

## SPECIAL FEATURE

### A Conversation with Joy Ogutu on Impact Investing in Africa



How best to invest in Africa? What makes this region attractive to investors? This month, we introduce you to Joy Ogutu, an Africa-based Investment Officer at Agents for Impact (AFI), an impact investment company based in Germany. As an expert in sustainable investments and impact in Africa, Joy offers us keen insight into these and other questions on sustainable growth and the current conditions in Africa.

Joy has over 10 years of experience in the financial sector in Sub-Saharan Africa. Before joining AFI, she worked at the African Guarantee Fund, where she held the positions of Business Development Officer and Credit Officer. Her roles involved managing the guarantee cycle of financial institutions providing loans to small and medium-sized enterprises. Prior to that, she worked at Equity Bank, Ecobank and Commercial Bank of Africa (now NCBA). Her areas of expertise include deal structuring, credit risk analysis, portfolio management and relationship management. Joy is passionate about promoting sustainable development by facilitating access to finance and aiding organizations in their investment strategies. She believes that financial returns can be obtained while making a positive impact on the environment and the communities in which AFI operates.

*MicroCapital: In your work in financial services, what have been the highlights? What motivates you?*

Joy Ogutu: I am a development finance and credit risk management professional, and I am passionate about sustainable development. My areas of specialization are credit risk management, deal origination and structuring, portfolio management, and relationship management. I began in the commercial banking sector, starting in customer service and eventually getting into credit risk management. I then moved to the African Guarantee Fund where we focused on providing guarantees to financial institutions to expand lending to small and medium-sized enterprises. I believe that investments can generate good financial returns while having a positive impact on society and the environment.

*MC: What is your role at Agents for Impact?*

JO: I am an Investment Officer focusing on the Sub-Saharan region. I identify new investment opportunities, conduct due diligence, prepare investment packages and manage client relationships.

*MC: What makes Africa so attractive to investors?*

JO: Africa is one of the fastest growing regions in the world. There are strong growth prospects across several sectors. Opportunities in infrastructure are significant, for example. In the transport sector, only about 53 percent of roads in Africa are paved. The rail systems and ports also

need to be upgraded to make them more efficient in facilitating the transportation of goods. Power demand is expected to increase over 90 percent by 2035. Due to favorable climatic conditions, there are investment opportunities in renewable energy, such as solar, wind, hydropower and geothermal power.

In recent years, mobile phone penetration has increased remarkably, though it remains below 50 percent. Internet penetration is at 30 percent. This growth in mobile and internet penetration has catalyzed innovations in fintech, which continues to play an important role in financial inclusion.

A large portion of the world's arable land is in Africa, and there is investment potential in primary agriculture as well as the agribusiness value chain to promote food security. Most commodities are exported as they are harvested. Processing these commodities from their raw form can increase their value and in line with that, the associated returns.

Lastly, the youthful population of the continent provides ample labor resources, while the growing middle class provides a ready consumer market for goods and services.

*MC: What characterizes the microfinance institutions (MFIs) whose operations you are analyzing? In which regions are they, according to which parameters do they invest and how do you choose them?*



JO: We focus on MFIs across Sub-Saharan Africa. Since we prioritize impact, we look for the promotion of financial inclusion. This may be through lending to people with low incomes, the provision of financial services in rural areas, fair lending rates or lending to women - a historically marginalized segment of society. We also look at the internal operations of the MFI to determine whether staff are well treated, there are systems for staff development and the organization promotes equal opportunities in employment.

*MC: How much and how often do you have to travel to do your job? Is COVID still a major constraint?*

JO: We travel to conduct due diligence on new clients as well as for monitoring the activities of existing clients. At the height of the pandemic, travel was restricted, as most countries had closed their borders. The situation has greatly improved, however, as vaccination numbers increased and infection rates dropped across the continent.

*MC: What do you expect for the next three to five years in your business?*

JO: I expect more innovation in the sector. COVID accelerated the pace of digitization as financial institutions had to find ways to reach their clients virtually. With increasing mobile and internet penetration, there will be more innovations in the fintech space. There are also concerted efforts to promote financial access for women, with products being designed specifically for them. Together, these endeavors will continue to promote access to financial services, which can be so important to businesses and families alike.

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