The firm is after 38,000 stores.

The project targets small-scale traders and uses big data to allow them to borrow and repay over short stints of time, creating a credit history that allows for increasing the amount of credit that can be borrowed.

The consumer goods firm says the programme, which is in collaboration with Mastercard and KCB Bank Kenya, has been launched in 29 of its 41 distribution points across the country.
“The initiative combines distribution data from Unilever and analysis by KCB on how much inventory a store has bought from Unilever over time. The results from the analysis are used to provide micro-credit eligibility by KCB,” Denis Njau, KCB’s head of channels, said.

Mastercard Head of East Africa Region Adam Jones said the stores must have at least 12 months of trading history with Unilever and three months of regular transactions to enable an assessment of the longevity and sustainability of their business.

Unilever distributes up to 60 per cent of its stock through wholesale and small retail shops, with 40 per cent going through traders like supermarkets.

This is a unique offering at a time when loans to small traders are limited following the introduction of interest rate caps.

A recent Central Bank of Kenya survey polled financial institutions, and 51 per cent of them indicated that interest rate capping has negatively affected their lending to SMEs.

A credit history helps banks de-risk their clients, allowing for gradual increases in amounts disbursed, with stock providing relative collateral.
The Jaza Duka model, however, is not unique to Unilever; other conglomerates are catching up.

According to The Financial Times, multinationals like Procter & Gamble and East African Breweries have started similar, but smaller, initiatives with 4G Capital, a Nairobi-based microfinance institution.

Mastercard wants to get other brands onto its platform, as well as other lenders to increase the products and credit available.

"We're talking to a number of FMCG (fast-moving consumer goods) companies that can see value in participating, but we're not at a contractual stage. We do, however, plan to introduce at least one new FMCG partner during 2019," Adam said.

Debt binge
Such a move will require a model that tracks the cashflow of the businesses since there's the risk of a debt binge that could sink small businesses.

To prevent the chances of this happening, the programme trains traders on basic accounting and managing their books.

But this hasn't got rid of the risk of default or late payments.

According to Luck, nine per cent of the businesses default, though is smaller than the industry default average among bigger outlets that's at 12 per cent.

"It's not actually defaulting. It usually depends on the month and is mainly late payments, which attract a heavier interest fee of 10 per cent," Luck said.

https://www.standardmedia.co.ke/business/article/2001313712/why-unilever-wants-to-fill-your-duka-on-creditv

## 4. International Women's Day Empowering Women

Forbes

*Sponsored Editorial*

# BANKING ON THE FINANCIAL FREEDOM OF AFRICAN WOMEN

4G Capital's Chief of Staff, Genevieve Hennessy-Barrett discusses how inclusion, female mentorship and shared knowledge can cross borders and heal Africa's displaced and most vulnerable women.

Access to financial services and the freedom to open a bank account remains unattainable for many women around the world, and even more so in frontier markets.

Some progress has been made, the number of bank accounts owned by women now equals men in South Africa. But, elsewhere on our continent, the situation is not so encouraging. According to a 2017 Global Findex report, the gender gap remains, on average, just over 9% across Sub-Saharan Africa, unchanged since 2011.

We are all too familiar with the numerous reasons why women all over the world find it difficult to gain financial independence. In 'emerging' markets there exists an even greater lack of opportunity in terms of education and work, and in some cases a cultural expectation that can prevent women from investing in their own future.

But no matter the challenge, women have always adapted and overcome through the creation of their own opportunities, and have worked together to protect and support their families and communities.

Female entrepreneurs make significant contributions to local and national economies. The SME Finance Forum's research indicates that almost one third of the world's small businesses are owned by women and account for 32% of the micro, small and medium enterprises (MSME) finance gap, estimated to be worth be $5.2 trillion.

Lack of collateral, official identification and correct paperwork, are the primary reasons for financial exclusion. Access to credit is often extremely difficult for MSMEs, and even more so for small businesses owned by women who are often given less favourable terms than their male peers.

As a fintech credit company working with MSMEs who are typically excluded from traditional financial institutions, 4G Capital has sought to bridge not only the finance gap, but also address the gap in financial literacy. By combining these offerings we can alleviate poverty sustainably and unlock vital human potential. We are on target to positively impact more than 1 million people by 2020.

We believe it is our blend of finance and education delivered via 'touch-tech' that is responsible for our appeal to many female business owners. Although we did not focus our marketing strategy on gender, 81% of our customers are female.

We are able to support their development through a bespoke programme of business training to help them use our micro-loans to achieve much higher take-home earnings. According to recent research by one of our partners, Technoserve, this combination of training combined with working capital credit resulted in an 82% increase in revenue year-on-year.

But imagine the challenges faced by women who have had to flee their own countries, seeking refuge and safety for themselves and often for their children. Determined to build a sustainable future, their plight has gained the attention of RefuSHE, a charity set to provide support to refugee women in Kenya.

4G Capital has initiated a program to deliver business training and mentorship to RefuSHE's Girls' Empowerment Project (GEP), designed to give access to education and livelihood opportunities, while learning about human rights and cultivating leadership skills.

We kick started this partnership by welcoming the girls at one of our 4G Capital branches. They were given training on basic business principles such as book keeping and responsible management of business credit.

Based on what they learnt, RefuSHE's girls have now taken part in our Business Plan Competition. Successful participants have been taken forward to internships and matched


Genevieve Hennessy-Barrett


RefuSHE Girls

with successful female entrepreneurs who are customers of 4G Capital. They will be supported, mentored and trained. The hope is that with this initiative, these girls who were once so vulnerable will now gain the necessary skills to run a successful business, be part of a community and build a new life.

As we celebrate International Women's Day, we'd like to honour all the women of Africa striving to build a future for themselves and their communities by saluting their determination, knowledge, wisdom, humour and humanity in the face of the challenges which affect us all.

4G CAPITAL

https://www.forbesafrica.com/brand-voice/2019/03/11/banking-on-the-financial-freedom-of-african-women/

## 5. Lord Currie joins 4G Capital Board of Directors

TECHMORAN
Enterprenuership in Africa

# Former chair of the UK Competition & Markets Authority Joins 4G Capital as Non-Executive Director

Lord David Currie, former chairman of the UK Competition and Markets Authority and current chair of the UK's Advertising Standards Authority, has been appointed as Non-Executive Director for 4G Capital, an MSME-focused lender in East Africa, with effect from 31 March.

At 4G Capital, Lord Currie is expected to help increase its footprint across Africa and development of further financial products and services that support inclusion and help catalyse enterprise growth in Africa.

According to 4G Capital Chairman, Wayne Hennessy-Barrett in a statement, "We are immensely privileged to have Lord Currie on our team as we move to our next phase of development. It is now vital for us to expand into more areas of need where we can help micro-enterprises transition from an informal to a formal footing. We are clear on the need to work with partners in government, central banks and other service providers to deliver the right working capital solutions across Africa."

Launched in 2013, 4G Capital has supported the sustainable growth of micro-enterprises in Africa by providing financial literacy training blended with working capital credit.

The MSME finance gap in Africa critically stands at $331bn even though MSMEs across Africa contribute to over 50% of combined GDP and more than 80% of employment. 4G Capital is addressing this by expanding its product portfolio as well as geographically.

In 2018, 4G Capital expanded to Uganda and Ghana and now has 72 branches across Kenya and Uganda. In Kenya over $21m was disbursed over the course of the year. By using its proprietorial artificial intelligence and mobile money technology, 4G Capital delivers loans, primarily for rapid-

cycling retailers. 4G Capital is estimated to continue its 100% year on year growth record in 2019 while moving into other financial services for its target markets.

Last year, 4G Capital, launched its NxtGen, a new credit solution developed specifically for the banking industry that will help provide working capital credit to micro, small and medium enterprises (MSMEs) across Africa with Ghana's The Seed Funds (TSF), being the company's first banking customer to use NxtGen.

NxtGen is based on 4G Capital's Kuza product, which has been successful in Kenya since its launch in 2017. To date, Kuza has provided more than US$ 500,000 in credit to 1,400 businesses.

On his appointment, Lord Currie said, "I am delighted to join this remarkable company which is poised to build on very solid foundations to do great things. Poverty alleviation is a global issue, and one best addressed by empowering small businesses to provide opportunities for the communities they serve."

https://techmoran.com/2019/03/25/former-chair-of-the-uk-competition-markets-authority-joins-4g-capital-as-non-executive-director/

SME FINANCE FORUM

## Member News: 4G Capital Welcomes Lord Currie to Board of Directors

Mar 26, 2019

**March 25, 2019, London**: The Board of 4G Capital announces the appointment of Lord David Currie, former chairman of the UK Competition and Markets Authority and current chair of the UK's Advertising Standards Authority, as Non-Executive Director, with effect from 31 March.

Lord Currie is a long standing government economic advisor and an advocate of equitable free markets. His new role will see him supporting 4G Capital's increasing footprint across Africa and development of further financial products and services that support inclusion and help catalyse enterprise growth in Africa.

Lord Currie said, "I am delighted to join this remarkable company which is poised to build on very solid foundations to do great things. Poverty alleviation is a global issue, and one best

addressed by empowering small businesses to provide opportunities for the communities they serve."

4G Capital Chairman Wayne Hennessy-Barrett said, "We are immensely privileged to have Lord Currie on our team as we move to our next phase of development. It is now vital for us to expand into more areas of need where we can help micro-traders transition from an informal to a formal footing. We are clear on the need to work with partners in government, central banks and other service providers to deliver the right working capital solutions across Africa."

4G Capital has supported the sustainable growth of micro-enterprises in Africa since 2013 by providing financial literacy training blended with working capital credit. 4G Capital seeks to address the MSME finance gap in Africa which critically stands at $331bn (source: SME Finance Forum). MSMEs across Africa contribute to over 50% of combined GDP and more than 80% of employment.

In 2018, 4G Capital's new operations went live in Uganda and Ghana. There are now 72 branches across Kenya and Uganda. In Kenya over $21m was disbursed over the course of the year. Collection rates remain above the national average, at 94.08%. 4G Capital also received two positive credit ratings: 'BB' from MicroFinanza, and 'BB+' from the Global Credit Ratings Co.

By using its proprietorial artificial intelligence and mobile money technology, 4G Capital delivers loans, primarily for rapid-cycling retailers. Studies show that customers are able to increase their annual revenues by an average of 82% through 4G Capital's offering of financial literacy training. 4G Capital is estimated to continue its 100% year on year growth record in 2019 while moving into other financial services for its target markets.

http://www.smefinanceforum.org/post/member-news-4g-capital-welcomes-lord-currie-to-board-of-directors

# International Media Report
# April – July 2019

## Upcoming Media Opportunities

1. Business Daily (Kenya) Corporate Growth story – in development using H1 Kpis as peg
2. [FDi Magazine] *Adrian Holiday* – Corporate Growth story – in development
3. NBC News – in talks with producer regarding participation in series of social impact stories – specifically Refushe
4. BBC – nurturing, Peter Wakaba is interested, need to solidify

## 4G Capital Media Coverage

1. Launch of 4G Capital Uganda
2. Africa Banker Awards Nomination
3. CEO Interviews

## 1. Launch of 4G Capital Uganda

### Kenyan fintech startup 4G Capital expands to Uganda

BY TOM JACKSON ON MAY 3, 2019

Kenyan fintech startup 4G Capital has opened offices in Kampala to make its financial services solutions available to micro, small and medium sized enterprises (MSMEs) across Uganda.

Launched in 2013, 4G Capital provides financial literacy training with working capital loans to help small businesses grow sustainably. Its customers receive a bespoke programme of business training to help them use micro-loans, with training delivered via mobile apps and face-to-face outreach.

The company, which in Kenya has consistently achieved high collections rates without collateral or refinancing its clients by only lending to viable businesses on terms that are right-sized for them, already serves customers in Uganda and Ghana as well and has now physically launched in the former to further build its presence. 4G Capital is expanding across the continent and on target to positively impact over one million people by 2020.

4G Capital has commenced operations in Kalerwe and Nakawa markets in Kampala, bringing financial inclusion services to traders and small businesses. The company will be expanding its operations across Uganda and is hiring staff now.

It is also partnering with Uganda-based multinationals and distributors, to help boost and sustainably strengthen the FMCG supply chain. By providing short term credit to retailers, 4G Capital's B2B product offering KUZA aims to unlock potential and increases retail purchasing power.

The company recently secured funding from FSD Uganda to conduct important research and support its rollout across the country. The joint research will provide valuable disaggregated insights on the finance gap nationwide that will ensure 4G Capital continues to tailor its solution to support those most in need.
http://disrupt-africa.com/2019/05/kenyan-fintech-startup-4g-capital-expands-to-uganda/

TechTrends KE
...technology & business trends

## 4G Capital sets up shop in Uganda to empower micro and small enterprises

By Nixon Kanali - April 29, 2019

4G Capital has opened new offices in Uganda to empower micro and small enterprises (MSMEs). The company commenced operations in Kalerwe and Nakawa markets in Kampala and will be expanding its operations across Uganda and is hiring staff now.

4G Capital has been supporting MSMEs in Kenya since 2013 by providing important financial literacy training blended with unsecured working capital credit.

4G Capital is also partnering with Ugandan based multinationals and distributors, to help boost and sustainably strengthen the FMCG supply chain. By providing short term credit to retailers, 4G Capital's B2B product offering, KUZA aims to unlock potential and increases retail purchasing power. KUZA is already being used by a number of East African and Global Distributors.

The company recently secured funding from FSD Uganda to conduct important research and support its rollout across the country. The joint research will provide valuable disaggregated insights on the finance gap nationwide that will ensure 4G Capital continues to tailor its solution to support those most in need.

The MSME finance gap in Africa currently stands at $331bn according to the SME Finance Forum, an IFC organisation. These small businesses contribute to over 50% of Africa's combined GDP and more than 80% of employment. But, despite their critical role, many MSMEs suffer from financial exclusion and limited access to appropriate financial services resulting in inescapable poverty.

4G Capital offers 100% unsecured loans to small businesses by using its proprietorial artificial intelligence system to establish correct levels of affordability. Customers receive valuable training in record keeping and inventory systems, financial management and customer relationship skills. As a result, according to a recent survey, 4G Capital's customers in Kenya recorded an average revenue growth of 82% within one year.

By the end of 2018 4G Capital says the number of its customer branches in Kenya reached 70, where over $21m was disbursed over the course of the year. It adds that collection rates have consistently remained above the national average, at 94.08%.

During 2018, 4G Capital also received two positive credit ratings: 'BB' from MicroFinanza, and 'BB+' from the Global Credit Ratings Co. 4G Capital was granted a money-lenders' license from the Uganda Microfinance Regulatory Authority (UMRA).
https://techtrendske.co.ke/4g-capital-sets-up-shop-in-uganda-to-empower-micro-and-small-enterprises/

techcabal

## TechCabal Daily

**30 - 04 – 2019**

**Kenyan fintech company, 4G Capital** which provides credit to micro and small businesses **has opened** its Uganda office. The firm was granted a money-lenders' license from the Uganda Microfinance Regulatory Authority (UMRA) and also received funding from FSD Uganda for a joint research on the credit gap across the nation. 4G Capital launched in Kenya in 2013 and has established 70 customer branches to date with $21 million disbursed over the course of a year.

https://techcabal.com/2019/04/30/techcabal-daily-768-kenyas-government-seeks-local-replacement-for-safaricoms-ceo-bob-collymore/

SME FINANCE FORUM

## Member News: 4G Capital Launches Award Winning Financial Services in Uganda

Apr 29, 2019

As part of its strategy to expand across the African continent, 4G Capital is delighted to announce the opening of offices in Kampala and launch of award winning financial services designed to empower micro and small enterprises (MSMEs) across Uganda.

4G Capital has supported the sustainable growth of MSMEs in Kenya since 2013 by providing important financial literacy training blended with unsecured working capital credit.

4G Capital is able to offer 100% unsecured loans to small businesses by using its proprietorial artificial intelligence system to establish correct levels of affordability. Customers receive valuable training in record keeping and inventory systems, financial management and customer relationship skills. As a

result, according to a recent survey, 4G Capital's customers in Kenya recorded an average revenue growth of 82% within one year.

By the end of 2018 the number of 4G Capital customer branches in Kenya reached 70, where over $21m was disbursed over the course of the year. Collection rates have consistently remained above the national average, at 94.08%.

During 2018, 4G Capital also received two positive credit ratings: 'BB' from MicroFinanza, and 'BB+' from the Global Credit Ratings Co. 4G Capital was granted a money-lenders' license from the Uganda Microfinance Regulatory Authority (UMRA).

4G Capital have commenced operations in Kalerwe and Nakawa markets in Kampala, bringing much needed financial inclusion services to traders and small businesses. The company will be expanding its operations across Uganda and is hiring staff now.

4G Capital is also partnering with Ugandan based multinationals and distributors, to help boost and sustainably strengthen the FMCG supply chain. By providing short term credit to retailers, 4G Capital's B2B product offering, KUZA aims to unlock potential and increases retail purchasing power. KUZA is already being used by a number of East African and Global Distributors.

The company recently secured funding from FSD Uganda to conduct important research and support its rollout across the country. The joint research will provide valuable disaggregated insights on the finance gap nationwide that will ensure 4G Capital continues to tailor its solution to support those most in need.

The MSME finance gap in Africa currently stands at $331bn according to the SME Finance Forum, an IFC organisation. These small businesses contribute to over 50% of Africa's combined GDP and more than 80% of employment. But, despite their critical role, many MSMEs suffer from financial exclusion and limited access to appropriate financial services resulting in inescapable poverty.

4G Capital has won numerous awards in recognition of its excellence in delivering financial inclusion services. Recently, 4G Capital was accredited as one of the London Stock Exchange's Companies to Inspire Africa. 4G Capital also received a "Responsible Digital Innovator of the Year" honorary award from the SME Finance Forum at its Annual Awards event held in Madrid.

https://www.smefinanceforum.org/post/member-news-4g-capital-launches-award-winning-financial-services-in-uganda

New Vision UGANDA'S LEADING DAILY



# Regional credit firm eyes Uganda

Micro, small and medium enterprises (MSMEs) is fast becoming a profitable venture in the eyes of regional credit institutions as emerging financial technologies or Fintech solutions grow.

4G Capital chief-of-staff Genevieve Hennessy-Barrett and operations manager Moses Luwemba spoke to **Ali Twaha** about their interest in MSMEs, challenges across the region and recent expansion to the Ugandan market.

**Hennessy-Barrett and Luwemba during an interview at the Vision Group head offices recently**

**What is 4G Capital all about?**

**Hennessy-Barrett:** 4G Capital was founded in Kenya in 2013. We have 70 locations across Kenya, where we combine working capital and micro loans with business training for market sector entrepreneurs.

We seek to address fundamental stumbling blocks to growth across Africa, the finance gap – which stands at $331b for MSME. Traditional financial institutions find it difficult to serve this important sector, yet it contributes more than half the regions' GDP and over 70% of employment.

We have teams of people on the ground with an office in the market who meet customers and assess their businesses on whether they can afford some working capital and then advise them on how to grow their businesses.

**Luwemba:** In Uganda, We are operating in two markets, we were granted a money-lender's license in 2018 and opened branches in Kalerwe and Nakawa markets. We want to empower investments into the region, through sharing of knowledge and partnering with companies focused on positive social impact and sustainability.

**Why focus on MSMEs?**

**Hennessy-Barrett:** It is a massively under-financed group. The financing gap in Uganda stands at $4.8b. We know that the groups need our support and services. It is a traditionally difficult sector to finance from traditional financing organisations.

At the moment, we are focusing purely on working capital. We are looking at partnerships with other financial institutions, where we can use our technology to help them to serve their underserved groups within Kenya and Uganda; while focusing on our two products; Unsecured Private Immediate Affordable (UPIA) and Kuza

UPIA enables us to work directly with entrepreneurs and small businesses by offering vital financial literacy training and business development advice, blended with working capital credit. Kuza is a partnership programme aimed at wholesalers, suppliers, distributors and stockists. We offer important credit facilities to their micro-retail customers.

**How different are your services, compared to the existing platforms?**

We provide instant working capital and our technology can be used by anyone with any kind of phone. We do not need collateral. It is not consumer finance and we do not refinance debt, which contributes to poverty spiral, but work at bridging the financing gap. We are focusing on financial inclusion, rather than creating a culture of debt in the society.

**You said you do not take collateral, how then do you handle default cases?**

**Hennessy-Barrett:** Yes, it can happen, but we really rely on the interpersonal relationship between our field staff and the customers. We build up relationships and with time, there is a mutual respect. We know that the relationship we have with customers helps with our repayment rates. Thanks to our algorithms, we are able to equate affordability and make sure we do not lend too much to the customer in the first place. This also helps them grow with the business.

**The term MSME is quite broad. Which groups are you really targeting?**

**Luwemba:** We are targeting the people selling vegetables, tomatoes, chicken and onions in the market. Those people who cannot even own a bank account. Because of the mobile money platforms, many people are able to save; why not take advantage of that and use that opportunity to help them access financing.

**Hennessy-Barrett:** Over 81% of our customers are female. We are inspired by our customers, their determination, their problem-solving and solution-finding, their ability to manage their businesses while educating their children.

**Financial technologies have revolutionised so many sectors in the economy. Where do you see 4G Capital in the near future?**

**Hennessy-Barrett:** Digital technology alone is not enough to increase financial inclusion. Digital financial services require a well-developed payments system, good physical infrastructure, appropriate regulations and vigorous consumer protection safeguards. Financial services need to be tailored to the needs of disadvantaged groups, such as women, poor people, and first-time users of financial services, who may have low literacy and numeracy skills.

In Uganda, we hope to open 10 locations by the end of the year. We do not want to grow too fast because, then it is hard to maintain the quality and also accessing the right people.

The Kenyan Wall Street
THE THINKING BEHIND THE INVESTOR

# 4G Capital launches in Uganda

April 29, 2019in African News

As part of its strategy to expand across the African continent, 4G Capital has announced the opening of its offices in Kampala as it seeks to provide credit to micro and small enterprises (MSMEs) across the country.

4G Capital has been operating in Kenya since 2013 by providing important financial literacy training blended with unsecured working capital credit.

The company offers unsecured loans to small businesses by using its proprietorial artificial intelligence system to establish correct levels of affordability. Customers receive valuable training in record keeping and inventory systems, financial management and customer relationship skills. As a result, according to a recent survey, 4G Capital's customers in Kenya recorded an average revenue growth of 82% within one year.

By the end of 2018 the number of 4G Capital customer branches in Kenya reached 70, where over $21m was disbursed over the course of the year. Collection rates have consistently remained above the national average, at 94.08%.

The company recently secured funding from FSD Uganda to conduct important research and support its rollout across the country. The joint research will provide valuable disaggregated insights on the finance gap nationwide that will ensure 4G Capital continues to tailor its solution to support those most in need.

The MSME finance gap in Africa currently stands at $331bn according to the SME Finance Forum, an IFC organisation. These small businesses contribute to over 50% of Africa's combined GDP and more than 80% of employment. But, despite their critical role, many MSMEs suffer from financial exclusion and limited access to appropriate financial services resulting in inescapable poverty.

https://kenyanwallstreet.com/4g-capital-launches-in-uganda/

## 2. Africa Banker Awards Nomination

# Equity, KCB fight for continental honours

**SUNDAY MAY 19 2019**

By JAMES KARIUKI

Six Kenyan-headquartered lenders will battle for continental awards in a competition hosted by quarterly banking and finance magazine, the African Banker.

Equity Group, Trade and Development Bank (TDK), KCB Group, Ecobank and Family Bank as well as fintech operator 4G Capital were among African firms shortlisted in various categories whose winners will be unveiled on June 11 during a gala dinner in Malabo, Equatorial Guinea.

Equity Group's James Mwangi and TDK's Admassu Tadesse will fight it out with three other CEOs for the coveted African Banker of the Year award.

African Banker publisher and awards committee chair Omar Ben Yedder hailed continued adoption of information technology by commercial banks, saying it had enhanced service delivery and facilitated introduction of new products.

"The banking industry is itself being disrupted by technology and has embraced this technology to develop solutions that truly benefit the real economy. Financial inclusion lies at the heart of formalising our industries and fintech is playing a role in bringing finance to the masses," he said.

The awards are sponsored by The African Guarantee Fund and The Bank of Industry under patronage of the African Development Bank (AfDB). AfDB will also hold its annual general meeting during the event at the Gaviota by the Sofitel Sipopo.

Ecobank, Equity Group and TDK together with three other banks will fight out for the African Bank of the Year with Ecobank and KCB Group joining three other banks to scramble for the Best Retail Bank in Africa award.

The award for Financial Inclusion category has attracted Kenya's 4G Capital together with four other banks while Family Bank and KCB Group are competing with three others for the Innovation in Banking award.
https://www.nation.co.ke/business/Equity--KCB-fight-for-continental-honours/996-5122246-vt02yvz/index.html

## 3. CEO Interviews

Forbes AFRICA

FORBES AFRICA
PERSONAL FINANCE

ME & MY MONEY

# 'PUTTING MONEY TO GOOD WORK'

Formerly with the British Army, Kenya-based 4G Capital CEO Wayne Hennessy-Barrett speaks about investing in artificial intelligence and fintech in Africa.

**A MILITARY MAN AND NOW THE CEO OF A FINANCIAL TECHNOLOGY CREDIT PROVIDER. HOW DID THAT HAPPEN?**

I moved into tech and financial inclusion after a career in the military, followed by a period of consulting. As an Infantry Officer in the British Army, I saw extreme suffering and poverty in Bosnia, Macedonia, Kosovo, Iraq, Afghanistan and elsewhere.

In all these places, there were highly capable people who had lost their businesses, homes and, often, entire societies.

They didn't need more war. What they needed was investment and the opportunity to grow their communities in peace.

This affected me deeply and was, ultimately, the reason I left a military career to try to create positive value.

I wanted to directly address the problems that caused these conflicts: exclusion, injustice, ignorance, fear and a lack of opportunity.

**WHAT MAKES YOUR CREDIT PRODUCTS UNIQUE FOR AFRICA'S INFORMAL MARKET SECTOR?**

We design, execute and iterate around our clients' needs. Credit alone can be highly risky for all parties; we work hard to right-size our loans, and optimize the term and price-point to really boost our customers' business.

If we can't provide the right solution, then it's important to be honest and wait until there is a fit, rather than just lend and risk that business getting into trouble.

**WHAT IS THE INVESTMENT CLIMATE IN AFRICA AND HOW ARE YOU INVESTED IN THE CONTINENT?**

There are great returns to be had if businesses solve customers' problems on terms that work for them. I am 100% invested in our operations in Africa. But the African investment climate has its own particular characteristics: business models and execution teams have to be resilient, innovative and robust, and deals will often be smaller than in other markets. Investors need to be as savvy and adaptive to opportunities as entrepreneurs.

**YOUR MOST REGRETTABLE FINANCIAL DECISION AND LESSONS LEARNED?**

I've been extremely fortunate up until now. I took a position on gold in late 2012, believing that quantitative easing in the west would lead to strong prices in physical assets. This wasn't the case, and 2013 began with some huge exits on the gold market which crashed prices for some time. The lesson is that markets run on sentiment as well as logic, and you have to respect this.

**WHAT DO YOU SPEND YOUR MONEY ON MOSTLY?**

I believe in investing in quality, whether in a business capacity, or in great life experiences. I love travelling with my family to amazing places and having really special times together.

I'm afraid I'm also a total geek – I love tech and gadgets, but as long as they're useful and don't gather dust, I can justify it!

**HOW DO YOU STAY FINANCIALLY DISCIPLINED?**

I didn't have a lot of money growing up. I was raised by a single mum who worked incredibly hard to try to give her kids the best chance in life. It's a very common experience echoed by about 80% of our customers. I reflect daily on how lucky I am. I believe in making money, putting it to good work, and enjoying the journey. Living within your means is pretty important to achieving this.

**WHAT IS THE MOST YOU WOULD INVEST IN ARTIFICIAL INTELLIGENCE (AI) AND WHY?**

AI is both fascinating and immeasurably important. We all need to be active investors here to make sure it goes in the right direction. We have it in our power to design and utilize AI for the betterment of humanity, but these must be designed responsibly from the outset. 4G Capital is continuously evolving its AI to protect the individual and the values that build healthy societies. Our 6% NPL (non-performing loan) rate is under half the continental average in Africa, and a strong indicator of the overall financial health of our client base.

**THEY DIDN'T NEED MORE WAR. WHAT THEY NEEDED WAS INVESTMENT.**

**WHAT ARE YOUR INVESTMENT DECISIONS FOR THE FUTURE?**

Any investment is based on a better return for the future. We, therefore, cannot and must not invest in anything which threatens that future. I am very keen on the greentech/cleantech sectors as well as financial inclusion. Keeping a balanced portfolio between hard assets, longer term plays and cash is always wise.

*– Interviewed by Gypseenia Lion*

Photo supplied

BUSINESS INSIDER

# 4G Capital CEO Wayne Hennessy-Barrett, whose company is recognised as one of Africa's most inspiring in 2019, shares 5 ways to get it right while doing business in Africa

GEORGE TUBEI
05/22/2019

- On Tuesday, London Stock Exchange Group (LSEG) unveiled its much-awaited Companies to Inspire Africa 2019 report in a colourful ceremony held at PwC tower in Nairobi.
- In the African financial sector, 4G Capital, a capacity building microcredit company, was nominated and listed as one of the companies to inspire Africa in 2019.
- Business insider Sub-Saharan Africa had a chat with Wayne Hennessy-Barrett to know what's the secret behind 4G Capital impressive run in Sub-Saharan Africa.


On Tuesday, London Stock Exchange Group (LSEG) unveiled its much-awaited Companies to Inspire Africa 2019 report in a colourful ceremony held at PwC tower in Nairobi.

Collated companies were nominated by LSEG partners, development finance institutions, venture capitalists, private equity firms, impact investors and Asoko Insight.

To make the cut, companies must have demonstrated growth over the past three years with growth being evaluated in terms of revenues, number of employees, operational output or geographic expansion.

Companies too must be active and privately held, with headquarters or their primary operations in Africa.

Independent company or consolidated group annual revenue must not exceed $1 billion for the years 2015-2017 and companies were also required to provide details on the auditors for their financial accounts against which checks were carried out.

In the African financial sector, which currently has the second fastest growing banking market in the world (taking retail and wholesale banking together), 4G Capital, a capacity building microcredit company, was nominated and listed as one of the companies to inspire Africa in 2019.

*"We were very lucky to be nominated as one of the companies to inspire Africa by the London Stock Exchange, 2019 as a fintech credit company. This is very exciting for us because we are still in a new space and we are doing things in an innovative way. We blend working capital loans with enterprise training to help micro and small businesses in Sub-Saharan Africa to*

*grow and succeed,"* 4G Capital Founder and CEO, Wayne Hennessy-Barrett tells Business insider Sub-Saharan Africa.

*"We use Artificial Intelligence, smart data and proprietorial machine learning technology to get the right blend and balance to deliver that customer success so for us this morning was a wonderful honour."*

Since 2013, the company has supported micro-enterprises in Africa by providing enterprise training with working capital loans to improve financial literacy and help small businesses grow sustainably.

During that period, 4G Capital has enjoyed a 94% collection rate without refinancing clients and has a Net Promoter Score of 72.

The company currently has more than 70 locations in Kenya, Uganda and beyond and has disbursed $40 million worth of loans to date.

Competition in Africa's challenging and competitive financial services landscape is increasingly fierce and London Stock Exchange Group reckon Africa's tomorrow's leaders need to be able to demonstrate innovation and technological know-how going forward.

So, what's the secret behind 4G Capital impressive run in Sub-Saharan Africa? How about you hear it directly from the horse's mouth.

## 1. Look after your customer

The customer is always the king but sadly whenever western multinational companies open shop in Africa, for some strange reason some think that the African customer deserves less and that is their greatest undoing.


Wayne says at the core of every business should be value for both parties.

*"Businesses should be about creating value for everyone and if you come here to solve a problem in a way that benefits the customer, they will come to trust you and come back for more. They will thank you by becoming your best asset, our customers are our best asset."*

4G Capital knows this and their clients receive a bespoke programme of business training to help them use micro-loans to achieve much higher take-home earnings. 4G Capital's proprietorial machine learning technology, which designs scalable credit products and services optimised for clients' business risks, timescales, and affordability, delivers high fidelity insights from traditionally thin-file customers.

And to show their appreciation, 4G Capital has enjoyed a massive 82% repeat customers.

## 2. Execute with the customer in mind

Africa boasts the world's youngest population with about 77% of Africans younger than 35. Businesses, therefore, need to find a way of not only selling products and services to the African population but also empower them to ensure market sustainability.

4G Capital draws its wisdom from the age-old saying 'a fool and his money are soon parted' and prides itself with its enterprise training combined with working capital loans to improve financial literacy and help small businesses grow sustainably.

This ensures that their clients grow with them by becoming financially prudent and therefore safeguarding the company's future.

Since the company rolled out its 'blended programme' there has seen a 94% increased financial literacy in their clients.

82% of 4G Capital customers are female business owners, with the majority residing in rural areas, and about 40% of their customers are in the youth demographic.

*"Africa is more diverse than anywhere else in the world. It's constantly changing and evolving. There is no single solution and business models must be resilient and must be able to weather multiple factors and variables,"* says Wayne.

4G Capital is on target to positively impact over 1 million people by 2020.

## 3. Operate with integrity and excellence

It is easy to dump all your corporate ethics and moral code while doing business in Africa. After all, you may convince yourself that so many others are also doing it so why don't you just jump in the mud and have a go.

While you may enjoy small winning in the short run, in the long run, you will be a loser.

*"First and foremost plan and execute with integrity whether in the standards and the results that you leave with your clients, levels of the corporate governance that you exercise upon yourselves, the way that you respond to problems and indeed the mindset at which you approach enterprise in the first place,"* cautions Wayne.

Wayne also adds that it is lalso helpful to preach what you drink and be ready to make Africa a better place than you found it by creating synergies with the government of the day.

*"Help governments in their fight against poverty, help them in the fight against corruption don't be part of the problem. It takes two to tango."*

## 4. Don't take shortcuts

Wayne cautions against being too greedy while doing business in Africa. Having a firm foundation first is the way to go.

*"Understand and solve the problem and make money doing this, then scale. If you scale first and then try to make money then you are in a lot more risk. I am afraid that is a very fashionable Silicon Valley approach which may well work in another environment but not here in Africa. Start with the customer, end with the customer because if you screw up, they are going to suffer,"* warns Wayne.

## 5. Don't take second best

You don't need to be a rocket scientist to hack it in Africa, just have the right mindset.

*"This is an amazing environment but you cannot see Africa as one country. It's hugely diverse and so you have to focus on execution fundamentals and delivering value. If you come with that mindset, you will do great things. But if you want to come in and be a seven-year tourist, make some money and clear off, well good luck to you,"* says Wayne.

https://www.pulselive.co.ke/bi/strategy/4g-capital-ceo-shares-5-hacks-of-profitably-doing-business-in-africa/n1dy0vy

BUSINESS INSIDER

# We had a chat with 4G Capital Founder and CEO, Wayne Hennessy-Barrett and he revealed how they are revolutionizing the African SME scene by teaching small traders 'how to fish'

05/30/2019

- 4G Capital, a capacity building microcredit company, was nominated and listed as one of the companies to inspire Africa in 2019 by London Stock Exchange Group (LSEG).
- Since 2013, the company has supported micro-enterprises in Africa by providing enterprise training with working capital loans to improve financial literacy and help small businesses grow sustainably.
- Business Insider Sub-Saharan Africa (BISSA) sat down for a chat with its Founder and CEO, Wayne Hennessy-Barrett to try and get a picture of the fintech company that is revolutionizing the African SME scene.

On Tuesday, London Stock Exchange Group (LSEG) unveiled its much-awaited Companies to Inspire Africa 2019 report in a colourful ceremony held at PwC tower in Nairobi.

In the African financial sector category, which currently has the second fastest growing banking market in the world (taking retail and wholesale banking together), 4G Capital, a capacity building microcredit company, was nominated and listed as one of the companies to inspire Africa in 2019.

Business Insider Sub-Saharan Africa (BISSA) sat down for a chat with its Founder and CEO, Wayne Hennessy-Barrett to try and get a picture of the fintech company that is revolutionizing the African SME scene.

Here is an excerpt of our conversation.

BISSA: In as fewer words as possible tell us who 4G Capital are?
Wayne: Fintech lender providing working capital and enterprise training to the informal market in SSA

BISSA: Since 2013 when 4G capital was established, how has the journey been like and what are some of the biggest milestones' you guys are proud of today?
Wayne: Every day has been unique, and an adventure. Biggest milestones centre around our clients' success; an independent survey by Technoserve (one of our amazing partners) reported our clients grow their revenue by an average of 82% over 12 months. Successfully launching and expanding into Uganda has been a big achievement. I personally love seeing many of our original team now in senior management positions, and growing as individuals as the company matures and develops.

**BISSA: What are some of the trends that you continue to notice in micro and small businesses in Sub-Saharan Africa and how has it informed your overall business strategy?**
**Wayne**: Business fundamentals in SSA are incredibly resilient. There are always challenges, whether from drought or volatile commodity prices, but people weather each setback with incredible spirit. We try to emulate our clients in this regard, and by remaining focused on their needs, we remain highly flexible and adaptive.

**BISSA: How is 4G Capital exploiting Data and Analytics, and Artificial Intelligence to grow micro and small businesses in Sub-Saharan Africa and what are you doing to ensure sensitive information don't land in the wrong hands?**
**Wayne**: Data security and personal data sovereignty is the new human rights priority for the 21st century. We have an incredible machine learning algorithm which relates historic transactional and repayments behaviour into predictive assessments. This helps us only lend what a clients' business can afford to repay, and keep our targets aligned with their trajectory .
This in turn translates into very high repayment rates (about 94% at due date, and we never refinance loans), and very high repeat business rates of around 82% month on month. We don't on-sell or export client data, we don't scrape or extract telephonic or social media records, and we don't permit third party use. Our clients are often quite vulnerable, and part off our role to help them transition to digitization, so data awareness is critical.

**BISSA: The World Economic Forum forecasts a net loss of over 5 million jobs in 15 major developed and emerging economies to Artificial Intelligence worldwide by 2020, in your opinion what can African countries do to tackle this looming crisis?**
**Wayne**: I was honoured to be at Davos this year as a guest of Paypal, and was part of this debate. I disagree with the premise. We have it in our power to create a nightmare of redundancy and mass unemployment, or to create supercharged economies where AI augments people to make them exponentially more productive, working in safer and more rewarding environments, and in fairer societies. But none of this will happen on its own. We need to decide today the kind of world we want to live in, and design our technology and AI to help deliver it.

By way of example, we're looking to use AI to help optimise and automate the repetitive and procedural elements of our loan officers' work. But a machine will never be able to win the trust of a client, understand their business or family context, or make a value judgement of when not to lend because that loan will be misused. We tackle this crisis by articulating how we want to live and creating the policies and frameworks to get the best out of technology without destroying our societies.

**BISSA: As a player in this fintech space, what are some of the sectors of the economy in Sub-Saharan Africa which are currently underutilized but have huge potential for growth?**

**Wayne**: We see simultaneously an explosion in the youth population, together with a rise in the number of aged people as life expectancies improve. There is a huge opportunity here in the care economy, to ensure those who have given us this world are looked after with dignity and respect. There is an even more exciting opportunity for older members of society to act as mentors to the new generation in a relevant and responsive way using technologies like mobile social media. There is clearly a huge responsibility to protect our amazing wildlife and natural heritage.

The best ways to protect endangered species is to celebrate them through sustainable eco-tourism, and investing in the communities where our great beasts live so they are incentivised to be their protectors. And clearly education, the gateway to the future around the world, is a huge investment opportunity here as everywhere else in the world, so we can unlock the magic of African human capital to be a force for creation, not consumption.

**BISSA: What are some of the biggest threats and opportunities of doing business in Sub-Saharan Africa and do you think Africa is the future?**
**Wayne**: There have always been systemic risks around foreign exchange funding and the potential for global market confidence to lose sight of the long-term upward trajectory of Africa's rise. Markets can be fickle. We've also seen some countries give in to the temptation to adopt short term populist measure which erode investor confidence, or indeed the viability of running a business at all.

The opportunities often arise from managing these risks. In whatever sector you're in, a laser focus on solving a real customer problem, getting the individual unit economics right before then scaling will reap dividends. And execute with integrity. Support governments in their fight against corruption; don't be part of the problem.

**BISSA: In Sub-Saharan Africa what are some of the promising markets that you wish to enter say in the next 5 years?**
**Wayne**: We're really excited about the big and tech-oriented markets in the cardinal points of the continent. We're incredibly proud to continue to play our part in Kenya's story. We are interested in anywhere with a pro-business environment, an entrepreneurial culture and a pressing need for access to working capital.

https://www.pulse.ng/bi/strategy/one-on-one-with-4g-capital-founder-and-ceo-wayne-hennessy-barrett/64fecxf

BUSINESS INSIDER

# Wayne Hennessy-Barrett, founder and CEO of 4G Capital gets candid and reveals 3 global icons he would love to meet and whose his favorite character in Game of Thrones

06/04/2019

- His career reads like a script of a blockbuster Hollywood movie superhero.
- Before he founded 4G Capital, which is currently the fastest growing fintech in Africa, he was leading a very different lifestyle.
- Business Insider Sub-Saharan Africa (BISSA) recently had a chat with Wayne to try and get a picture of his life after work.

Wayne Hennessy-Barrett, the founder and CEO of 4G Capital, a capacity building microcredit company headquartered in Mauritius is an interesting man for sure.

His career reads like a script of a blockbuster Hollywood movie superhero. Before he founded 4G Capital, which is currently the fastest growing fintech in Africa and was recently nominated and listed as one of the companies to inspire Africa in 2019 by London Stock Exchange Group (LSEG), he was leading a very different lifestyle.

Wayne served in the British Army for 16 years as an infantry officer where at one point he even conducted operations in Afghanistan. After he left the army he decided that the best way to serve humanity was to help empower vulnerable populations economically and he joined a finance company focused on microlending in Kenya. This was his first time in Africa and immediately he felt he had found his true calling.

It was at this time that he also became involved in Cryptocurrency as an an advisory member of Ethereum Foundation. He then bought the microlending company in Kenya and formed the company we now see today, one that is striving to do the right thing by the small businesses it serves and spread it's influence across the African continent.

One of Wayne strongest believes is that the world needs less war and more peace. One sure way of achieving that is by breaking the vicious cycle of poverty by economically empowering vulnerable populations by teaching them 'how to fish rather than giving them fish' just like the good book says. Through this, in his own small way he ensures that these communities by the end of the day have enough to fend for themselves and don't need to resort to fighting for scarce resources

Business Insider Sub-Saharan Africa (BISSA) sat down for a chat with Wayne to try and get a picture of his life when he is not busy working.

BISSA: What are three words which summarizes who you are?

**Wayne:** In a hurry. On a mission

**BISSA: Do you have a morning ritual?**
**Wayne:** Rise early. Pray, meditate, exercise. Time with the family before prioritizing how useful I can be to the team and the mission.

**BISSA: I know you are a huge fan of Game of Thrones so who is your favourite character whom you identify with the most in GOT?**
**Wayne:** Argh! No right answer to this! I guess it's Jon Snow….I'd rather do the right thing than the easy thing. I'm trying to learn not to upset people in the process.

**BISSA: Given a chance to meet three people of your choice across the globe who would you pick and why?**
**Wayne:** Keith Richards – to discover the secret of eternal life, Barack Obama – to shake him by the hand and Elon Musk – to gain more futurist inspiration.

**BISSA: If you had a superpower to solve one global problem in the world today, what power would you love to own and to what end would you use it?**
**Wayne:** As stand-in president of the US, I'd love to incentivise all energy companies to transition from hydro-carbons to renewable energy within 3 years. Let's get the world off oil and gas and save the planet. Unless I've misunderstood the word 'superpower'…as a superhero I'd use hyper-intelligence to create cold-fusion and limitless clean power for all, to the same end.

**BISSA: In Africa, what is your dream destination, favorite African food and music that you can't get enough of?**
**Wayne:** Too tough to call! Torn between my HQ base in Mauritius, with the amazing fusion of food, culture and music, together with scuba-diving, kite surfing etc, and the Masaai Mara in Kenya. I love the freedom and wildness of the bush.

https://www.pulse.ng/bi/lifestyle/4g-capital-ceo-and-founder-gets-candid-on-his-life-after-work/yyxz7d8

The Kenyan Wall Street
THE THINKING BEHIND THE INVESTOR

# Fintech Startup Headed by Ex-British army seeks to unlock Kenya's informal sector

Kenyan WallStreet May 30, 2019in Editorial

It can be difficult for a veteran to find the resources to launch a business, and even more complicated for a veteran to break into the niche domain of technology entrepreneurship, particularly in Africa. In a practical sense, many transitioning veterans simply do not have the experience or even capital to effectively compete with "Silicon Valley" type of technology startups.

According to Mr Wayne Hennessy-Barrett, his fintech firm 4G Capital has been able to provide innovative financing solution using technology lift a number of people out of poverty.

Mr Wayne, who spent years working in the British military says he saw first hand the challenges that many people faced in accessing credit in order to uplift their communities and enable them to thrive. Despite the challenges, he saw an opportunity to leverage technology to provide African micro enterprises with high-quality financial services in the form of capacity building as well as financing.


*Wayne Hennessy-Barrett, ex-British army and founder and CEO of 4G Capital, a fintech business capital firm focused on MSMEs.*

The firm has also been recognized as one of the fastest growing and most innovative companies in the '*Companies to Inspire Africa*' report by "*London Stock Exchange* Group.

We met Mr Wayne at his Nairobi office to chat about his journey and a number of emerging issues in the financial services space from a local standpoint.

Here's the video; https://youtu.be/4X0-O1E0Ybc

The Telegraph

# Could British army counterinsurgency techniques help reduce poverty in Africa?

By Adrian Blomfield, IN WANGIGE

24 JUNE 2019 • 2:15PM

If the traders in Wangige, a grimy market town on the outskirts of Nairobi, were ever surprised to see a pipe-smoking former guards officer striding through their midst, they were too polite to show it.

Ramshackle, overcrowded and mostly poor, Wangige is not the sort of place that usually attracts white expatriates, who rarely stray far from the Kenyan capital's greener suburbs.

Yet Wayne Hennessy-Barrett has become an accepted fixture in Wangige over the years after seeing it as an opportunity to develop an unusual approach to tackling poverty.

A major who served in Afghanistan with the Coldstream Guards, Mr Hennessy-Barrett wondered if the counterinsurgency techniques adopted by the British army in Taliban strongholds could somehow be repurposed to make the poor richer.

The idea may seem whimsical, even gimmicky. Wangige is hardly Helmand, nor, by his own admission, did counterinsurgency work particularly well in either Afghanistan or Iraq.

Yet the traditional "microfinance" model of lending to the poor was not working either, Mr Hennessy-Barrett reckoned.

Once a buzzword in development circles, microfinance has been hailed by its proponents as a powerful tool in fighting poverty. Tony Blair and Bill Clinton were both fans.

The idea was simple enough. Many poor people in the developing world eke out a living as petty traders, but rarely have access to the credit needed to grow their businesses.

Microfinance was meant to give them that access through small loans and low-cost banking services, setting them on the path to self-sufficiency. The model has gone global in recent decades: more than 200m people round the world have been the recipients of “microcredit”.

The miracle has largely failed to happen, however. While disagreements about the impact of microfinance abound, studies have suggested that the model has largely failed to lift the poor out of poverty. Many, indeed, have been left worse off because they have been plunged into debt.

Mr Hennessy-Barrett reckons the problem largely lies with the model used by most microfinanciers. To keep overheads down, many companies lend through mobile phone apps and have little interaction with their clients or knowledge of what the money is going to be spent on.

Ex-major Wayne Hennessy-Barrett, 46, served in Afghanistan, Bosnia, Kosovo and Iraq before founding 4G in 2013 in Kenya CREDIT: KATIE G. NELSON /THE TELEGRAPH


Wayne Hennessy-Barrett at a market in Wangige CREDIT: KATIE G. NELSON /THE TELEGRAPH

Often cash is borrowed to cover unexpected crises, such as funerals and medical operations. Reflecting a growing problem in Kenya, loans to cover online gambling are also increasing, according to government officials.

Lacking a sufficient or regular enough income to pay back the loans, many default. More than one million people have been blacklisted by the country's two main credit ratings, sometimes over loans of less than £5.

Credit alone, Mr Hennessy-Barrett realised, was likely to do more harm than good. Only if people borrowed sensibly, and understood how to turn loans into larger incomes, would they have a chance of escaping poverty rather than being sucked deeper into it.

"Just shoving money at people is not enough," he said. "Having a loan to solve a problem is not enough. What you need is a livelihood where you can use credit for leverage. When it it just to live it is a recipe for poverty.

"Cheap debt pushed carelessly at poor people keeps poor people poor."

Valentine Nasila, Operations Manager at 4G Capital's head office, speaks with a client CREDIT: KATIE G. NELSON /THE TELEGRAPH

There was no question in his mind that microcredit was still the key to fighting poverty. In a country where formal jobs are few and far between, three in four working Kenyans are self-employed, scratching a living by selling goods to other poor people.

Yet if poor borrowers were to have a chance of success, he concluded, they would need much more face-to-face support from trained professionals who understood the needs and challenges of their clients.

It was in attempting to meet this need that Mr Hennessy-Barrett drew on his army experience.

In Afghanistan, the British army's counterinsurgency operations were designed to deny insurgents ground by protecting communities, creating the conditions to let them live normal lives and speaking to people to understand their needs and reassure them.

Such skills could also be deployed in peacetime environments, he felt. From the time of its foundation in a small office in Wangige in 2013, his company, 4G Capital, would run along army lines.

Wayne Hennessy-Barrett's business is one of Africa's fastest growing financial technology companies
CREDIT: KATIE G. NELSON /THE TELEGRAPH

"In Afghanistan we had several teams of elite soldiers operating in multiple places, communing with the population, trying to understand their needs," he said.

"That led to a methodology of having small teams of well-trained, dedicated professionals."

From the outset, Mr Hennessy-Barrett deployed his staff in teams of four and sent them to trawl through the markets using his own interpretation of the army's "patrol trinity".

In counterinsurgency terms, this meant "intelligence gathering", "framework protection" and "local assurance".

For 4G, this was reinterpreted as "marketing", "lending" and "growth and repayment". Teams would seek to understand the environment they were operating in, lend to individuals after learning what their needs were and finally helping them to grow their businesses so they could repay their loans.

The loans on offer were small, between £40 and £400, and had to be repaid within a month, the intention being to enforce discipline and focus money where it was needed: replenishing inventory, adding stock and growing businesses.

Crucially, it also came with basic training, teaching clients how to maximise growth potential, keep books and improve customer care. The mixture of personal attention and computer algorithms to assess the viability of clients' growth potential means that 92 percent of loans are paid on time, meaning the company has more money to lend.

The model appears to have been phenomenally successful. From its original outlet in Wangige, 4G Capital now has 70 more, with more than 300 employees. Expanding into Rwanda and Uganda, it is one of Africa's fastest growing financial technology companies. It expects to lend £47 million over the next 12 months.

Optometrist Tabitha Njeri, 26, borrowed £80 from 4G Capital to start her own optician's store CREDIT: KATIE G. NELSON /THE TELEGRAPH

The success, Mr Hennessy-Barrett says, has come from "slaving" the company's fortunes to the fortunes of its clients. It is doing well because its clients have seen their businesses grow on average by 82 per cent since taking their first loan from 4G.

Tabitha Njeri, who runs a small optician's shop in Wangige, is one such beneficiary.

4G lent her £80 towards her startup costs early last year, gave her training in accountancy and business growth skills and rolled over loans to allow her to increase stock from 50 to 150 glasses. She now plans to expand by opening a diagnosis lab.

"I used to find it very difficult to raise enough to support my family," she said. "Now I can. I have financial stability."

Down the road, Patrick Ngore, who runs a chemist's, says he has been able to increase stock sevenfold with loans from the company. He also credits training in stock management and minimising expenditure in growing his profit margins from 20 to 40 per cent.

Others in Wangige tell similar stories.

In many ways, the 4G model, although partially reliant on technology, is a return to the basics of microfinance.

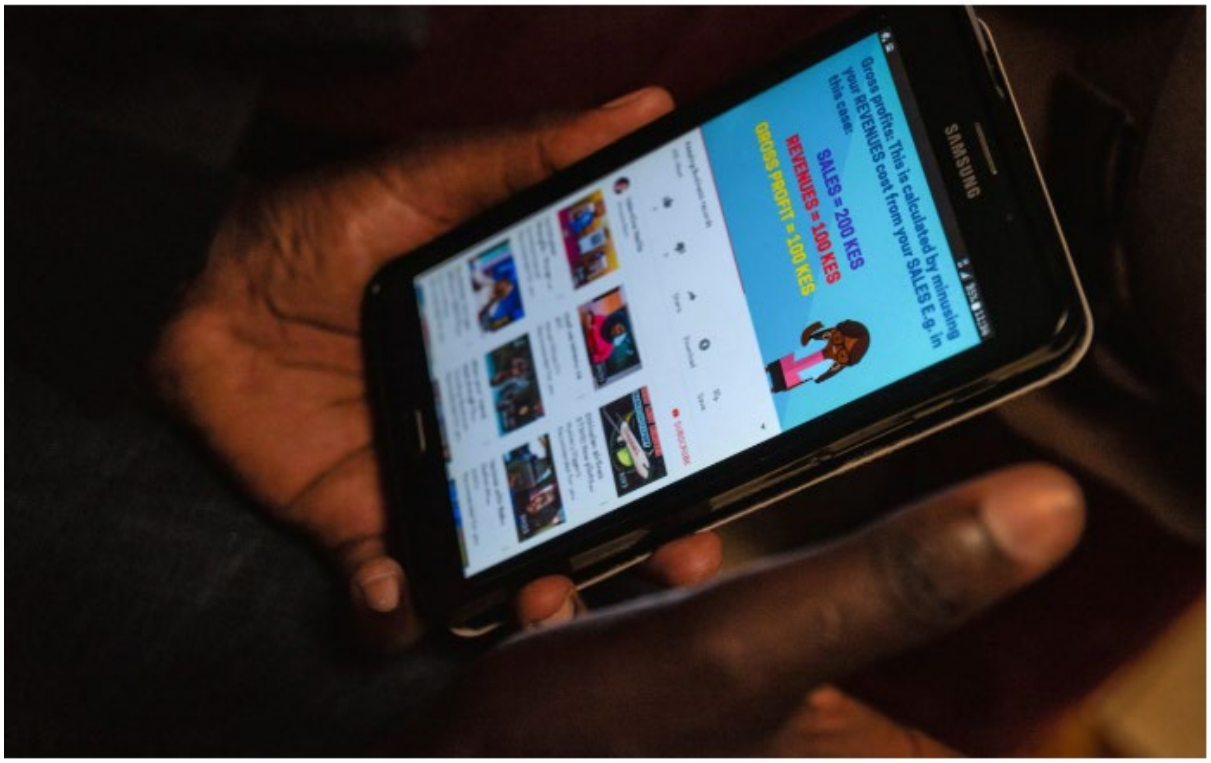
Loans have allowed Patrick Ngore, owner of a chemists,to increase his stock sevenfold and boost his profit margin from 20 per cent to 40 per cent CREDIT: KATIE G. NELSON /THE TELEGRAPH

The founder of modern microfinance is generally held to be Mohammed Yunus, who started making small loans to the very poor in Bangladesh in 1976. Lending mostly to women, who formed small groups that were collectively responsible for each other's debts, he found that astonishingly few defaulted.

His Grameen Bank has now made more than £7 billion pounds in small loans to the poor, an achievement that secured him the Nobel Peace Prize in 2006.

Yet the microfinance model he pioneered would grow increasingly troubled. Irresponsible and often predatory lending to the poor led to debt crises in Bosnia, Morocco and parts of Pakistan.

It also contributed to a debtors' revolt in Nicaragua in 2008 when farmers, backed by President Daniel Ortega, refused en masse to pay back microcredit loans.
A microfinance default crisis in the Indian state of Andhra Pradesh two years later was blamed for a surge in suicide by farmers.




Geoffrey Kamanu runs through a finance training programme with staff from 4G Capital CREDIT: KATIE G. NELSON /THE TELEGRAPH

The longstanding problem with microfinance, which is largely driven by private companies like 4G, is that business logic often leads to aggressive tactics in collecting debts, says David Roodman, author of the book Due Diligence: An Impertinent Inquiry into Microfinance.

In countries like Kenya many microfinance outfits lend at interest rates as high as 30 per cent because they are forced to raise capital from commercial banks, often placing an intolerable burden on poor borrowers.

Mr Hennessy-Barrett says his model is addressing those concerns: interest rates are capped at 13.5 per cent and allowances are made for "bad-luck customers" who encounter unexpected setbacks like illness or a death in the family.

Experts in Kenya generally applaud 4G Capital's model, which has been mimicked by one or two other outfits. But they also raise questions about what impact it can really have.

Despite its growth, 4G and its 120,000 customers are still pretty small fry, says Paul Musoke, director of financial institutions at FSD Africa, a UK-funded organisation that looks at ways to financially empower the poor.

By contrast, M-Shwari and Tala, two providers of small loans through mobile phone apps, have 11 million between them in Kenya alone.

Such "light-touch" models, which use technology rather than people to engage with borrowers are always likely to do better than "heavy-touch" approaches like Mr Hennessy-Barrett's — except in densely populated countries like Bangladesh.

"It makes sense what he is trying to do," says Mr Musoke. "The question is whether it can be scaled up significantly to make an impact."

The other danger in Kenya is that a microfinance "debt bubble" risks being created because, in a poorly regulated market, there is little to stop poor borrowers from taking loans from 4G and other companies offering unsecured credit at the same time.

"The greatest potential for harm has come when you have multiple lenders all growing at once because then almost certainly people are borrowing from one to pay the other," says Mr Roodman.

Mr Hennessy-Barrett's model seems enlightened, yet it is too soon to tell how effective it will be.

History suggests that microcredit often stimulates start-up businesses, but ultimately fails to enrich its owners, becoming more a tool helping to manage poverty than to reduce it. Mr Roodman likens it to a prescription drug "useful in moderation but dangerous in large doses".

While it may not be a panacea, microfinance has given people more choice, whatever the overall risks. If Mr Hennessy-Barrett can tweak a flawed model and encourage others to follow suit, he could yet prove as successful pioneer as Mohammed Yunus.

https://www.telegraph.co.uk/global-health/climate-and-people/could-british-army-counterinsurgency-techniques-help-reduce/

4G CAPITAL

LYDIA CLAIRE HALLIDAY
CONSULTANCY

# International Media Report
# August - November 2019

## Upcoming Media Opportunities

1. [FDi Magazine] *Adrian Holiday* – Corporate Growth story – in development
2. Behind the Scenes with Laurence Fishburne
3. Cape Town Office opening
4. NBC News – in talks with producer regarding participation in series of social impact stories – specifically Refushe
5. BBC – nurturing, Peter Wakaba is interested, need to solidify

## 4G Capital Media Coverage

1. Business Daily, Kenya, Interview
2. Daily Monitor, Uganda, Interview
3. 4G Capital recognised by IFC, receives SME Finance Forum Award
4. Technoserve event
5. African Business Magazine interview
6. Q319 KPIs
7. B Corp Certification

## 1. Business Daily, Kenya, Interview

BUSINESS DAILY

Monday 14th October

Page 8

executive Dara Khosrowshahi.
"We're excited to partner -AFP

and PIEA directors Martin Kimani (left), Sanjay Gandhi (partly hidden) and Jean Christian during a networking drinks event at the Laico Regency Hotel, Nairobi. -CORRESPONDENT

# Microfinance lender disburses Sh4 billion to SMEs

**Brian Ngugi**
bnjoroge@ke.nationmedia.com

Kenya-based microfinance venture 4G Capital has lent Sh4.3 billion ($41.69 million) to small and medium enterprises over the past year, co-founder and CEO Wayne Hennessy-Barrett, says.

The firm has more than 89 branches across Kenya with more than 80,000 customers, 75 percent of whom are women, and 77 percent from rural areas.

"This last year has been remarkable, high demand for our services saw a 111 percent year on year (Quarter three 2018 to Quarter three 2019) increase in the total capital deployed through our loans, that's double what we've lent since we started," Mr Hennessy-Barrett told the *Business Daily* in an interview.

**455M**
SHILLINGS
How much the firm had lent out by the end of its first full year


The lender says it issued the loan in the past year.

"Eighty percent of our customers take out repeat loans. We believe this is due to our ability to focus on their unique needs and provide the right solution," he said.

The micro credit financier founded by Mr Hennessy-Barrett, a former British infantry officer who is now based in Kenya, says it mixes customer oversight and training with unsecured SME loans to achieve a 94 percent average repayment rate.

**4G Capital says focusing on clients' unique cases has led to 80pc repeat customers**

By end of its first full year - 2014 - 4G Capital says it had lent about Sh455.8 million ($4.3 million). It lent Sh4.3 billion between the third quarter of this year and the third quarter of last year.

"By year end we expect to lend over $46 million (about Sh4.7 billion) to our Kenyan customers," Mr Hennessy-Barrett said. "The average size of loan is $115 (about Sh11,935).

4G Capital recently closed a deal with an unnamed local lender and is eyeing more capital for onward lending. It is eyeing to lend Sh4.7 billion more by end of 2019.

"We are ensuring our financing strategy maps the right balance of equity for strategic investment and local currency debt lines for onward lending," he said.

Customers without access to credit from banks are turning to firms like 4G Capital due to the credit crunch.

Bankers say the cap limiting commercial lending rates to four percentage points above the benchmark has forced them to cut back on loans to high-risk groups. Normal bank lending is now capped at 13 percent.

## 2. Daily Monitor, Uganda, Interview

Daily Monitor

# How fintech firm achieves 95% average loan repayment rate

**TUESDAY OCTOBER 29 2019**
By Dorothy Nakaweesi

In Summary
Last month, 4G Capital, a fintech, received an international award for Responsible Digitial Innovator from the International Finance Corporation's SME Finance Forum in recognition for their responsible lending protocols and successes in East Africa. In an interview with Prosper Magazine's Dorothy Nakaweesi, the company's chief operations officer Mr Lorcan O'cathain who also takes personal responsibility of Uganda explains how they've revolutionalised Micro-Small and Medium Enterprises in the region.

Give us a brief about 4G Capital.
We have spent much of that time working closely with our customers to build products that work for them and their business cycles. Currently, they have two main routes to market.

Our product combines access to instant unsecured working capital with customer and business training for informal sector entrepreneurs.

Our Kuza product meanwhile, partners with large multinational FMCG (Fast moving consumer goods)/ NGOs to provide their customers with automated retail credit, helping distributors and their retail customers sell more by ensuring stock levels are maintained due to cash flow constraints (a problem we identified in over 30 per cent of businesses we surveyed in joint research conducted with Financial Sector Deepening (FSD) Uganda earlier this year) following our success in Kenya, where we have provided over $78m (Shs290.8b) in loans to 80,000 Micro-Small and Medium Enterprises (MSMEs).

Where are you operating currently? Any expansion plans?

We currently have 92 branches across Kenya and Uganda (86 in Kenya and six in Uganda). While focusing on expanding our operations in Uganda, we are also looking to launch in Ghana and South Africa within the next 12 months.

We officially launched in Uganda in April 2019 and now have six markets with 42 employees. We have supported more than 2,500 Ugandan MSMEs, lending over Shs3b to date.

These encouraging early results have given us confidence to continue expanding in Uganda. We are looking to open another 30 branches in 2020 to help close the $5b (Shs18.6 trillion) MSME finance gap in Uganda.

Who funds 4G Capital?
4G Capital is funded through a combination of debt (for on-lending) and equity (for expansion and technology enhancement). Our funding comes from a combination of local currency bank facilities, institutional funds and experienced early stage funds operating across the continent.

We only work with investors who believe in our mission and value proposition to address the MSME finance gap, formalise the informal sector and stimulate economies.

Mr Lorcan O'cathain is the chief operations

As we grow in Uganda in 2020, we look to hire an additional 180 employees to support over 30,000 MSME. We shall be looking to local banks to access Ugandan shilling debt facilities.

What would you say gives your company a competitive edge?
Our unique 'touch tech' approach allows us to combine instant credit scoring, directly at a person's business with close customer support and access to progressive business training modules. We also give these entrepreneurs both the ways and means to succeed.

Through this approach, we have developed an intimate understanding of the needs of the MSME sector in the markets we operate in, allowing us to deploy over 600,000 loans with collection rates of 95 per cent, far above the industry average.

We build our products specifically around our customer's needs ensuring they have the flexibility needed to match a dynamic range of fast-moving business cycles. Our first loan is disbursed within four hours and every other loan after that is given within five minutes. Importantly, we do not refinance our customers.

This unique touch-tech approach of combining technology with human relationship managers increases our customer's revenue by over 82 per cent within 12 months.

A core part of our value proposition is the close relationship with our customers and our ability to adapt our products around them at scale. We measure our success by whether our customers succeed!

What are the necessary criteria to qualify for the seed capital?
As mentioned, 4G Capital has two main channels through which a small business owner can become a customer of ours.

First, we embed small teams directly into high-density markets with many traders (Kalerwe, Nakawa, Mukono, Ggaba, Nateete, Gayaza). These teams spend most of their days talking to small businesses.

To become a customer, the small business must have been operating within that market for a minimum of six months, have a minimum stock value of Shs90,000, have a National ID card and a mobile money wallet registered in their name. It's that simple!

For our partnership product, the customer needs to have been a customer of the distributor for a minimum of three months. From their order history, we can pre-validate a credit limit so that if you ever want extra stock, we can pay for it directly on your behalf with only two SMSs to our system. We keep our onboarding processes as paperless and light as possible and conduct 90 per cent of the process directly at the clients business to avoid disruption to their trading.

How is Uganda's market responding to your services?
In Uganda, we took the time to run a very small pilot in two markets (Kalerwe and Nakawa) to ensure we had adapted the product offering to the needs of the market. We have also partnered with FSD Uganda to research the MSME sector to validate our findings, confirming our products are working for our customers. This research will be published early next year.

Our results in Uganda have been very encouraging. We have grown to six locations and over 40 staff, serving over 2,500 businesses with over Shs3b in loans. Based on this success, we expect to have 36 locations by end of next year with a target of over 30,000 business customers.

To do this, we will need to hire additional 180 staff members across Uganda. We have always been excited by the Ugandan opportunity due to the very strong fundamentals that support business growth. The combination of strong and forward-thinking regulation from the Ministry of Finance and the Uganda Microfinance Regulatory Authority (UMRA), combined with rapidly growing mobile money penetration and strong macroeconomic fundamentals made Uganda an attractive market for us.

How many people/SMEs have benefited from this facility?
To-date, over 80,000 MSMEs have benefited from our products across Kenya and Uganda with over 38,000 active businesses every month. We have deployed over $79m (Shs292b) in working

capital loans, reaching more customers in 2019 than in the previous five years combined. This is a testament to our focus on organic growth, customer service and building products that fit the market need.

Following the reassuring growth to-date in Uganda, we expect to grow our core branch product to 36 locations in 2020, reaching over 30,000 additional MSMEs.

We are also planning to launch our partnership product, Kuza, which several major distributors to reach an additional 10,000 businesses.

As an SME, what are your biggest threats?
Due to the informal nature of many of the businesses we operate with, our customers are inherently vulnerable to numerous threats and shocks. Over 26 per cent of our customers are in the agro-retail space and subject to seasonality issues and changing weather patterns.

Theft can also be an issue for many of the businesses we work with. This is why we have worked to develop a new micro insurance product, currently being piloted in Kenya, to increase the resilience of our customer base and ensure when shocks do occur, we partner with them to rehabilitate them as fast as possible.

The biggest issue facing MSMEs is accessing financial services that work for them. The small size of these businesses makes it difficult for traditional financial to underwrite or lend to. Over 30 per cent of the MSMEs we surveyed before entering Uganda experienced 'stock out' days where they couldn't operate due to cash flow issues.

Where do you see Uganda's start-up ecosystem in the next three years?
Finscope 2018 showed that only 3 per cent of Ugandan's gain their main income from the formal sector. This has led to an entrepreneurial spirit which the government is keen to foster and grow.

Already, we are seeing great examples of entrepreneurial spirit with the rise of regional players such as Safe Boda, Tugende and Fenix International, all of which have grown significant businesses inside Uganda and are expanding internationally.

Success starts and ends with people. We have been continuously impressed with the level of talent we have attracted in Uganda. We shall watch closely at how the ecosystem develops over the coming years as we look to further invest and expand our presence in Uganda.

Daily Monitor



TUESDAY, OCTOBER 29, 2019
Daily Monitor
www.rnonitor.co.ug

# How fintech firm achieves 95% average loan repayment rate

Last month, 4G Capital. a fintech. received an international award for Responsible Digitial Innovator from the International Finance Corporation's SME Finance Forum in recognition for their responsible lending protocols and successes in East Africa. In an interview with *Prosper Magazine's* **Dorothy Nakaweesi,** the company's chief operations officer Mr Lorean O'cathain who also takes personal responsibility of Uganda explains how they've revolutionalised Micro-Small and Medium Enterprises in the region.

**Vegetable vendors wait for customers at Nakasero Market in Kampala. Over 26 per cent of 4G customers are in the agro-retail space and subject to seasonality issues and changing weather patterns.** PHOTO BY EDGAR R BATTE

**Give us a brief about 4G Capital.**

We have spent much of that time working closely with our customers to build products that work for them and their business cycles. Currently, they have two main routes to market.

Our product combines access to instant unsecured working capital with customer and business training for informal sector entrepreneurs.

Our *Kuza* product meanwhile, partners with large multinational FMCG (Fast moving consumer goods)/ NGOs to provide their customers with automated retail credit, helping distributors and their retail customers sell more by ensuring stock levels are maintained due to cash flow constraints (a problem we identified in over 30 per cent of businesses we surveyed in joint research conducted with Financial Sector Deepening (FSD) Uganda earlier this year) following our success in Kenya, where we have provided over $78m (Shs290.8b) in loans to 80,000 Micro-Small and Medium Enterprises (MSMEs).

**Where are you operating currently? Any expansion plans?**

We currently have 92 branches across Kenya and Uganda (86 in Kenya and six in Uganda). While focusing on expanding our operations in Uganda, we are also looking to launch in Ghana and South Africa within the next 12 months.

We officially launched in Uganda in April 2019 and now have six markets with 42 employees. We have supported more than 2,500 Ugandan MSMEs, lending over Shs3b to date.

These encouraging early results have given us confidence to continue expanding in Uganda. We are looking to open another 30 branches in 2020 to help close the $5b (Shs18.6 trillion) MSME finance gap in Uganda.

**Who funds 4G Capital?**

4G Capital is funded through a combination of debt (for on-lending) and equity (for expansion and technology enhancement). Our funding comes from a combination of local currency bank facilities, institutional funds and experienced early stage funds operating across the continent.

We only work with investors who believe in our mission and value proposition to address the MSME finance gap, formalie the informal sector and stimulate economies.

As we grow in Uganda in 2020, we look to hire an additional 180 employees to support over 30,000 MSME. We shall be looking to local banks to access Ugandan shilling debt facilities.

**What would you say gives your company a competitive edge?**

Our unique 'touch tech' approach allows us to combine instant credit scoring, directly at a person's business with close customer support and access to progressive business training modules. We also give these entrepreneurs both the ways and means to succeed. Through this approach, we have developed an intimate understanding of the needs of the MSME sector in the markets we operate in, allowing us to deploy over 600,000 loans with collection rates of 95 per cent, far above the industry average.

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**LENDING METRICS**

**Who is he?** Mr Lorcan O'cathain is the chief operations officer of 4G Capital.

**What is it?** 4G Capital is a financial technology company with a specific focus on supporting Micro-Small and Medium Enterprises (MSME) growth by resolving the finance gap.

This unique touch-tech approach of combining technology with human relationship managers increases our customer's revenue by over 82 per cent within 12 months.

A core part of our value proposition is the close relationship with our customers and our ability to adapt our products around them at scale. We measure our success by whether our customers succeed!

**What are the necessary criteria to qualify for the seed capital?**

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**Where do you see Uganda's start-up ecosystem in the next three years?**

Finscope 2018 showed that only 3 per cent of Ugandan's gain their main income from the formal sector. This has led to an entrepreneurial spirit which the government is keen to foster and grow. Already, we are seeing great examples of entrepreneurial spirit with the rise of regional players such as *Safe Boda*, *Tugende* and Fenix International, all of which have grown significant businesses inside Uganda and are expanding internationally.

Success starts and ends with people. We have been continuously impressed with the level of talent we have attracted in Uganda. We shall watch closely at how the ecosystem develops over the coming years as we look to further invest and

## 3. 4G Capital recognised by IFC, receives SME Finance Forum Award

African BUSINESS

# 4G CAPITAL RECOGNISED BY THE INTERNATIONAL FINANCE CORPORATION (IFC) AND THE SME FINANCE FORUM FOR INNOVATIONS IN SMALL BUSINESS LENDING

- AFRICAN BUSINESS MAGAZINE
- 9 OCTOBER 2019

Amsterdam, 8th October 2019: 4G Capital has been named Silver Winner of the 'Responsible Digital Innovator of the Year' award at the Global SME Finance Awards held last night in Amsterdam.

Organised by the International Finance Corporation and the SME Finance Forum and endorsed by the G20's Global Partnership for Financial Inclusion (GPFI), the Global SME Finance Awards celebrate the outstanding achievements of financial institutions and fintech companies in delivering exceptional products and services to their SME clients.

4G Capital was selected from a competitive pool of 144 applicants. A panel of independent judges chose the winners based on criteria of Reach, Uniqueness & Innovation, Effectiveness & Impact, and Dynamism & Scalability.

In particular, the judges recognised 4G Capital for scoring highly in responsible lending metrics, resulting in low NPLs for typically high-risk clients. This client-centric approach has resulted in industry-leading repayment rates, customer satisfaction and repeat business. 4G Capital was also seen to be leading the way in digital client data protection standards.

Paulo de Bolle, Senior Director, Global Industry, Financial Markets, Global Financial Institutions Group at the International Finance Corporation said, "The Global SME Finance Awards recognise and reward innovation in small business lending that can improve financing for SMEs, helping small businesses grow and create jobs. Innovations in lending technology and business models can significantly reduce the cost of serving SMEs."

Upon receiving the award, Founder and 4G Capital CEO, Wayne Hennessy-Barrett said, "4G Capital is deeply honoured. While still a relatively early stage company, we have achieved over 90% year on year growth with the belief that we only succeed when our customers succeed. We dedicate this award to them. We are now ready to use our technology and expertise to scale across Africa as we seek to tackle financial exclusion and unlock human potential where the

global SME Finance Gap still stands at $331 billion. We look forward to sharing our journey with partners across the globe, and thank you for this award."

Matthew Gamser, CEO of the SME Finance Forum, said, "We hope the winners of the Global SME Finance Awards will inspire SME financiers all over the world to learn from their good practices. The Awards provide the winners with an opportunity to showcase good practices on the global stage and foster learning amongst their peers."

4G Capital attributes its success to a unique model combining a nationwide network of physical branches across Kenya and Uganda with machine learning technology to blend customer enterprise training with working capital credit. 4G Capital's customers increase their revenue by an average of 82% annually.

4G Capital has outperformed expectations this quarter; Q319 figures show that over the last 12 months customer numbers have grown by 62% to 82,000 with total value of loans to date also increasing by 111% over the same period to a total of $79 million since inception.
https://africanbusinessmagazine.com/press/4g-capital-recognised-by-the-international-finance-corporation-ifc-and-the-sme-finance-forum-for-innovations-in-small-business-lending/

ventureburn

10 Oct 2019

## SA's JUMO, Retail Capital, Mauritius-based 4G Capital honoured at Global SME Finance Forum Awards [Updated]

SA fintech startup JUMO and Mauritius's based 4G Capital have been recognised by the International Finance Corporation (IFC) and the SME Finance Forum for innovation in small business lending.

The award was presented to JUMO in Amsterdam on Monday (7 October) during the Global SME Finance Forum Awards, where the startup received top honours in the IFC's Responsible Digital Innovator of the Year category.

This, while Mauritius-based fintech 4G Capital, which has operations in Kenya and Uganda, won second place in the same category.

SA fintech company Retail Capital was placed second in the for its innovation in funding small businesses.

The awards are organised by World Bank Group member IFC and the SME Finance Forum and are endorsed by the G20's Global Partnership for Financial Inclusion (GPFI).

JUMO and 4G Capital both won in the same category at the Global SME Finance Forum Awards

The Global SME Finance Awards aim to celebrate the outstanding achievements of financial institutions and fintech companies in delivering exceptional products and services to their clients.

This year's award winners were selected from a pool of 144 applicants. A panel of independent judges chose the winners based on their reach, uniqueness and innovation, effectiveness and impact, and dynamism and scalability.

In a statement today JUMO founder and group CEO Andrew Watkins-Ball (pictured above) said the award recognises JUMO's unique approach to enabling responsible financial access in emerging markets.

"Our business is centred on a set of customer operating principles which guides all our work – from product development to partnerships and the application of technology.

"This is why we're very proud to be recognised for our efforts in delivering responsible digital financial services to emerging market entrepreneurs," added Watkins-Ball.

SME Finance Forum CEO Matthew Gamser said he hopes the winners of the Global SME Finance Awards will inspire SME financiers all over the world to learn from the award winners' good practices.

https://ventureburn.com/2019/10/jumo-4gcapital-sme-awards/

HOWAFRICA
The Rise of Africa

BUSINESS & OPPORTUNITIES

# Uganda's Fintech Company, 4G Capital Named Silver Winner At Global SME Finance Awards

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https://howafrica.com/ugandas-fintech-company-4g-capital-named-silver-winner-at-global-sme-finance-awards/

BUSINESS INSIDER

## 4G Capital recognised by the international finance corporation (IFC) and the SME finance forum for innovations in small business lending

GEORGE TUBEI, 10/08/2019

4G Capital Group Limited Wayne Hennessy-Barrett with Winnie a small Duka owner and Tony Kuchio, CEO of Buymore POS a digital point of sale app provider. (Facebook/4GCapitalKenya)

- **4G Capital was selected from a competitive pool of 144 applicants.**
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From Left to right:Matthew Gamser, CEO SME Finance Forum,Paulo de Bolle, Global Industry Head, Financial Institutions Group – IFC,Wayne Hennessy-Barrett, 4G Capital CEO, Jay Singer, Senior Vice President, Global SME Products Mastercard. (courtesy)

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**Daily Monitor**

Daily Monitor, Uganda,

10th October 2019

ing.
This, he said, has allowed the coun-

Kampala. PHOTO BY STEPHEN OTAGE

is part of the Prayosha Group which owns Ambitious Construction and Sayona Holdings.

shutters and French doors.

# Fintech firm wins international innovation award

BY DOROTHY NAKAWEESI
dnakaweesi@ug.nationmedia.com

**KAMPALA.** A Ugandan Financial Technology (Fintech) firm - 4G Capital - with roots in Kenya has won a global award for its innovations in small business lending.

The firm, which supports East African micro-enterprises was awarded by International Finance Corporation (IFC) for its role in providing financial literacy and enterprise training.

The company has since inception in 2013 offered customers with tailored business training programmes and credit guidance via mobile apps and in-person reviews.

While receiving the Responsible Digital Innovator of the Year, Mr Wayne Hennessy-Barrett, 4G Capital founder and chief executive officer, said the company is largely driven by delivering satisfaction to its customers as well as enhancing both financial literacy and access.

The company, he said, was ready to use its technology and expertise to scale Africa out of financial exclusion as well as unlocking the continent's human potential.

The awards ceremony held in Amsterdam on Tuesday are an initiative of IFC and the SME Finance Forum.

They seek to celebrate outstanding achievements of financial institutions and fintech companies in delivering exceptional products and services to SMEs.

4G Capital was selected from a competitive pool of 144 applicants and was awarded on the basis of how it has been able to reach its targets as well as uniqueness, innovative and impact of its products on society.

In particular, the judges recognised 4G Capital for scoring highly in responsible lending metrics, resulting in low non-performing loans for generally high-risk clients.

**ABOUT THE AWARD**

Mr Paulo de Bolle, the IFC senior director for financial markets, said the Global SME Finance Award recognises innovation in small business lending that can improve financing for SMEs as well as helping small businesses grow and create jobs.


# Microsoft Introduces Python Support on Azure for South Africans, Safaricom Honors Eliud Kipchoge, the Kenyan Olympic Marathon Champion and More

Microsoft has introduced Python Support **for South African Azure software developers**. This will enable developers to build software on the cloud using Python 3.6, rather than a server-based platform. The Azure experience will be end-to-end encrypted for developers, without having to leave Microsoft cloud. Cool right?

Again, **RiseUp has acquired another company**. The Egypt-based organizers of the RiseUp Summit have acquired Starterhub, an online startup community in the Middle East and Africa for an undisclosed sum. This comes shortly after purchasing tech media platform, Menabytes and its trackMENA initiative for tracking startup activities in the region.

Have you heard? On Saturday, Eluid Kipchoge made Kenya and the whole of Africa proud by finishing the Olympic Marathon in 1:59 hrs. In solidarity with the icon, **Safaricom rebranded M-Pesa to 'Eluid 159'** and availed internet services to over 3 million subscribers that viewed the event on YouTube. Great marketing strategy you would say!

In a bid to tackle forced displacement in Africa, the Refugees and Displaced Person division of the African Union seeks to sponsor 5 promising African tech solutions. The selected startups will attend a three-day prototype testing program in Kenya between 20th and 22nd of November. Interested applicants can apply **here**.

Great news! Two African startups were recognized and awarded at the Global SME Finance Forum. The startups are **Jumo from South Africa and 4G Capital from Mauritius**. The award was organized by the World Bank Group members, IFC and the SME Finance Forum.

Finally, we've got extra good news to ice your cake. Uber Boat services debuted in Nigeria on Friday 11th October 2019. The prestigious occasion was graced by Jide Sanwo-Olu the executive governor, Lola Kassim the General Manager of Uber West Africa, and other distinguished guests. Uber is in partnership with Texas Connection Ferries to operate the boat service in Lagos State.

https://www.techgistafrica.com/the-big-5/big-5-daily/microsoft-introduces-python-support-on-azure-for-south-africans-safaricom-honors-eliud-kipchoge-the-kenyan-olympic-marathon-champion-and-more/

## 4. Technoserve Event

EABW DIGITAL | Information Insights Opportunities

# Digital Technology Changing Kenya's Micro Retail Sector

*24th September 2019 – East African Business Week*

The Micro Retail Sector in Kenya is set for a revolution after the launch of a program to boost the skills and uptake of digital technology for micro traders in Kenya.

The program dubbed Smart Duka by TechnoServe has been expanded to Cote d' Ivoire, Nigeria and Tanzania due to its positive impact.

The informal retail sub-sector in Kenya is predominantly populated by Micro-SMEs (or micro retailers) popularly known as "Dukas".

They hold 70% of the retail market in the country consisting of over 250,000 micro retailers. They are frequented by up to 95% of Kenyans for subsistence purchases and are a key employer especially among the youth and women.

According to Alice Waweru, the Regional Program Manager at TechnoServe, the adoption of digital technologies by micro retailers has led to an increase in profits.

Those who invested in Point of Sales systems were able to monitor the performance of their shops by capturing data, record transactions and also were able to manage their clients and suppliers better.

“Through the POS, Duka owners were able to monitor goods with the highest turnover helping them to quickly ascertain which products contributed most to their revenues and determine their stock levels at any given time,” says Waweru.

Debt collection also improved as they were able to keep a record of their debtors through the POS. Other skills under the Smart Duka Program that boosted the duka owners get better returns were proper record keeping, good customer service, cash management and good shop displays. The traders increased their profits by as much as 55%.

The program under pilot basis since 2016 aims at giving the duka owners, managers and their employees business and financial management skills.

Technoserve has so far worked with over 8,000 shop owners and employees in Nairobi out of which 59% are women and 72% are the youth.

They have been able to access microloans amounting to $260,000 through a partnership with 4G Capital.

Due to the various challenges in accessing loans from banks and other financial institutions, the traders leveraged on the growth of mobile and high smartphone penetration rates which stands at 88% to get credit products from Fintechs.

The traders have also been facilitated to register 19 business groups which have enabled them to get an 11% discount from aggregated orders from suppliers.

TechnoServe has also partnered with Citi Foundation, Elea Foundation for Ethics in Globalization, MasterCard Centre for Inclusive Growth (MCIG) and Moody's Corporation, in the Smart Duka program.

BY ALEXANDER MWANGI

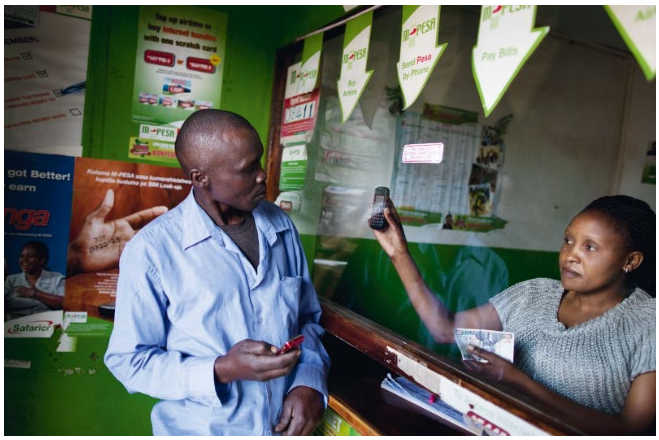
https://www.busiweek.com/digital-technology-changing-kenyas-micro-retail-sector/

## 5. African Business & New African Magazine Interview

African BUSINESS

# 4G Capital ramps up sustainable SME lending in East Africa

- 2 AUGUST 2019




Fintech operator 4G Capital is boosting accessibility to financial products for those underserved in traditional markets, including SMEs.

After a number of years of steady growth, 4G Capital, a Kenya-based fintech which mixes customer oversight and training with unsecured SME loans to achieve a 94% average repayment rate, will have lent more in the 2019 financial year than the cumulative total since it was founded in 2013.

By the end of 2018, 4G Capital had disbursed 345,000 loans since inception at a total of $44m.

Within this year alone the firm expects to have lent an additional 420,000 loans worth $46m, bringing the six-year total to $90m.

Wayne Hennessy-Barrett, CEO and founder, attributes the success to “organic growth” by investing in partnerships and expanding the firm’s physical presence across East Africa.

"We've concentrated on the organic growth of the company, almost quadrupling the number of teams across Kenya and Uganda from 28 to 96 as well as increasing our customer acquisition through multinational distributors operating in the region," he says.

"By focusing on customer success and protection – and as a consequence, portfolio quality – we're continuing to enjoy repeat rates of 80%."

# Customer interaction

After Kenya's fintech boom was catalysed by the introduction of mobile money M-Pesa in 2007, East Africa's most diverse economy is now home to over 150 fintech companies; many offering digital credit services.

While permissive regulation helped foster the growth, credit default and debt distress has risen over the past few years as fintechs receive little market scrutiny and many forego due diligence when disbursing loans to customers.

Kenya's Credit Reference Bureau (CRB) has blacklisted 2.7m people for being unable to repay loans as little as $2.

Hennessy-Barrett calls this type of credit "blind lending" as it is usually facilitated through an app or online platform, without personal interaction.

Yet the former major in the British army turned start-up leader, believes even fintechs can use customer relationships as a bridge to success and to secure industry-topping repayment rates.

His model stands in stark contrast to many of its peers as one which links the success of 4G Capital's customers to its own success.

Aside from investing heavily in customer relationships through the 'boots on the ground' approach, with a presence in 92 markets throughout Kenya aimed at encouraging repayment through financial literacy training, the lender is also introducing an insurance product.

They believe that insurance, which is characterised by low penetration rates and high premiums across Kenya and much of the continent, will help their customers keep their finances above board in times of distress.

"We have a busy R&D department which constantly drafts and models new products, delivered either by ourselves or with partners," says Hennessy-Barrett.

"We know many of our customer struggle with healthcare costs when they arise. If we can introduce them to an affordable and agile method to access contingency funds under specific circumstances, this will help their overall financial wellbeing."

Products which benefit customers are also accompanied by know-your-customer practices and data analytics.

Some concern is voiced by the CEO over a "credit bubble" in the Kenyan marketplace, where SME financiers have become overexposed to their clients, who are increasingly defaulting on debt due to poor lending practices. The situation is being worsened by the exponential growth of betting companies in East Africa over the past few years.

In contrast, 4G Capital opts to never refinance loans, choosing instead to focus on the sustainable business development of its customers.

4G Capital uses algorithms and artificial intelligence to turn raw data into "smart data"; data which has been screened and optimised, in order to understand the suitability of their customers for lending applicability and size.

"We have identified a finite number of relevant factors which correlate with historic market behaviour, and from this we are able to accurately predict the parameter of loan size, duration and price-point for the different business types we serve," says Hennessy-Barrett.

# Market growth

After growing the business across Kenya, 4G Capital is beginning operations in Uganda and has set its sights on a total of 1m customers by 2020.

This year alone the company expects to grow its customer base by 200%, fuelled by the promise of its latest market entrance. 4G Capital is currently adding nearly 10,000 MSMEs to its platform every month.

Hennessy-Barrett says that "while Uganda is different from Kenya in a number of ways, the fundamentals of the MSME space can translate across many borders."

The third-largest market in the East African Community (EAC) at around 50m after Tanzania and Kenya, Uganda is an obvious choice for a business looking to expand in the region.

With few barriers to market entry, a vibrant mobile money culture and pro-business government despite the lack of political freedoms, the capital Kampala is no great conceptual leap from the markets in Nairobi and beyond.

However, in relation to Kenya, the market is relatively underserved which gives 4G Capital the chance to consolidate quickly in its SME lending space.

“There is an enormous appetite for what we bring to the party,” says Hennessy-Barrett.

“Both as direct lenders and in partnership with suppliers and multinationals.”

However, with five-year ambitions to become the “go-to provider of digital SME financial services” in “Africa’s biggest markets” it’s clear that 4G Capital will need to find solutions to operate in countries which have low levels of mobile money penetration.

Nigeria for instance, Africa’s biggest market, is yet to experience the mobile money revolution after the innovation was blocked by the banking industry and its influence on legislation.

Payments and loans throughout most of 4G Capital’s operations are processed via a mobile money platform.

M-Pesa has been transformative in allowing small enterprises without bank accounts to instantly send and receive money, to and from everyone from fintechs to gambling companies across the entirety of Kenya, regardless of rural isolation.

To support MSMEs in markets with low mobile money penetration, 4G Capital has also built bank-to-bank transfer functionality and is in conversation with major payments companies to provide even
further optionality for MSMEs, says Hennessy-Barrett.

Despite early profitability, the CEO reveals that 4G Capital is now looking to accelerate its growth by raising institutional debt and equity.

Their model, using customer analytics and care to guarantee repayment, is likely to have a big impact in the market the company seeks to enter.

“I guess we’re hard-headed and pragmatic about the problems we’re trying to solve, and that manifests in a more mature approach to the market than might be typical in the fintech world,” says Hennessy-Barrett.

“We don’t believe in any silver bullet that can create an instant ‘home run’. Successful operations are built through cumulative successes, starting with the customer and our unit economics.”

NewAfrican

FOCUS - UNGA SPECIAL REPORT

# Financial inclusion in Kenya: from access to value

- TOM COLLINS
- 22/09/2019

Riding on the success of mobile money platform M-Pesa, Kenya has become a hotbed for all things fintech. Tom Collins looks into what Africa can learn from the continent's most diverse economy.


Positioned as one of Africa's top-performing economies, growing at a predicted 6% this year according to the latest African Development Bank (AfDB) figures, Kenya has led the continent in financial inclusion for well over a decade.

According to the 2019 FinAccess household survey, put together in collaboration with the Central Bank of Kenya, Kenyan National Bureau of Statistics and FSD Kenya, 82.9% of the adult population has access to at least one financial product.

South Africa, Uganda, Rwanda and Nigeria follow close behind.

The Kenyan marketplace boasts approximately 150 fintech companies at any one time, with services ranging from digital credit entities to remittances and transfer platforms.

Financial inclusion, bringing the 'unbanked' into formal finance, has been a key development aim in emerging markets as the process involves finding innovative ways to provide financial products to traditionally risky segments, where well-financed small and medium enterprises (SMEs) will ultimately drive economic growth.

Feeding into the UN's 2030 sustainable development goals (SDGs), financial inclusion is expected to act as an enabler for many of the objectives including eradicating poverty, ending hunger, achieving gender equality and the economic empowerment of women.

However, as Kenya approaches almost total financial inclusion, the conversation changes from one of access to value: are the many financial products benefitting the population and is the sector well-regulated enough to ensure consumers are protected?

From a development perspective, financial inclusion is by no means the end goal.

The right environment

Kenya has been able to leapfrog in terms of financial inclusion due to its positive regulatory environment and attractive macroeconomics.

Wayne Hennessey-Barrett, CEO and founder of 4G Capital, a fintech mixing credit training with unsecured loans to achieve a 94% repayment rate, says Kenya's "pro-business environment" has allowed financial innovation to flourish.

Compared to other African markets, Kenyan regulators made the policy framework necessary to breathe life into Safaricom's fledgling M-Pesa in 2007. Thanks to its success, Safaricom is East Africa's largest and most profitable telecommunications firm, contributing around 5% to Kenya's GDP.

Innovating further still, Kenya is in the process of introducing a regulatory fintech sandbox which sets the conditions for early stage fintech regulation.

The Capital Markets Authority (CMA) will use the sandbox to "create a conducive environment to unlock the potential of the fintech space" and three fintechs have been admitted so far.

Along with the right enabling environment, financial products are easily adopted in Kenya's near 60m population market due to a fast-growing middle class with a good level of financial literacy.

Rafe Mazer, an independent financial analyst, formerly at Financial Sector Deepening Kenya (FSD Kenya), says these basic metrics have turned Nairobi into a hub for start-ups and fintech companies looking to grow.

“The sector is huge and it grows bigger every day,” he says.

“You have clusters of talent in incubators like iHub and the Nairobi Garage, which have done a very good job of bringing talent and young entrepreneurs into the country.”

The next steps

Yet it could be argued that Kenya has been too successful.

The number of digital credit agencies in the marketplace grows daily yet the permissive nature of Kenya’s regulation often means that these firms are under very little scrutiny.

Some take advantage of those in need of fast cash.

Similarly, while the sheer number of credit agencies willing to lend has spurred the growth of small businesses, many users have come into debt distress in the absence of guidance from the government on how to borrow sustainably.

Kenya’s Credit Reference Bureau (CRB) has blacklisted 2.7m people for being unable to repay loans as little as two dollars.

This suggests that financial inclusion has downsides, if the products themselves are mercenary and unregulated.

Joshua Oigara, CEO of Kenya’s biggest lender by assets, Kenya Commercial Bank (KCB), boasting 17m customers across East Africa, tells New African that the products need to be “affordable, convenient and accessible” in order to serve the marketplace well.

The bank has embraced digital banking, collaborating with Safaricom to launch KCB M-Pesa in 2015, but maintains the trustworthy image associated with a brick and mortar bank.

“The most critical ingredient in banking is trust,” he says.

"This has cut through generations and will remain so even as we embrace more of technology in our efforts to more efficiently and more conveniently deliver to our customers."

4G Capital, which has a presence in 92 markets across Kenya and is currently expanding into Uganda, says that "pure app" lenders who engage in very little due diligence before lending are creating problems for Kenyan consumers.

"The real problem isn't just 'inclusion', it's getting the right financial services to the point of greatest need in a way that benefits everyone," says CEO Hennessey-Barrett.

"We make a point of not refinancing people already struggling to repay loans, and reject 'blind lending' or 'lending to learn', which creates credit bubbles among the vulnerable. This is not the way to go, and we hope to see wider industry behaviour improve."

Along with the quality of the products available on the market, the breadth of diversity is also important; steering companies away from basic credit towards more sophisticated financial tools in areas ranging from insurance to credit to mortgages.

Ultimately, the responsibility lies with the government to create adequate consumer protection legislation while maintaining the enabling environment.

Independent analyst Mazer says there are practically no barriers to market entry for fintech companies, which may do more harm than good.

An expert on consumer protection and financial inclusion, Mazer suggests that consumer protection departments be established along with increasing the power and budget of the regulator to ensure that all companies entering the market are checked accordingly.

https://newafricanmagazine.com/19898/

## 6. Q319 KPIs

INTERNATIONAL FINANCE

# Kenyan fintech 4G Capital to increase lending to SME's

*The number of loans to be lent by the fintech in 2019 will be 420,000 which is worth $46 million*

International Finance Business Desk

September 3, 2019

Kenya based fintech startup 4G Capital plans to increase the lending of loans to small to medium enterprises (SME's). The Kenyan fintech startup 4G Capital has been witnessing a steady growth since its inception in 2013 until now.

4G Capital mixes customer oversight and training for achieving a 94 percent return rate on unsecured loans provided to SME's. With the new decision, the company will be lending more in 2019 than all the previous years added together.

The number of loans given by 4G Capital since its inception until the end of 2018 are estimated to be at least 345,000 that accounts for a total of about $44 million.

The year 2019 will see the firm disbursing 420,000 loans that will be worth $46 million. The total value of loans disbursed will then add up to $90 million.

CEO and founder of 4G Capital, Wayne Hennessy Barrett, stated that the success of the firm is due to the increased investments in partnerships and the expansion of the firm's presence across East Africa. He added that the company increased the number of teams in Uganda and Kenya from 28 to 96 and has also increased customer acquisition in the East African region.

The introduction of mobile money M-Pesa in 2007 led to a boom in the fintech sector in Kenya, with over 150 fintech startups operating there presently.

Earlier in 2019, 4G Capital had expanded its services to Uganda to make it available to all types of enterprises in the country. 4G Capital Kenya is targeting to impact one million people by 2020, as a part of its expansion.

https://internationalfinance.com/kenyan-fintech-4g-capital-to-increase-lending-to-smes/

AFRICA Inc.
WWW.AFRICAINCMAG.COM

# Kenya-based microfinance venture disburses US$41.69m to SMEs

**KENYA** – 4G Capital, a Kenya-based microfinance venture, has lent KSh4.3 billion (US$41.69 million) to small and medium enterprises over the past year, co-founder and CEO Wayne Hennessy-Barrett, says.

The firm has more than 89 branches across Kenya with more than 80,000 customers, 75 percent of whom are women, and 77 percent from rural areas, reports *Business Daily*.

"This last year has been remarkable, high demand for our services saw a 111 percent year on year (Quarter three 2018 to Quarter three 2019) increase in the total capital deployed through our loans, that's double what we've lent since we started," Mr Hennessy-Barrett told the Business Daily in an interview.

"Eighty percent of our customers take out repeat loans. We believe this is due to our ability to focus on their unique needs and provide the right solution," he said.

The micro credit financier founded by Mr Hennessy-Barrett, a former British infantry officer who is now based in Kenya, says it mixes customer oversight and training

By end of its first full year – 2014 – 4G Capital says it had lent about KSh455.8 million (US$4.3 million). It lent KSh4.3 billion (US$41.69 million) between the third quarter of this year and the third quarter of last year.

"By year end we expect to lend over US$46 million (KSh4.7 billion) to our Kenyan customers," Mr Hennessy-Barrett said. "The average size of loan is US$115 (KSh11,935).

4G Capital recently closed a deal with an unnamed local lender and is eyeing more capital for onward lending. It is eyeing to lend KSh4.7 billion (US$46 million) more by end of 2019.

"We are ensuring our financing strategy maps the right balance of equity for strategic investment and local currency debt lines for onward lending," he said.

Customers without access to credit from banks are turning to firms like 4G Capital due to the credit crunch.

Bankers say the cap limiting commercial lending rates to four percentage points above the benchmark has forced them to cut back on loans to high-risk groups. Normal bank lending is now capped at 13 percent.

http://africaincmag.com/2019/10/14/kenya-based-microfinance-venture-disburses-us41-69m-to-smes/

BUSINESS DAY

Business Day, Nigeria, 5th November, 2019

## Solving Africa's working capital problem

MOBOLAJI ADEOYE

*Africa's continued growth depends on innovations in access to finance*

As the global economy undergoes rapid technological change, leaders worldwide are deeply worried about the future of jobs. The use of Artificial Intelligence (AI), machine learning, and robotics will spur automation across industries and could undermine job creation at a mass scale. But African countries face a particularly daunting challenge: within the next two decades the continent will be home to nearly one billion working-age people entering the job market.

Unleashing private sector growth in African countries is critical to creating jobs at scale to employ the next wave of job seekers. While small business owners in countries with developed financial markets can choose from an array of financial service providers for loans, this is not the case in African countries. African markets face a chronic lack of working capital to catalyse private sector growth. The poor availability of working capital results from several factors: a low savings rate, lack of well-structured capital markets and a crowding out of the private sector due to high government borrowing.

To bridge the gap between banks and the real economy, impact investors and development finance institutions (DFIs) should invest in fintech start-ups and working capital exchanges. This would help unlock the flow of capital and jumpstart Africa's entrepreneurial ecosystem to grow and employ more people.

Traditional sources of working capital for small businesses such as asset financing are not common in African markets. When they are present, they are significantly more expensive compared to global benchmarks. High fees and interest spreads have led to interest rates across the continent which are nearly 20 percent higher than in other developing markets. Finance for small business is eye-wateringly expensive. Small and medium-sized enterprises are often referred to as the "missing middle" since these firms cannot provide the required collateral, such as equity, a mortgage, or equipment, for loans from African banks, but are too big to qualify for microfinance.

The headlines about the explosion of digital money in Africa should not be confused with the less covered issue of the lack of financing for small businesses. In Zambia, for example, while 95 percent of SMEs have bank accounts and use digital banking services, only 16 percent of those businesses have credit lines. Given the importance of SMEs to economic growth and job creation, African businesses sorely need new and innovative ways to access capital.

Start-ups are working to bridge the gap between traditional financing and the needs of businesses. Africa is one of the last frontiers for banking services as 60 percent of its population is "unbanked." To respond to this challenge, the fintech sector in sub-Saharan Africa alone has grown at a 24 percent annual rate over the past decade. In Kenya, where the financing gap for micro, small and medium enterprises is $19 billion, companies like 4G Capital are chipping away at the gap by offering "unsecured working capital" that is much easier for small businesses to access than a traditional bank loan. 4G Capital minimizes the risk of default by offering free business training to all of their clients. A 94 percent repayment rate speaks for its success.

Other start-ups take a more holistic approach. Pezesha, a Nairobi-based fintech, has created a financial marketplace that offers financial lending, literacy courses, credit and debt counseling for the underserved SME marketplace. Pezesha prevents SMEs from overborrowing and falling into indebtedness – a growing trend among Kenya consumers – by assessing applicants' credit history through its subsidiary Patascore. To create an accurate credit score, Patascore tracks and analyses an individual credit history from more than 150 digital lenders. If an applicant's loan request is rejected, Pezesha offers financial literacy courses and debt counselling to improve credit scoring. More such innovative approaches are needed to help, not hinder, African SMEs in funding efforts.

Yet, FinTechs have a limited impact on the market due to their small balance sheets. Africa's working capital gap cannot be closed by small firms loaning tens of thousands of dollars at a time. Investors can have a systemic impact on the private sector in African markets by setting up working capital exchanges that can provide millions in working capital at the same pace as FinTech's. Investors should look to innovative firms like the U.S. firm C2FO, for example, which allows buyers to turn invoices into cash flow by requesting early payment from their suppliers at an agreed-upon rate. This allows more capital to flow to and from businesses and quickly creates growth opportunities.

An approach similar to C2FO could unlock capital in the consumer goods sector while a commodity-based exchange could serve the many natural resource companies that dominate African economies. For example, AFEX, a Nigerian commodity exchange, is providing working capital to 105,000 smallholder farmers. Creating working capital exchanges in Africa that are open to DFIs and institutional investors would grow the number of financing mechanisms that businesses have access to and the amount of financing those mechanisms can provide.

Local entrepreneurs seeking to scale their businesses across the continent and the world will drive the jobs of the future in African countries. The capital they need to grow, however, will not come from traditional financial institutions.

Impact investors and DFIs should step in and fund fintech firms creating solutions to this problem by taking equity or backing funds that invest in start-ups. They will not be alone: African fintech firms raised a record $132.8 million in 2018. Beyond fintech investments, there is still room for innovation in working capital exchanges to unlock millions more in financing for the African private sector. The continent's continued growth and future labour force depends on it.

*Mobolaji Adeoye is the Founder/Chief Investment Officer of Consonance Investment Managers, an Africa-focused early stage and growth investing platform.*

https://www.pressreader.com/nigeria/business-day-nigeria/20191105/281530817829302

## 7. B Corp Certification

# Techmoran: 4G Capital receives B Corp certification to redefine "success" in business

by **Milcah Lukhanyu**

4G Capital has received B Corporation certification with one unifying goal – to redefine "success" in business.

4G Capital received the B Corps certification from the international non-profit organisation, B Lab, for meeting rigorous standards in social and environmental performance while improving the quality of life in the communities in which they operate.

To become certified 4G Capital had to prove that it met stringent performance requirements outlined in the B Impact Assessment. The assessment measures the impact the company has on its customers and the broader community, how well the company treats its employees, its environmental performance, as well as the company's accountability, governance, and transparency practices.

4G Capital attributes its success to a unique model combining a nationwide network of physical branches across Kenya and Uganda with machine learning technology. 4G Capital knows that small businesses benefit from a level of continuous support when handling credit. Therefore the company offers a curriculum of customer enterprise training and financial literacy blended with appropriately sized working capital loans. This approach has seen 4G Capital's customers increase their revenue by an average of 82% annually.

Victoria Gathogo, B Lab East Africa Partnerships & Community Engagement Manager said, " 4G Capital is a great addition to the movement of Certified B Corporations in Africa, measuring their social and environmental impact with as much rigour as their profits. They want to be at the forefront of driving business as a force for good, not only to maximise shareholder wealth but all stakeholders wealth; workers, community, supply chain, the environment etc.

Wayne Hennessy-Barret, CEO and Founder of 4G Capital, said: " B Corp accreditation is a tremendous achievement for 4G Capital, and an extraordinary recognition. It's a testament to the commitment and hard work of our staff across Kenya and Uganda who place customer success at the heart of all our work. I'd like to thank B Lab's rigour and professionalism in setting the highest benchmark for ethical business."

"The focus on creating sustainable solutions for its customers is reflected in 4G Capital's growing success. The company has outperformed expectations this quarter; Q319 figures show that over the last 12 months customer numbers have grown by 62% to 82,000 with total value of loans to date also increasing by 111% over the same period to a total of $79 million since inception. This award comes hot on the heels of a silver medal award by the World Bank, sponsored SME Forum in

Amsterdam and recognition as one of the London Stock Exchange Groups Companies to Inspire Africa earlier in the year.

https://techmoran.com/2019/11/02/4g-capital-receives-b-corp-certification-to-redefine-success-in-business/

Latest Nigerian News
All news in one place

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African BUSINESS

# 4G CAPITAL CELEBRATES B CORPORATION CERTIFICATION

4 NOVEMBER 2019


1st November 2019, Nairobi: 4G Capital is proud to announce it has received B Corporation certification. 4G Capital joins the global community of Certifed B Corporations ("B Corps") with one unifying goal – to redefine "success" in business. B Corps receive certification from the international non-profit organisation, B Lab, and have to meet rigorous standards in social and environmental performance while improving the quality of life in the communities in which they operate.

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The focus on creating sustainable solutions for its customers is reflected in 4G Capital's growing success. The company has outperformed expectations this quarter; Q319 figures show that over the last 12 months customer numbers have grown by 62% to 82,000 with total value of loans to date also increasing by 111% over the same period to a total of $79 million since inception. This award comes hot on the heels of a silver medal award by the World Bank sponsored SME Forum in Amsterdam and recognition as one of the London Stock Exchange Groups Companies to Inspire Africa earlier in the year.

BUSINESS INSIDER

# 4G Capital joins the global community using business as a force for good after receiving B Corporation certification

GEORGE TUBEI


4G Capital wins global recognition for using business as a force for good.

- **There are only slightly more than 2,000 Certified B Corporations in the world.**
- **"B Corps" must meet the highest standards of overall social and environmental performance, transparency and accountability.**
- **4G Capital attributes its success to a unique model combining a nationwide network of physical branches across Kenya and Uganda with machine learning technology.**

4G Capital, a capacity building microcredit company, has effectively joined the global community of Certified B Corporations ("B Corps") after it was awarded the coveted title.

Certified B Corporations are leaders of a global movement of people using business as a force for good. They meet the highest standards of overall social and environmental performance, transparency and accountability and aspire to use the power of business to solve social and environmental problems.

There are only slightly more than 2,000 Certified B Corporations in the world. B Corps receive certification from the international non-profit organisation, B Lab, and have to meet

rigorous standards in social and environmental performance while improving the quality of life in the communities in which they operate.

*" 4G Capital is a great addition to the movement of Certified B Corporations in Africa, measuring their social and environmental impact with as much rigour as their profits. They want to be at the forefront of driving business as a force for good, not only to maximise shareholder wealth but all stakeholders wealth; workers, community, supply chain, the environment etc."* said Victoria Gathogo, B Lab East Africa Partnerships & Community Engagement Manager.

Since 2013, 4G Capital has supported East African micro-enterprises by providing financial literacy and enterprise training combined with right-sized working capital credit to help small businesses grow sustainably.

**Also read:** 4G Capital CEO Wayne Hennessy-Barrett, whose company is recognised as one of Africa's most inspiring in 2019, shares 5 ways to get it right while doing business in Africa

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Over the last 12 months 4G capital customer numbers have grown by 62% to 82,000 with total value of loans to date also increasing by 111% over the same period to a total of $79 million since inception.

https://www.pulselive.co.ke/bi/finance/4g-capital-wins-global-recognition-for-using-business-as-a-force-for-good/mthmsqc

# International Media Report
# December 2019

@ 10.00am 21/12/19

## Upcoming Media Opportunities

1. Cape Town Office opening
2. NBC News – in talks with producer regarding participation in series of social impact stories – specifically Refushe
3. BBC – nurturing, Peter Wakaba is interested, need to solidify

## 4G Capital Media Coverage

1. 4G Capital secures $4m fund raising

## 1. 4G Capital secures 4$m fundraising

# Regional fintech secures Sh200m for lending to SMEs

- Frankline Sunday 20th Dec 2019 00:00:00 GMT +0300

Financial technology firm 4G Capital has raised Sh200 million in funding for Small and Medium Enterprises (SMEs) in Kenya and Uganda.
4G Capital says the funding from private equity firm Ceniarth LLC brings the capital raised for SME financing to Sh400 million.

The cash will aid in the expansion of operations in Kenya and Uganda.

“4G Capital has surpassed all key performance targets for 2019, and Ceniarth’s investment will help us meet the demands of growing customer base and continue our positive impact into the future,” CEO and Founder of 4G Capital Wayne Hennessy-Barrett said in a statement yesterday.

“The rapid expansion of mobile and technology-based financial services in emerging markets has the potential to provide critical capital to individuals previously excluded from the financial system,” said Ceniarth Founder Diane Isenberg.

**Repayment rates**

4G Capital has since 2013 lent over 750,000 loans valued at Sh9 billion - the bulk of them composed of micro, small and medium enterprises in Kenya. “Over the last 12 months, revenue has increased by 97 per cent as 4G Capital supported over 60,000 MSMEs,” says the firm.

“By the end of this year, 4G Capital will have lent Sh4 billion, surpassing all expectations. Repayment rates remain above national averages, at over 94 per cent (without refinancing).”

The firm says the cash injection will expand its network across Kenya and Uganda, with an additional 24 branches across Kenya and 34 across Uganda. This brings the total network to 150 branches. Earlier this year, mobile lender Branch announced raising Sh17 billion in debt and equity financing to expand its loan portfolio.

Last year, Tala announced it had raised Sh5 billion in its third round of investment, bringing its total financing to Sh10.5 billion.

https://www.standardmedia.co.ke/article/2001353871/regional-fintech-secures-sh200m-for-lending-to-smes

# 4G Capital secures Sh400 million for SME lending

*Monies raised will go towards growing its customer base comprising of micro, small and medium enterprises across Kenya and Uganda*

**In Summary**

•By the close of December, 4G Capital expects to have lent $43.6 million (Sh) to over 60,000 small businesses


Traders at Kakamega High School during a sports day
Image: FILE

Kenya-based microfinance firm 4G Capital has secured $2 million (Sh200 million) credit in its second round of fundraising from Ceniarth LLC, bringing the total amount raised to $4 million (Sh400 million).

Monies raised will go towards growing its customer base comprising of micro, small and medium enterprises across Kenya and Uganda.

"The rapid expansion of mobile and technology-based financial services in emerging markets has the potential to provide critical capital to individuals previously excluded from the financial system," Ceniarth founder Diane Isenberg said.

By the close of December, 4G Capital expects to have lent $43.6 million (Sh) to over 60,000 small businesses.

According to the firm, since inception in 2013, it has grown signifantly, lending over 750,000 loans valued at $90 million.

This means, the firms loan disbursement grew nearly 50 per cent this year alone, compared to the last six years.

By end of its first full year – 2014 – 4G Capital says it had lent about Sh455.8 million.

“4G Capital has surpassed all key performance targets for 2019, and Ceniarth’s investment will help us meet the demands of our growing customer base and continue our positive impact into the future. A fantastic way to end a great year,” 4G Capital CEO Wayne Hennesy-Barrett said.

The firm has more than 89 branches across Kenya with more than 80,000 customers, 75 per cent of whom are women, and 77 per cent from rural areas. The average size of loan is $115 (Sh11,935)

According to the firm, which mixes customer oversight and training with unsecured SME loans, repayment rates remain above national averages, at over 94 per cent- without refinancing.

”With this expansion comes great responsibility to ensure that customers understand and benefit from these services and are not exploited by providers focused more on growth than client impact,” Isenberg said.

https://www.the-star.co.ke/business/2019-12-20-4g-capital-secures-sh400-million-for-sme-lending/

The Kenyan Wall Street
THE THINKING BEHIND THE INVESTOR

# 4G Capital Secures $4Million Investment as value of loans hit $90 Million

by Business Reporter December 19, 2019

Nairobi headquartered Fintech firm 4G Capital has announced the completion of its second round of fundraising which was secured by a $2m debt facility from Ceniarth LLC, bringing the total raised to $4million. 4G Capital says it will use the investment to provide credit to micro and small enterprises (MSMEs)

across its key markets; Kenya and Uganda.

**READ;** 4G Capital launches in Uganda
The firm began its operations in Kenya in 2013 by providing financial literacy training blended with unsecured working capital credit. 4G Capital has since has grown exponentially, lending over 750,000 loans valued at $90m.

Over the last 12 months, the firm's revenue increased by 97% supporting over 60,000 MSMEs. By the end of this year, 4G Capital says it will have lent $43.6m, surpassing all expectations. Repayment rates remain above national averages, at over 94% (without refinancing).

"The rapid expansion of mobile and technology-based financial services in emerging markets has the potential to provide critical capital to individuals previously excluded from the financial system", said Diane Isenberg, Founder of Ceniarth. "With this expansion comes great responsibility to ensure that customers understand and benefit from these services and are not exploited by providers focused more on growth than client impact. We are proud to support 4G Capital as a best-in-class financial lender that listens to the needs of the communities that it serves."

**READ;** Fintech Startup Headed by Ex-British army seeks to unlock Kenya's informal sector


Wayne Hennessy-Barrett, CEO and Founder of 4G Capital, said: "We are incredibly honoured to welcome Ceniarth as our latest investor. Together, we share a fierce passion for improving conditions for the underserved and neglected businesses of the African economy by providing financial services that sustainably unlock potential and help communities. 4G Capital has surpassed all key performance targets for 2019, and Ceniarth's investment will help us meet the demands of our growing customer base and continue our positive impact into the future – a fantastic way to end a great year."

In 2020, 4G Capital plans to grow its network of physical branches across Kenya and Uganda, with an additional 24 branches across Kenya and 34 across Uganda, bringing the network total to 150 branches. https://kenyanwallstreet.com/4g-capital-secures-4million-investment-as-value-of-loans-hit-90-million/

# 4G Capital raises $2m for onward lending to SMEs in East Africa

by **Milcah Lukhanyu**

4G Capital has raised $2m debt facility from Ceniarth LLC for lending to SMEs in East Africa. The investment, it's second round of fundraising, brings the total raised to $4million. 4G Capital will use the investment for onward lending to its growing customer base of informal micro, small and medium-sized enterprises across Kenya and Uganda.

According to Wayne Hennessy-Barrett, CEO and Founder of 4G Capital: "We have surpassed all key performance targets for 2019, and Ceniarth's investment will help us meet the demands of our growing customer base and continue our positive impact into the future – a fantastic way to end a great year."

Since its inception in 2013, the firm lend over 750,000 loans valued at $90m. Over the last 12months, revenue has increased by 97% and it has supported over 60,000 MSMEs. By the end of this year, the firm would have lent $43.6m, surpassing all expectations. Repayment rates remain above national averages, at over 94% (without refinancing).

"With this expansion comes great responsibility to ensure that customers understand and benefit from these services and are not exploited by providers focused more on growth than client impact. We are proud to support 4G Capital as a best-in-class financial lender that listens to the needs of the communities that it serves," Diane Isenberg, Founder of Ceniarth said.

The firm and the investor shares a fierce passion for improving conditions for the underserved and neglected businesses of the African economy by providing financial services that sustainably unlock potential and help communities.

4G Capital understands that small businesses benefit from a level of continuous support when handling credit. Therefore, the company offers customers a curriculum of enterprise and financial literacy training blended with appropriately sized working capital loans. This approach has seen 4G Capital's customers increase their revenue by an average of 82% year on year.

Over the course of 2020, 4G Capital will continue to grow its network of physical branches across Kenya and Uganda, with an additional 24 branches across Kenya and 34 across Uganda, bringing the network total to 150 branches.

https://techmoran.com/2019/12/19/4g-capital-raises-2m-for-onward-lending-to-smes-in-east-africa/

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# 4G Capital Raises $4million Funding For Onward Lending To MSMEs in Kenya And Uganda

By **Nixon Kanali**

4G Capital has announced the completion of its second round of fundraising. The investment was secured by a $2m debt facility from Ceniarth LLC, bringing the total raised to $4million.

The fintech firml says it will use the investment for onward lending to its growing customer base of informal micro, small and medium-sized enterprises across Kenya and Uganda.

Since its inception in 2013, 4G Capital with its headquarters in Nairobi has grown exponentially, lending over 750,000 loans valued at $90m. Over the last 12months, revenue has increased by 97% as 4G Capital supported over 60,000 MSMEs. By the end of this year, 4G Capital will have lent $43.6m, surpassing all expectations. Repayment rates remain above national averages, at over 94% (without refinancing).

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https://techtrendske.co.ke/4g-capital-raises-4million-funding/

KENYAN TRIBUNE

# 4G Capital Secures $4Million Investment as value of loans hit $90 Million

Nairobi headquartered Fintech firm 4G Capital has announced the completion of its second round of fundraising which was secured by a $2m debt facility from Ceniarth LLC, bringing the total raised to $4million.

4G Capital says it will use the investment to provide credit to micro and small enterprises (MSMEs) across its key markets; Kenya and Uganda.

The firm began its operations in Kenya in 2013 by providing financial literacy training blended with unsecured working capital credit. 4G Capital has since has grown exponentially, lending over 750,000 loans valued at $90m.

Over the last 12 months, the firm's revenue increased by 97% supporting over 60,000 MSMEs. By the end of this year, 4G Capital says it will have lent $43.6m, surpassing all expectations. Repayment rates remain above national averages, at over 94% (without refinancing).

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https://kenyantribune.com/4g-capital-secures-4million-investment-as-value-of-loans-hit-90-million/

onwards syndication:

https://kenyandigest.com/4g-capital-raises-2m-for-onward-lending-to-smes-in-east-africa/

256 BUSINESS NEWS

## 4G Capital secures USD 4 million facility to support East African expansion

Kenya and Uganda focussed micro-lender 4G Capital, has raised USD4 million in additional capital for onward lending to informal micro, small and medium sized enterprises and to support expansion in the region during 2020. The lender aims to grow its network of brick and wall outlets to 150 branched over the next 12 months.

The USD 4 million was achieved after the injection of an USD2m debt facility from Ceniarth LLC, bringing the total raised to $4million. 4G Capital will use the investment for onward lending to a growing customer base of informal micro, small and medium-sized enterprises across Kenya and Uganda.

4G capitals says that it has seen rapid growth since its inception in 2013, lending USD90 million in slightly over 750,000 loans. The micro-lender has posted a 97pc growth in revenue over the past 12months, as 4G Capital supported over 60,000

MSMEs. Total lending for this year is expected to have topped USD43.6m by December 31 says the company which has registered a 94pc repayment rate without refinancing.

“The rapid expansion of mobile and technology-based financial services in emerging markets has the potential to provide critical capital to individuals previously excluded from the financial system”, says Diane Isenberg, the founder of Ceniarth.

“With this expansion comes great responsibility to ensure that customers understand and benefit from these services and are not exploited by providers focused more on growth than client impact. We are proud to support 4G Capital as a best-in-class financial lender that listens to the needs of the communities that it serves.”

4G Capital says it has achieved good results by combining credit with financial literacy for its mainly small business customers. The company offers customers a curriculum of enterprise and financial literacy training blended with appropriately sized working capital loans, an approach that has seen its customers increase their revenue by an average of 82pc year on year.

CEO and Founder of 4G Capital Wayne Hennessy-Barrett, says together with Ceniarth “we share a fierce passion for improving conditions for the underserved and neglected businesses of the African economy by providing financial services that sustainably unlock potential and help communities. 4G Capital has surpassed all key performance targets for 2019, and Ceniarth’s investment will help us meet the demands of our growing customer base and continue our positive impact into the future.”

The company says it will continue to grow its network of physical branches across Kenya and Uganda, with an additional 24 branches in Kenya and 34 in Uganda. That will bring its network in the region to 150 branches.

https://www.256businessnews.com/4g-capital-secures-usd-4-million-facility-to-support-east-african-expansion/

IMPACTALPHA
INVESTMENT NEWS FOR A SUSTAINABLE EDGE

# For Ceniarth's impact-first portfolio, 'catalytic' just means reasonable

A finance lesson for a Guatemalan microfinance group I Photo credit: Greg Neichin

**Greg Neichin**

*ImpactAlpha, Dec. 19* – It has been 18 months since Diane Isenberg, Ceniarth's founder, announced our intention to focus our capital on impact-first investments. These are transactions that maximize the impact that we can have in underserved communities, and require more modest return expectations.

We are crystal clear about where we fall on the continuum of investment capital. The "Beyond Tradeoffs" series of podcasts, produced by ImpactAlpha in partnership with Omidyar Network, laid out how the impact investing sector is moving past the circular debates that used to produce industry gridlock.

Some investors are pursuing purely market-rate returns, and demonstrating under certain circumstances it is possible to achieve risk-adjusted, market-rate returns with substantial social impact, as the series acknowledges.

Others, Omidyar Network suggests, "identify types of impact that are not conducive to market-rate returns, underscoring the importance of a rigorous approach to making decisions about when and how to deploy subcommercial capital.

We have embraced this subcommercial end of the spectrum and have set out to infuse an impact-first ethic across the entirety of our Ceniarth portfolio, reshaping how both our private foundation and unrestricted family office assets are deployed. We have committed nearly $100 million in those 18 months, all with an impact-first lens. In 2019 alone, we made $55 million in new commitments across 30 transactions. Yeah, we've been busy.

Ceniarth's team is not the only one that have been busy in 2019 embracing the thorny challenges of serving the fringes of the capital continuum that are unappealing to those with conventional financial expectations. The MacArthur Foundation dedicated $150

million in support to the Catalytic Capital Consortium earlier in the year. Major development finance institutions led by the likes of OPIC, KfW, FMO, and CDC made new commitments to blended finance vehicles. Significant, impact-first institutional capital was mobilized in 2019.

## Multiplying our Impact

While we have the privilege and responsibility of stewarding a significant amount of capital, it is a tiny amount in comparison to the needs that we are hoping to address. For this reason, it is critical that we use our dollars to catalyze and support others.

The runaway winner of our "leverage unicorn" of the year was Global Partnerships' Impact-First Development Fund. Our $3 million subordinate debt commitment was part of a $5 million tranche that unlocked $50 million of capital from OPIC. The 10X leverage on this deal allowed us to mobilize, in one transaction, nearly the entire amount of capital we deployed ourselves in 2019.

Large capital deployments from development institutions made possible a number of our other significant commitments this year. Our largest single transaction was a $7.5 million commitment to Blue Orchard's new InsuResilience Fund, a vehicle supporting microfinance institutions that incorporate climate insurance products into their loan offerings. That was anchored by a $32 million first loss commitment from German development bank KfW. We joined alongside OPIC's $25 million commitment to emerging market solar energy financier SunFunder to make a $5 million commitment of our own to the Solar Energy Transformation Fund.

Similarly, we joined Dutch development investor FMO and FinDev Canada in making a $2 million commitment to EcoEnterprises Fund III, a manager focused on longer-term, mezzanine debt to agricultural and conservation enterprises in Latin America. Finally, we were able to use a $250,000 equity commitment, in the form of a program-related investment, to Cross Boundary Energy's new Mini-Grid Finance Facility. That enabled mezzanine debt from the Rockefeller Foundation and project-level debt from the UK government-backed Renewable Energy Performance Platform (REPP).

We are encouraged by the appetite that many of these development institutions have shown to lean into deeper impact.

## Catalytic can mean reasonable

While many have come to associate the concept of catalytic capital with blended finance or creatively structured, multi-tranche vehicles, sometimes the most catalytic thing that an impact investor can do is to offer reasonable, low-cost capital where it is most needed. A number of our 2019 commitments were made to community development

finance institutions, or CDFIs, in the United States working in areas of persistent poverty and deep need.

We provided $2 million in 2% debt to FAHE, an Appalachia-based CDFI focused on lending for a variety of community development needs from housing to facilities. We made low-cost capital available to two CDFIs working specifically on resident-owned mobile home communities. Innovative financing from the New Hampshire Community Loan Fund (NHCLF) and ROC-USA is allowing mobile home residents to avoid park take-overs by aggressive financial investors that lead to steep increases in rent (see John Oliver explain the problem in comedic detail here!). We provided $2 million in 2% debt to NHCLF for use in New Hampshire and $3 million in 3% debt to ROC-USA for parks across the country.

Outside of CDFIs, we used our financial "reasonableness" to extend $5 million in 3% debt to MCE Social Capital, a non-profit impact investment manager focused on lending to high-impact MFIs and SMEs in emerging markets, as well as providing $2.5 million in 2.5% sub-debt to trade finance lender Root Capital. This sub-debt position allows Root to continue raising senior debt to scale their activities. In addition, we committed $2.5 million to emerging market private credit specialist AlphaMundi, an investment that we expect to generate between 3-5% in annualized returns.

In a transaction that we did not include in our annual tally of $ committed, as its scale would have skewed the headline, we transitioned $15 million in fixed income holdings to a specialized managed account mandate with Community Capital Management. We will be focusing these bond holdings solely on offerings that are located in persistent poverty zip codes in the United States.

# Fintech inclusion

Emerging market fintech has become a hot category for all investors, whether impact-focused or not. The potential to enable a leapfrog change in financial services infrastructure has drawn significant interest and venture capital over the past five years. And while technology advancements such as mobile money play a key role in facilitating the rural business models that we fund, we have been more an observer of this market than an active participant.

This changed in 2019 as we made a number of investments in the category. We made a $2 million commitment to Quona, an impact-oriented venture firm focused on investing in fintech for inclusion globally. As their first, pilot lender, we have watched happily as Lendable, a tech-enabled lending platform for non-bank financial enterprises, has grown their capital under management. As they have evolved their own model to raise structured funds, we have extended $2 million in corporate debt to support their expansion, as well as specific transactions that do not fit their main fund criteria. Finally, we have extended $2 million in debt to 4G Capital, a provider of short-duration working

capital loans to micro and small enterprises. The platform primarily serves traders and shopkeepers in rural areas, 80% of which are women.

# New approaches to income-generation

Our focus on rural livelihoods has often meant using our limited PRI (program related investment) dollars to focus on agricultural initiatives, with a particular emphasis on inputs and direct assistance for smallholders. We have outstanding loans, a number of which we renewed this year, to One Acre Fund, MyAgro, Good Nature Agro, Apollo Agriculture, iProcure, and others engaged in this type of work. In 2019, we began to expand our scope of pilot lending however to include a range of interventions, both agricultural in nature, as well as those focused on other income-generating activities for rural individuals.

We completed a $1 million PRI loan to Victory Farms, the largest fish farm in East Africa that cultivates tilapia in an operation on Lake Victoria in Kenya. The Victory Farms model not only provides local employment, but aims to engage small fishers in the area, as well as local fish traders, many of whom are women that are exploited by suppliers. We have extended $500,000 in PRI revolving credit to All Across Africa, a Rwanda-based business that employees local women weavers in the production of baskets, vases, and other craftwork. Our line of credit provides the business with cyclical working capital to fulfill a growing queue of purchase orders from major western retailers.

In the agricultural domain, we have continued to look for enterprises that are pursuing innovative models that could offer step-change improvements in income for individual farmers. We extended $285,000 in debt to Kheyti, an India-based enterprise that supports farmers with a “Greenhouse-in-a-box” solution that allows for the sustainable cultivation of high value vegetables.

In addition, we provided $300,000 in debt to WARC (West Africa Rice Company), an enterprise based in Sierra Leone that is attempting to leverage a large-scale, profitable farming operation to train managers that will eventually be able to support smallholder outgrower units. WARC is a more centralized and coordinated model than we have seen elsewhere and is one that we believe is worth keeping an eye on. Finally, we made a number of pilot loans to organizations working, in a variety of ways, to offer unique market access to smallholders. Get It Rwanda ($500,000 loan), FarmFresh ($450,000 loan), Moringa Connect ($250,000 loan), and East Africa Fruits ($225,000 loan) are all engaged in helping to increase farmer incomes through value added production.

In total, we made $7.1 million in new PRI commitments, not including renewals, in 2019. We currently have ~$15 million in outstanding PRI capital, the majority of which we expect to be able to recycle in the coming years.

# Leading on impact measurement

Those of you who know Ceniarth know that we rarely invest equity in early-stage enterprises. For a variety of reasons, it is not our preference. We are even less likely to lead an equity round. In fact, 2019 marked the first time that we played a lead role in an equity financing as we supported the spin-out of Acumen's Lean Data team into their own new independent business, 60 Decibels. Structured as a PRI, our $625,000 equity investment was matched by investment from Acumen, as well as support from other private investors.

As we pursue the deployment of greater amounts of impact-first capital, investment in more rigorous impact measurement is essential to ensuring that scarce subcommercial dollars are being used for optimal impact. We had engaged with Acumen's Lean Data methodology as a client, funding a comparative study of seven of our agricultural investments. The quality and granularity of their data collection work convinced us to become an investor in the business itself as it is a platform that we hope will become a critical tool for the industry.

https://impactalpha.com/for-ceniarths-impact-first-portfolio-catalytic-just-means-reasonable/