Early Warning System

FMO-63854

Fido Solutions Limited

Quick Facts

Countries	Ghana
Financial Institutions	Netherlands Development Finance Company (FMO)
Status	Approved
Bank Risk Rating	C
Voting Date	2024-08-01
Borrower	FIDO Solutions
Sectors	Finance
Investment Type(s)	Equity
Investment Amount (USD)	$ 10.00 million

Project Description

According to the Bank's website, FMO invested USD 10 million in direct equity (from MASSIF) in FIDO's Series B capital raise. The funding objective is to support FIDO's loan book growth in Ghana and Uganda and to further expand into new African countries, while maintaining their goal of supporting bottom-of-pyramid (BoP) clients.

FIDO provides access to finance to the BoP, which is in alignment with FMO's commitment on reducing inequalities. Its client base mostly consists of young, BoP informal business owners who, in almost all instances, have never had access to finance due to a lack of formal financial track record.

Early Warning System Project Analysis

E&S risk is deemed limited (risk classification C), with the potential environmental and social impact from operations being minimal. FIDO's operations are not exposed to high-risk sectors and no IFC Performance Standards are triggered due to the small ticket sizes of the loans. As such, the operations have minimal or no adverse environmental or social impact.

In the case of microfinance investments, the E&S classification is typically low because the exposure generally is limited to retail and micro-entrepreneurs. The risks that might come with microfinance investments, such as, among others, over-indebtedness, transparency of interest rates, and responsible pricing, are covered by FMO in other assessments such as the Client Protection Principles (CPPs).

Investment Description

- Netherlands Development Finance Company (FMO)

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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.

- FIDO Solutions (Financial Intermediary)

Private Actors Description

FIDO Solutions (FIDO) is a digital lender operating in Ghana and Uganda. The company empowers individuals and small businesses across Africa by providing small tickets, short term credit and other financial products. By leveraging technology, FIDO utilizes alternative data and artificial intelligence (AI) to underwrite more than 650,000 customers, granting them instant access to credit without a formal financial track record based on a credit score calculated by FIDO.

Contact Information

No contacts available at the time of disclosure.

Website customer/investment: https://gh.fido.money/

ACCESS TO INFORMATION

As part of FMO's ex-ante disclosure (disclosure of transactions before contracting), you can send requests or questions for additional information to: disclosure@fmo.nl

ACCOUNTABILITY MECHANISM OF FMO

Communities who believe they will be negatively affected by a project funded by the Dutch Development Bank (FMO) may be able to file a complaint with the Independent Complaints Mechanism, which is the joint independent accountability mechanism of the Dutch Development Bank (FMO) and the German Investment Corporation (KfW). A complaint can be filed in writing, by email, post, or online. The complaint can be filed in English or any other language of the complainant. The Independent Complaints Mechanism is comprised of a three-member Independent Expert Panel and it can provide either problem-solving, compliance review or both, in either order. Additional information about this accountability mechanism, including a guide and template for filing a complaint, can be found at: https://www.fmo.nl/independent-complaints-mechanism