

## CHARM IMPACT

Combating financial exclusion of early-stage, high impact entrepreneurs across Sub-Saharan Africa who are unable to access the finance they need to grow their businesses.



### CHALLENGE

Local entrepreneurs within Sub-Saharan Africa are financially excluded from gaining access to the finance they need to grow their high-impact businesses. The pervasive lack of available debt capital for early-stage local energy companies is because of difficulty in meeting collateral or personal guarantee requirements to borrow from commercial banks, microfinance institutions' inability to meet their funding needs, and existing investors' low-risk tolerance, i.e., their minimum investment amount is too high, or they do not have the appropriate processes to assess the risk and adequately cater to earlier-stage local entrepreneurs.

The Global Off-Grid Lighting Association's latest data shows that in 2021, 97% of debt invested into off-grid energy went to just ten large majority of foreign-owned businesses. In addition, the latest projections from the International Renewable Energy Association indicate that 672 million people will remain without access to basic electricity in 2030, 85% of whom will be in Africa. To tackle this crisis, hundreds of local entrepreneurs are needed across the continent, running scalable, profitable businesses that provide clean energy solutions to those that need them most.

### INNOVATION

Founded in 2018, Charm Impact's mission is to combat financial exclusion for clean energy entrepreneurs across Sub-Saharan Africa who have challenges accessing the financing they need to grow their businesses. Charm has developed a specialised credit risk assessment tailored to assess locally owned companies at the earliest commercialisation stage. Companies that pass the credit risk assessment are provided loans ranging from £10,000 to £350,000 through Charm's bespoke impact investment platform. Once the entrepreneurs have successfully repaid multiple loans, developing a meaningful credit history, Charm's borrowers are far more attractive to other less risk-tolerant commercial investors. They can then present their credit profiles to later-stage investors and local financial institutions. This sets them on the pathway to scaling local markets and achieving impact at scale.

### IMPACT

To date, Charm has provided 23 loans across Nigeria, Kenya, Malawi, Rwanda, Zimbabwe, Tanzania and India with a combined value of £1.52m, improving energy for more than 350,000 people. Charm maintains no defaults across its portfolio and has had nine loans fully repaid. Of the open loan positions, 100% of capital is invested with locally owned and led companies, and 39% has supported female-led or female-founded companies. Charm Impact is supported with funding from UK government programmes - Energy Catalyst and Innovate UK.