

Medical Credit Fund raises EUR 32.5 million to support health entrepreneurs in sub-Saharan Africa



- *The only debt fund fully dedicated to small and medium-sized health enterprises (SMEs) in Africa, launched its second fund (MCF II), allowing more healthcare providers to access loans to grow their businesses, purchase equipment, improve quality and to prevent medicine stock outs.*
- *The blended funding round was anchored by the Dutch Ministry of Foreign Affairs. Also participating are CDC Group, Swedfund, FMO and Philips. In addition, the fund benefits from a guarantee facility by the U.S. International Development Finance Corporation (DFC).*
- *Medical Credit Fund will deploy the funding to advance its product offering and digital loans across sub-Saharan Africa. Mitigating the chronic underfunding of the sector means more patients can receive better healthcare.*

AMSTERDAM (December 14, 2021) – Medical Credit Fund (MCF), the only debt fund fully dedicated to the African health sector, today announced the completion of a EUR 32.5 million fundraise of its second fund (MCF II). This financing round will expand the Fund’s presence and support to healthcare providers in sub-Saharan Africa, with a focus on primary healthcare services including malaria prevention and treatment and maternal and childcare. The round also caters for expanding its fully digital loan product called ‘Cash Advance’, which grew exponentially in the past two years.

The funding round was anchored by the Dutch Ministry of Foreign Affairs, which provided the first equity injection of EUR 7.5 million in January this year, to cater to the demand for loans during the heights of the COVID-19 crisis. Also participating in this funding round are CDC Group, EUR 10 million, FMO, EUR 7.5 million, Swedfund, EUR 5 million and Philips, EUR 2.5 million. In addition, MCF will benefit from a guarantee facility by the U.S. International

Development Finance Corporation (DFC), which was initiated by the Health Finance Coalition (HFC) with support of the U.S. President's Malaria Initiative (PMI) and USAID's Center for Innovation & Impact (CII). Through blended finance, MCF uses catalytic capital from both public and private sources and is targeting to grow to EUR 80 million in the next few years.

MCF II qualifies under the [2X Challenge](#) as its funding will enhance access to capital for gender-smart healthcare businesses and help to increase health services for female patients. The 2X Challenge is a commitment by the development finance institutions (DFIs) of the G7 to mobilize capital to support businesses provide women in emerging economies with access to leadership opportunities, quality employment, and products and services that enhance their economic participation and inclusion.

Since its foundation, Medical Credit Fund has provided over 6,500 loans to healthcare providers in Africa, worth over EUR 120 million, with a 96% repayment rate. It has reached 1,800 health small and medium-sized enterprises (SMEs) in Kenya, Ghana, Nigeria, Tanzania and Uganda. Loans are combined with support for business and quality improvement using the PharmAccess – SafeCare standards and methodology, through which 80% of the clients are able to improve their services.

MCF will deploy the funding to further scale its impact across sub-Saharan Africa with a focus on advancing its digital loan products. Only 5 years after introducing 'Cash Advance', 80% of MCF's disbursements now go through digital loans. Cash Advance does not require collateral: the provider's history of mobile money receipts serves as the basis for the loan. The digital revenues are used directly to pay back the loan. Kenyan clients say to appreciate the flexible repayment and the speed and ease of the process, as all is done through their mobile phone.

Arjan Poels, Managing Director of MCF commented on today's news: "I am very grateful for the support we received from our investors, especially the Dutch Ministry of Foreign Affairs. The funds will help to bridge the financing gap for small and medium-sized health businesses, allowing entrepreneurs to finance construction work, purchase equipment, and prevent medicine stock-outs. Mitigating the chronic underfunding of the sector means more patients can receive better healthcare."

Clarisa De Franco, Managing Director & Head of Private Equity Funds, CDC Group, said: "Affordable, reliable and quality health care has never been more crucial than it is today. Which is why CDC is thrilled to be deepening its partnership with MCF, an impact-led fund manager with a track record of supporting the primary healthcare sector in Africa. Our commitment to MCF II will enable the Fund to increase its flexible finance offers to an estimate of over 2,500 healthcare SMEs, bolstering their ability to meet the increased demand for quality healthcare and to serve approximately 10 million patients by 2030. Strengthening Africa's healthcare system is an immediate priority that demands dedicated healthcare financing to help close the funding gap in the market. CDC's commitment alongside partner investors will serve the dual purpose of boosting the growth of Africa's healthcare sector and it will act as a positive signal to the market, attracting even greater investments to scale inclusive quality healthcare for millions of people across Africa."

Marnix Monsfort, Director Financial Institutions at FMO added: "We're pleased to have contributed to this one-of-a-kind Fund targeting healthcare SMEs through our Building Prospects and MASSIF funds in the form of a subordinated debt facility. As the Fund is aimed at reducing inequalities in several of our core markets, with a strong gender focus, we believe the Fund is uniquely positioned to play a leading role in the healthcare space and are proud to have been one of the investors for the launch of the second Fund."

Audrey Obara, Head of Healthcare at Swedfund, said: "Small and medium-sized private health facilities are crucial to increasing access to healthcare in Sub-Saharan Africa, especially for women and children. MCF has a responsible lending approach that strengthens health SMEs to provide better quality healthcare and operate financially viable enterprises. Therefore, the investment in MCF II is well aligned with Swedfund's goal to support sustainable businesses that improve access and quality of health care for underserved patients across the sector value chain. We are also pleased that the fund has a strong digitalization focus and qualifies as a 2X investment."

Jan-Willem Scheijgrond, Head of Government and Public Affairs at Philips said: "As part of our commitment to improve the lives of 2.5 billion people per year by 2030 through innovation, Philips has the ambition to expand access to care for 400 million people in underserved communities. We have experienced first-hand that access to finance is a main bottleneck for healthcare providers in Africa to expand their services and invest in areas such as advanced medical imaging technologies. The Medical Credit Fund has proven that it can solve this financial bottleneck, and that is why we are cementing our long-term partnership with our investment in the fund."

"DFC is proud to support Medical Credit Fund II with a loan guaranty to support loans to healthcare-related small and medium-sized enterprises across sub-Saharan Africa, including in low- and lower-middle income countries," said **Algene Sajery, DFC's Vice President of the Office of External Affairs and Head of Global Gender Equity Initiatives**. "Moreover, with loan proceeds benefitting businesses that meet the 2X criteria, MCF II's work will help safely continue critical health services as the COVID-19 pandemic continues, while empowering women to reach their full economic potential."

Clifford Chance LLP advised on the legal and tax aspects of the establishment of MCF II.

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Note to the editor:

About Medical Credit Fund (MCF)

PharmAccess Group launched Medical Credit Fund in 2009 as the only fund exclusively dedicated to financing small and medium sized healthcare companies in Africa. This blended fund works with a wide network of African partners to provide health MSMEs with loans and technical assistance so they can expand their businesses and invest in quality improvement. MCF uses innovative financing solutions and digital technologies to cater to the financing needs of health MSMEs and help achieve the Sustainable Development Goals for health. Stichting Medical Credit Fund is the not-for-profit fund manager of Medical Credit Fund and launched its second fund in 2021: MCF II Cooperative.

About PharmAccess Foundation

At PharmAccess, our goal is to make inclusive health markets work in Sub-Saharan Africa. Realizing first that health is wealth. The PharmAccess integrated approach addresses both the demand and supply side of the health care system and uses the opportunities that mobile technology and data provide to leapfrog development in health markets in sub-Saharan Africa. With the aim to inspire viable and resilient health markets that provide access to care for millions of people in Africa.

Through public-private partnerships, PharmAccess focusses on; promoting basic health insurance plans and other innovative demand-side financing options to protect people from financial hardship; introducing quality standards and improvement methodologies for health care providers to increase transparency and stimulate efficiencies; facilitating and stimulating loans, business support, and investments for private health care providers, and innovating value-based health care solutions and financing, using data to empower health care consumers, patients, doctors and financiers alike.

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