

# Kenya's IMF Standby Facility, & Cytonn Weekly #31/2018

## Private Equity

Jamii Africa, an InsurTech (Insurance Technology) company based in Tanzania, received an equity investment of USD 0.7 mn (Kshs 70.6 mn) for an undisclosed stake from US-based entrepreneur, Patrick Munis. The latest injection of funding draws the enterprise a step closer to its target of USD 2.0 mn (Kshs 201.7 mn), a benchmark set to facilitate its efforts to expand into Kenya.

Launched in 2015, Jamii Africa focuses on making affordable health insurance services readily available and accessible to the underserved population by providing mobile micro-health. Towards this, the company developed a mobile policy management platform with the capacity to handle all the administrative activities of an insurer, whilst also granting users easy access to cheap insurance via its Unstructured Supplementary Service Data (USSD) platform. Through strategic partnerships with an insurer, Jubilee Insurance and mobile provider, Vodacom Tanzania, their platform manages the benefits ledger and is integrated to mobile money and insurer systems to facilitate premium collection and benefit pay-outs. With flexible plans starting out at as little as USD 1.0 (Kshs 101.1) per month per person, the platform claims to have provided health insurance coverage to more than 6,400 individuals since its inception, while assisting over 2,900 people in the aspect of making health insurance claims. According to Jamii, the platform enables cost cutting up to 99% of administration costs, which results to cheaper premiums affordable to their target market.

Patrick Munis is a US-based entrepreneur of Nigerian descent who is founder and CEO of NewWave Technologies, a technology solutions provider. This marks his first investment in Africa. In February 2018, The GSM Association, through its Mobile for Development team and as part of the GSMA Ecosystem Accelerator Innovation Fund, announced that it had granted Jamii (an undisclosed amount) as part of its start-up portfolio. In early 2017 Jamii closed a USD 0.75 mn (Kshs 75.6 mn) round of seed funding, split equally between grants and venture capital. This came on the back of a USD 0.25 mn (Kshs 25.2 mn) grant from the Bill and Melinda Gates Foundation.

Tech-driven disruption in the insurance industry continues to attract investments. In July 2018, German investment firm GreenTec Capital Partners, invested an undisclosed amount in Bismart Insurance, a Kenyan insurance aggregator start-up. In April 2018, Bismart received seed capital of Kshs 1.0 mn (USD 10,000.0) from Standard Chartered's Women in Tech Program. For more information see our [Cytonn Weekly #28/2018](#)

As is the case in many African economies, low insurance penetration, low incomes and lack of product awareness make Tanzania's market of over 55 million people difficult for insurers to tap. According to The Tanzania Insurance Regulatory Authority, insurance penetration was 0.7% in 2016, relatively low compared to regional standards. Data by The Swiss Re Institute indicated that Insurance penetration in Kenya was 2.6% while that of Africa in general was 2.7% in 2016, vs a global average of 6.1%. We however expect improvement in this regard given Tanzania's high and rising mobile penetration. Mobile subscriptions have grown from 27.5 mn (61% of the population) in 2013 to reach 40.0 mn, or 78% of the population in 2016, according to the Tanzania Communications

Regulatory Authority. Growth in micro-insurance, a segment characterised by large volumes of small premiums is set to be driven by these statistics. Most micro-insurance products are offered through mobile network operators and financial service providers, suggesting that rising mobile penetration and the launch of new distribution channels will support future growth.

***Private equity investments in Africa remains robust as evidenced by the increasing investor interest, which is attributed to; (i) rapid urbanization, a resilient and adapting middle class and increased consumerism, (ii) the attractive valuations in Sub Saharan Africa's private markets compared to its public markets, (iii) the attractive valuations in Sub Saharan Africa's markets compared to global markets, and (iv) better economic projections in Sub Sahara Africa compared to global markets. We remain bullish on PE as an asset class in Sub-Sahara Africa. Going forward, the increasing investor interest and stable macro-economic environment will continue to boost deal flow into African markets.***

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