Early Warning System

IFC-39996

Baobab MicroCred LCY multi-country facility

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Quick Facts

Countries	Burkina Faso, Congo, Democratic Republic of, Ivory Coast, Madagascar, Nigeria, Senegal
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	U
Voting Date	2019-06-24
Borrower	BAOBAB
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 21.10 million

Project Description

According to bank documents, the proposed project consists of a multi-currency facility of an aggregate amount of US$21.1 million equivalent to six African affiliates of the Baobab Group, one of the leading global microfinance networks with operations in nine African countries and China. The program includes support to the following subsidiaries, for on-lending to micro, small and medium enterprises (MSMEs): Senegal, Cote d'Ivoire, Madagascar, Nigeria, Burkina Faso and Democratic Republic of Congo.

People Affected By This Project

The most significant, expected Project-level outcome is increased access to finance including at longer terms by underserved MSMEs including Women owned MSMEs (WSMEs). Beyond the Project, IFC anticipates that the Project has the potential to promote greater market inclusiveness via demonstration and replication channels.
Development Impact is expected to be measured based on the following factors:
- Stakeholders effects: change in accessibility - in the context of bridging finance gap for MSMEs (incl. WMSMEs and agri-MSMEs located in rural areas) in six countries by deploying (i) its products and services and (ii) access to scarce medium- to long-term finance.
- Stakeholder effects: change in affordability of finance for MSMEs - by (i) deploying digital channels, agent network along with multiple products offering to lower the access to finance cost for MSMEs.
- Inclusiveness: by demonstrating to other Financial Institutions the viability of product offerings and digital channels that meet the funding needs of WMSMEs and MSMEs in remote locations.

Investment Description

- International Finance Corporation (IFC)

IFC's investment will be in the form of senior loans of an aggregate amount of US$21.1 million equivalent to the six Baobab subsidiaries considered under the Project, allocated as follows:

• Baobab Senegal: Senior loan of up to US$7.0 million equivalent in XOF with 5-year tenor.

• Baobab Côte d'Ivoire: Senior loan of up to US$5.0 million equivalent in XOF with 5-year tenor

• Baobab Madagascar: Senior loan of up to US$4.0 million equivalent in MGA with 5-year tenor

• Baobab Nigeria: Senior loan of up to US$1.8 million equivalent in NGN with 5-year tenor

• Baobab Burkina Faso: Senior loan of up to US$1.8 million equivalent in XOF with 3-year tenor

• Baobab Democratic Republic of Congo: Senior loan of up to US$1.3 million with 3-year tenor

The project will be supported by the IDA IFC-MIGA Private Sector Window (PSW) to enable the provision of local currency and US$ financing at the required terms in order to unlock financing for MSMEs. Up to US$19.8 million will be provided from the PSW Local Currency Facility, which provides financing in local currency for high impact projects where local currency solutions are underdeveloped or missing. In addition, up to US$0.75 million from the PSW Blended Finance Facility will be structured as a senior concessional loan to Baobab Democratic Republic of Congo.

Private Actors Description

The project is implemented by Baobab, a longstanding partner of IFC, as one of the first microfinance networks to implement the 2006 Microfinance Initiative for Sub-Saharan Africa. IFC was a founding shareholder of Baobab until divestment in 2014 and has invested in 6 subsidiaries in Africa and China. Baobab's performance in Africa in the past 10 years has been positive with sustained growth and impact in frontier and FCS markets such as Mali, Democratic Republic of Congo and Zimbabwe. Baobab offers a complete range of financial services, including credit products ranging from US$10 to US$300,000; savings and insurance for low-income individuals; payments and transfers. The selected subsidiaries represent leading players in their respective markets and an opportunity for IFC to reach multiple financial inclusion operators in an efficient manner.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Baobab Group	Client	-

Contact Information

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ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/