



FACTSHEET

June 2023

Swiss Agency for Development
and Cooperation SDC

Impact-linked financing for high-impact organisations suffering from the covid-19 crisis, ILF-ESA

Facts and Figures

Priority	Employment and Economic Development
Phase	12.2020–11.2024
SDC contribution	CHF 2'000'000
Medicor contribution	CHF 500'000
Location	Eastern & Southern Africa
Partners	Facility Managers of the Impact-Linked Finance Fund ILFF (Roots of Impact and iGravity)

Overall Goal

The ILFF bridges the world of development and finance. It enables private and public actors to pool resources and expertise in order to contribute to the SDG's and the 2030 Agenda. The goal of this project is to preserve and protect social enterprises in the post COVID-19 period and to ensure them to create additional income, employment and improved livelihood for low income and disadvantaged households, particularly female-headed households in the Eastern & Southern Africa region.

Project Overview

The COVID crisis hit the private sector hard, especially social enterprises in sub-Saharan Africa, which have a particularly positive impact and outreach on and to vulnerable populations and low-income households in rural areas. As they provide affordable services and products for low-income households, they require a longer start-up time to break even and are therefore more vulnerable to crises. As a result of COVID, many social enterprises are in dire need of support to secure the impact they generate. The Impact-Linked Finance Fund (ILFF) addresses this issue by providing financial solutions to social enterprises conditional to the achievement of positive measurable social outcomes (e.g. number of poor patients cared for, number of developed markets in remote rural areas). It empowers these social enterprises with an innovative financing approach called Impact-Linked Finance (ILF), which can include conditional matching funds from other private sector investors. The funding mechanisms for the ILF-ESA include (1) Social Impact Incentives (SIINC), a blended finance instrument that rewards social enterprises with time-limited premium payments for achieving positive social outcomes and (2) Impact-Linked Loans (ILL) which are repayable private loans whose interest rate is lowered by achieving predetermined positive social outcomes.

Expected Outcomes

The current contribution of SDC and Medicor supports eight enterprises by enabling them to strengthen and scale in economic and social terms and ensure that they are commercially viable and financially sustainable. These enterprises need to have a strong impact measurement at place with tracked and reported indicators for their positive social outcomes in order to benefit from the ILF's tools to help them meet their impact goals and maintain their social business model.

Beneficiaries

The direct beneficiaries are social enterprises. This support in turn benefits hundreds of thousands of low-income households, vulnerable people, patients and other businesses.



Project example 1



The more patients receive a treatment, the more money is paid to Jacaranda through the SIINC deal.

In Kenya, about 5'000 mothers die each year. The maternal mortality rate is about 70 times higher than in Europe. These rates are partly due to limited access to adequate maternal and newborn care.

To address this problem, the 2011 founded **Jacaranda Maternity** operates three maternity hospitals in peri-urban locations in Kenya. They target women and girls from lower and lowermiddle income households and provide maternal health services at 20% of the cost of top hospitals.

Jacaranda already has an effective and impactful business model in place. The hospital has well-trained

staff, offers home examinations and care, has clinical protocols, standard operating procedures, decision support and task management tools and direct patient feedback. The hospital uses communication platforms such as SMS and WhatsApp to maintain direct client contact for initial consultations and feedback, making it attractive to low-income households as it eliminates transport costs.

Jacaranda Hospital receives a contribution of CHF 270'000 through SIINC, which is expected to increase the number of maternity patients from the lower income spectrum. This includes antenatal and postnatal care visits as well as the birth itself. The SIINC amount helped Jacaranda Hospital to attract additional private investment to further deepen their social impact. The leverage is 5.5:1 (1 CHF invested by SDC attracted 5.5 CHF private capital).



Jacaranda offers affordable services to low income patients.

Project example 2



Kenya's smallholder farmers rely on informal agro dealers to access inputs and essential services. Their businesses face several challenges, which jeopardises smallholder farmers' access to seeds, fertilizers, products and services. Expansion of their activities is often limited due to insufficient capital, long distances and poor infrastructure.

Shamba Pride revolutionizes this supply chain by digitising existing informal agro dealers and transforming them into franchised "DigiShops". The DigiShops' online-to-offline platform connects end consumer markets and farmers with producers of quality inputs and services via app. This addresses issues of quality and price exploitation and promotes transparent supply chain systems.

Farmers in rural and sparsely populated areas can now access quality inputs, insurance services, financial services, market linkages and free training in both livestock and agriculture at the next located DigiShop.

The SIINC amount for Shamba Pride is CHF 250'000 over three years. This will enable the enterprise to increase the number of DigiShops in underserved

arid and semi-arid areas. In addition, more climate-friendly products and more organic products are to be offered. The amount of private capital leveraged through the Funding window interventions stays at CHF 720'000, showing a ratio of 2.9:1.



Via app customers can buy products and pick them up at the next DigiShop

Impressum

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