

2020-09 | Upscaling of Micro Loans for Solar Home Systems and Solar Powered Productive Use Appliances in Zambia

Partner Financial Institution:	MPower Ventures Zambia Ltd	SCBF Contribution:	CHF 89'960 (62%)
Grantee:	MPower Ventures AG	Matching Contribution:	38%
Country:	Zambia	Theme:	Green Energy
Duration:	Oct 2020 – Mar 2022, extended to Nov 2022	Product:	Loans
Potential Outreach:	8'000	Target Group:	Multiple
Thereof Women:	50%		

CONTEXT

The project will focus on Zambia, where 62% of the population is excluded from the formal financial system. At the same time, 68% of the Zambian population lack access to energy and many more are suffering from daily power cuts and thus from significant under-electrification. Low-income rural households and micro SMEs are most affected from this lack of finance and energy which hinders their ability to rise out of extreme poverty and generate a regular income. The Zambian Government launched its first National Financial Inclusion Strategy (NFIS) in November 2017. The strategy emphasises the following key elements: improved outreach and adoption of digital financial services and greater availability of affordable financing for SMEs.

MPower Ventures AG is a Swiss-headquartered venture that tackles the challenges of financial inclusion and energy poverty by offering quality solar energy systems combined with a micro-leasing package to low-income communities in Sub-Saharan Africa. Three pillars are key in achieving this goal:

1. Increased accessibility through digitization
2. Credit risk assessment using an innovative credit scoring scheme
3. Sensitization and education of staff and customers

Zambia was the first country of operation of MPower. MPower Zambia is a 100% affiliate of MPower Ventures AG and MPower's local representation. MPower Zambia is managing our local partners as well as logistics and lending operations and will function as the partner financial institution managing the lending operations.

CURRENT STATUS OF THE MFI

MPower Zambia addresses the pressing challenge of energy access and financial inclusion and empowers under-electrified communities in Zambia by providing a unique combination of financing, quality solar systems and a software solution. MPower Zambia works on a B2B2C basis with local companies and energy entrepreneurs as sales agents and offers them access to cost-effective financing, state-of-the-art software to optimize their activities and supplies high-quality solar products at affordable prices. The support of SCBF will allow MPower Zambia to scale and broaden its target group to the following groups: Micro SMEs (e.g. hairdresser, kiosks, restaurants) with a particular focus on women and low-income households. MPower Zambia provides for a network of partners and sales agents that allow to reach out to the most remote areas in the entire country.

OBJECTIVES AND MAIN ACTIVITIES

MPower will use the product-up scaling support to push lending activities to the next level and allow to offer cost effective financing solutions to unbanked customers for the same terms & conditions they would have living in an urban area or belonging to the middle income class. Upon project completion, the financial institution should be in a position to capture reliable the credit risk of the financially excluded population of Zambia.

