Early Warning System

EIB-20180116

VERDANT - CAPITAL HYBRID FUND

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Quick Facts

Financial Institutions	European Investment Bank (EIB)
Status	Proposed
Bank Risk Rating	U
Borrower	Verdant Capital
Sectors	Finance, Industry and Trade
Investment Type(s)	Loan
Loan Amount (USD)	$ 20.00 million
Project Cost (USD)	$ 100.00 million

Project Description

According to the EIB, the project consists in an equity investment in a USD 80m fund promoting financial inclusion in Africa through hybrid capital investments in financial institutions in Africa.

The project has the ultimate objective to promote financial inclusion in Africa, thus supporting employment and the economic development of micro, small and medium-sized enterprises (MSMEs).
The fund will provide a range of hybrid capital instruments (i.e. subordinated debt, holding company loans, additional Tier 1 capital, etc.) to inclusive financial institutions comprising Monetary Financial Institutions (MFIs), banks, leasing companies, housing finance institutions etc. Such investments will provide essential capital to financial intermediaries that were affected by the COVID-19 pandemic and have a crucial role in the economic development of the continent. Hybrid capital products are rarely available in the target market but have high crowding-in potential as they allow the investees to attract additional senior debt and leverage the financing to reach more clients.
The fund will promote high standards of service delivery and require the investees to adhere to best practice in terms of client protection principles and social responsibility.

Investment Description

- European Investment Bank (EIB)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- Verdant Capital (Financial Intermediary)

Private Actors Description

As stated on the company's website, Verdant Capital is a leading investment bank and investment manager operating on a Pan-African basis and specialising in private capital markets. It boasts offices in Johannesburg, Ebene, Accra, Harare, Kinshasa and Frankfurt.
Verdant Capital is authorised by the Financial Services Conduct Authority in South Africa (FSP44608), licenced by the Financial Services Commission in Mauritius. The firm is a BaFin-registered AIFM.
Verdant Capital has completed or is currently executing transactions in more than 25 African countries.
Verdant Capital is the manager of the Verdant Capital Hybrid Fund, a fund investing hybrid capital into inclusive financial institutions on a pan-African basis.

Contact Information

No project contacts available at the time of disclosure.

Financial Intermediary - Verdant Capital:

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ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.eib.org/en/infocentre/registers/request-form/request-form-default.htm

ACCOUNTABILITY MECHANISM OF EIB

The EIB Complaints Mechanism is designed to facilitate and handle complaints against the EIB by individuals, organizations or corporations affected by EIB activities. When exercising the right to lodge a complaint against the EIB, any member of the public has access to a two-tier procedure, one internal - the Complaints Mechanism Office - and one external - the European Ombudsman. A complaint can be lodged via a written communication addressed to the Secretary General of the EIB, via email to the dedicated email address: complaints@eib.org, by completing the online complaint form available at the following address: http://www.eib.org/complaints/form via fax or delivered directly to the EIB Complaints Mechanism Division, any EIB local representation office or any EIB staff. For further details, check: http://www.eib.org/attachments/strategies/complaints_mechanism_policy_en.pdf

When dissatisfied with a complaint to the EIB Complaints Mechanism, citizens can then turn towards the European Ombudsman. A memorandum of Understanding has been signed between the EIB and the European Ombudsman establishes that citizens (even outside of the EU if the Ombudsman finds their complaint justified) can turn towards the Ombudsman on issues related to 'maladministration' by the EIB. Note that before going to the Ombudsman, an attempt must be made to resolve the case by contacting the EIB. In addition, the complaint must be made within two years of the date when the facts on which your complaint is based became known to you. You can write to the Ombudsman in any of the languages of the European Union. Additional details, including filing requirements and complaint forms, are available at: http://www.ombudsman.europa.eu/atyourservice/interactiveguide.faces