

Proximity Finance Raises US\$14 Million to Reach More Smallholder Farmers

Impact-focused Finnfund, Nordic Microfinance Initiative and Proparco partner to support rural Myanmar

Yangon, Myanmar – Proximity Finance, Myanmar’s first farmer-focused finance institution, signs a US\$14 million equity package with Finnfund, Nordic Microfinance Initiative (NMI) and Proparco. Proximity Finance was launched in 2010 as the microfinance arm of Proximity Designs, one of the largest agricultural services platforms in Myanmar, that provides farm technology, agronomy advice and financial services to small farms across the country.

While the deal is pending the Financial Regulatory Department’s approval, the increased equity will support Proximity Finance in tripling its active client base, currently 130,000 households, and dispersing 1,500,000 loans in the next four years. The commitment will also support an increase in loan sizes and the diversification of products, and ultimately will provide critical capital to entrepreneurial-minded small farmers.

While most microfinance institutions require clients to pay back monthly, Proximity Finance’s repayments are made when farmers receive income for their harvest. “Financing agriculture is challenging due to its seasonality, so our customer-centred design approach ensures our products are tailored to farmers’ needs,” says Hedvig Sundberg, Chief Executive Officer of Proximity Finance.

She continues, “Our relentless commitment to improving the incomes and livelihoods of low-income farm families is strengthened by working with impact-driven investors. This milestone partnership underpins our investors’ focus on building an equitable society and signals international support for rural Myanmar and its people.”

In Myanmar, 39% of the rural population are living in poverty. Farmers represent a hugely underserved market, but one with tremendous opportunity for those willing to invest in meeting their needs. “With its smallholder farmer focus, Proximity Finance addresses the critical funding gaps in the country’s rural credit sector and aims to reshape the financial landscape for 30+ million underserved rural people. We’re proud to support their commitment to financial inclusion,” says Magali Roux, Proparco’s Regional Director for North and South-East Asia.

“NMI is excited to fund Proximity Finance on the journey to reach even more of Myanmar’s financially excluded smallholder farmers with uniquely adapted products and supported by a team providing deep expertise in agriculture,” shared Arthur Sletteberg, Managing Director, Nordic Microfinance Initiative.

“This investment advances financial inclusion, agriculture and empowering women, thus targeting several sustainable development goals at the same time”, says Ulla Huotari, Investment Manager, Finnfund. “We share Proximity Finance’s mission of increasing incomes across rural Myanmar and look forward to an impactful partnership.”

The investment is classified as a [2X Challenge](#) gender commitment, as over 60% of Proximity Finance’s clients are women. Additionally, there is a strong gender balance within the company: 50% of senior managers are women, including the CEO and Head of Finance. Proximity Finance has ambitions to uplift women customers and team members through its policies, programs and finance solutions.

More information:

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What is the 2X Challenge?

The “2X Challenge” calls for the G7 and other DFIs to join together to collectively mobilize \$3 billion in commitments that provide women in developing markets with improved access to leadership opportunities, quality employment, finance, enterprise support and products and services that enhance economic participation and access.

About Proximity Finance

Proximity Finance was launched in 2010 as the microfinance arm of Proximity Designs, a social business that designs and delivers affordable, income-boosting products that help small family farms be profitable. Proximity Finance provides a suite of tailored loans designed to meet rural families’ unique needs: The Crop Loan, Small Business Loan, Livestock Loan and On-the-go Loan. These four innovative loan products help farm families and rural entrepreneurs stabilize their finances, get rid of high interest debt and launch themselves into an upward financial spiral for good. Across the platform, Proximity Designs engages with more than 100,000 new customers a year, on top of the 550,000 they’ve already served. These families see an average of \$250 annual income increase as a result — a life-changing amount for those living on less than \$3 a day. For more information, please visit <https://proximitydesigns.org/>

About Finnfund

Finnfund is a Finnish development financier and professional impact investor. We build a sustainable world by investing in responsible and profitable businesses in developing countries. Each year we invest 200–250 million euros in 20-30 projects, emphasising renewable energy, sustainable forestry, sustainable agriculture and financial institutions. Today Finnfund’s investments and commitments total about 957 million euros, half of them in Africa. The company has about 80 employees. For more information, please visit <https://www.finnfund.fi/en/>

About Nordic Microfinance Initiative (NMI)

Nordic Microfinance Initiative (NMI) was established in 2008 in Oslo, Norway as a partnership between the public sector and private investors. Norfund and IFU, the Norwegian and Danish governmental investment funds for developing countries, represent the Norwegian and Danish States. The private investors are DNB Livsforsikring, Ferd, KLP, Storebrand, TD Veen, Lauritzen Fonden and PBU. NMI's overall goal is to strengthen the position of the poor in developing countries by helping to create jobs and prosperity on a sustainable basis. This is done by investing in and supporting microfinance institutions (MFI). For more information, please visit <https://www.nmimicro.no/>

About Proparco

Proparco is a subsidiary of Agence Française de Développement (AFD) focused on private sector development. It has been promoting sustainable economic, social and environmental development practices for 40 years. Proparco provides funding and support to both businesses and financial institutions across Africa, Asia, Latin America and the Middle-East. It seeks to partner projects in key development sectors – infrastructure (with a specific focus on renewable energies), agribusiness, financial institutions, healthcare and education, etc. – and to boost the contribution of the private sector to achieving the sustainable development goals adopted by the international community in 2015. As a means to this end, Proparco finances businesses that are instrumental in creating decent jobs that pay decent wages, in supplying essential goods and services and in battling climate change. For more information, please visit: <https://www.proparco.fr/en>