Early Warning System

IFC-42350

Lulalend

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Quick Facts

Countries	South Africa
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	C
Voting Date	2019-05-10
Borrower	LULA LEND (PTY) LTD
Sectors	Finance
Ring Fence	Small & Medium Enterprises
Investment Type(s)	Equity
Investment Amount (USD)	$ 2.80 million
Project Cost (USD)	$ 6.50 million

Project Description

According to bank documents, the proposed project is a US$2.8 million equity investment into Lulalend, an online uncollateralized MSME lending platform based in Cape Town, South Africa. Lulalend leverages technology to provide loans to banked but underserved businesses in South Africa. Lulalend's customers are MSMEs with annual turnover ranges of $36K-3.5M, from the retail, services, manufacturing, logistics and construction sectors. IFC's investment will help increase access to finance for micro and small and medium enterprises ("MSMEs") in South Africa.

Investment Description

- International Finance Corporation (IFC)

The proposed investment is a US$2.8 million equity investment in preferred Series A stock of Lulalend. The total round size is US$6.5 million.

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.

- Lula Lend (Pty) Ltd. (Financial Intermediary)
- LULA LEND (PTY) LTD (Financial Intermediary) **is owned by** Lulalend (Parent Company)

Private Actor Relationship

There is often limited information publicly available about what development banks are funding through financial intermediaries. In 2021, the Early Warning System partnered with Oxfam International to incorporate information on high-risk projects being funded by financial intermediaries receiving funding from the International Finance Corporation (IFC) and the Dutch Development Bank (FMO).

The information listed below describes the relationship between the different private actors linked to high-risk sectors and subprojects of IFC and FMO's financial intermediary investments and/or the financial intermediary's parent companies made from 2017 through 2020, including any associated ring fences.

The database, however, does not explicitly or implicitly imply that IFC or FMO have material exposure to or are contractually or legally accountable to the sub-projects financed by their financial intermediaries or the financial intermediary's parent companies. It only shows a seemingly financial relationship among the different private actors, the financial intermediaries, and IFC or FMO.

Private Actors Description

Founded in 2015, Lulalend is an online uncollateralized MSME lending platform based in Cape Town, South Africa. To date, the company has disbursed 2,180 loans worth $18.5MM in total cumulative disbursements.

Post IFC’s investment, Lulalend’s shareholding structure will be as follows: Trevor Gosling (CEO), Neil Welman (CTO), Alexander Schuetz, IFC, Quona, Hallman Holding International, Accion, Team Africa Ventures, Newid Capital, Lutz Seebacher, Employees.

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/