

Completion Assessment Executive Summary

Segovia/ TapTap Send (TTS)

May 2021

Investee	Segovia
Main implementation country	Pakistan ¹
Additional implementation countries	Segovia (Cote d'Ivoire, DRC, Ghana, Kenya, Liberia, Nigeria, Rwanda, Tanzania, Uganda, Zambia and others) / TTS (Bangladesh, Cameroon, Cote d'Ivoire, Ghana, Guinea, Kenya, Madagascar, Mali, Senegal, Zambia)
Funding amount agreed	\$750,000 equity investment
Funding amount disbursed	\$750,000
Co-funding	not disclosed
Investment Date	July 2015
Expected implementation period	not specified
Actual implementation period	ongoing in part
Expected PYI at year 10 (ex-ante)	Not modelled
Expected PYI at year 10 (revised after completion)	Not modelled

Innovation

Segovia developed a first-of-its-kind technology product (“CTP”) to streamline cash transfer programs for NGOs operating in a variety of developing economies around the world by reducing the complexity of beneficiary and program management and bulk payments. Subsequently, it built its Payment Gateway (“PG”) to allow NGOs, governments and corporates to transfer funds (via API or user interface) more quickly, more securely and less expensively across several frontier and emerging markets. Segovia’s platform allows its partners to integrate across payment providers and countries so they can schedule, issue, and reconcile bulk payments or other distributions, like vouchers, more seamlessly. Last, Segovia built a consumer-facing remittance product, TTS, allowing diaspora communities across Europe to digitally remit funds to various geographies in Africa and Asia.

Goal of investment:

- Test the efficacy of Segovia’s software;
- Extend the reach of Segovia’s technology by growing its client base; and
- Deepen the functionality of the platform, including advanced customer support and data security.

Type of investment

¹ Segovia is active in several emerging and frontier markets. Pakistan was the GIF focus country at the time of its investment.

GIF made a \$750,000 equity investment as part of a Series A round, making it a minority shareholder.

Original investment rationale

Cash transfers are a cost-effective, evidence-based way for vulnerable people to meet basic needs in emergencies and escape poverty. Yet identifying who should be paid and integrating across the dozens of payment networks required to reach them, remains a slow, manual, risky process. GIF's \$750,000 equity investment as part of Segovia's Series A round was intended to enable Segovia to accelerate deployment of their technology across multiple development partners.

Expected impact

Segovia sought to have a significant impact on the very large market of cash transfers in the developing world, estimated at over \$300bn per year in developing countries. These transfers include government programs for social protection and humanitarian programs that assist in the recovery of vulnerable communities during lean seasons or after natural disasters. By reducing operating costs, fraud/leakage and mis-targeting of funds, Segovia hoped to use its software-as-a-service solution (SaaS) to improve the operations and tracking functions of these programs and ultimately increase the funds received by end beneficiaries by 20-30 percent.

Results

In 2019, Crown Agents Bank, or CAB, acquired the cash transfer platform and other enterprise elements of Segovia, but did not acquire Segovia's consumer-facing remittance service that instead was spun off as TTS. Because GIF did not envision the emergence of a consumer-to-consumer remittance product or the potential integration of Segovia's technology into Crown Agent Bank's international banking business, these developments represent unanticipated channels for positive impact.

Performance against objectives at time of investment is presented in the table below.

Objectives	Outcome
Give the Company two years of runway to build its organisation, management and implementation capacity	Achieved. Company developed into an attractive acquisition target and spun off an additional entity
Allow Segovia to launch two international NGO pilot projects in addition to the International Rescue Committee (IRC) Pakistan pilot already underway, and one government pilot project.	Achieved. Several NGO pilots/programs were completed (e.g., Ebola response in Liberia with Save the Children, refugee assistance in Greece/Serbia with Mercy Corps, Covid-related payments in DRC with GiveDirectly). Since March 2019 Segovia has an ongoing partnership with the National Social Security Fund (NSSF) in Uganda.
Begin to scale up at least one pilot project	Achieved, Segovia entered a master service agreement with IRC. In Nigeria, an example with STC: https://reliefweb.int/sites/reliefweb.int/files/resources/ocha_nga_2019cwganualreport_24052020.pdf)

<p>Measurably increase cash received for an estimated 125,000 households (625,000 beneficiaries) in developing countries via the Segovia platform over the next 2 years</p>	<p>Achieved in part.. Pilot projects with Save the Children/IRC are reported to have reached more than 300,000 beneficiaries. In 2016, GiveDirectly awarded Segovia a commercial contract to use its platform to deliver \$40 million to poor households in East Africa, thought to benefit 20,000 individuals.</p> <p>Segovia also, subsequent to GIF’s investment, received a grant from the Bill & Melinda Gates Foundation, which further supported the platform’s development and enabled Segovia to reach additional beneficiaries in Uganda.</p>
<p>Develop the direct sales capacity to engage full-scale government programs</p>	<p>Achieved by Segovia. The NSSF partnership and current pipeline are early positive indicators. Furthermore, Segovia’s acquisition by Crown Agents Bank, which has longstanding experience in providing services to governments in developing countries, increases the potential of Segovia technology being deployed in full-scale government programs.</p>

In 2020, GIF executed a successful exit from TTS at the time it raised its Series A funding round.

Key learnings

- Innovations benefitting GIF’s target population can scale through acquisition by complementary businesses.
- As one of GIF’s very first investments, GIF should have weighed more heavily the importance of securing contractual rights to receipt of specific indicators and information in order to ensure the accurate delivery of data required from Segovia for concrete learnings. GIF has since incorporated contractual rights to information into its contracting process with other investees.

Route to Scale and impact

As detailed in the table below, the long-term impact of Segovia could be substantial.

Channel of Impact	Breadth	Depth
<p>Increasing the efficiency of government-to-person cash transfer programs with TTS (reducing operational costs).</p> <p>Segovia’s impact, will come from: (i) enabling non-bank financial institutions (like TTS) and financial institutions (banks) to serve a</p>	<p>The addressable market is immense: \$329 billion/year in cash transfer programs in developing countries, covering over 700 million people. A large proportion of this goes to GIF’s target beneficiaries living on less than \$5PPP/day. Segovia’s ability to penetrate this market by 2025 will be constrained by staff, ability to demonstrate savings to potential clients, and by clients’ own ability to overhaul systems.</p>	<p>At the time of investment, Segovia anticipated that increased efficiency and reduced leakage would result in an extra 20% to 30% increase in receipts by intended beneficiaries. In PYI terms, this would translate to a depth of 0.2*(transfer amount/baseline consumption). For example, for a program that boosted beneficiary consumption by 50%, Segovia’s technology would result in a 0.1 PYI gain (per person per year) if it performed as envisioned. Evidence on realized savings is currently lacking.</p>

<p>broader set of communities with lower priced, higher-quality transfers to hard-to-reach locales and (ii) facilitating disbursements for international development and supranational organizations (i.e. the UN), again, with digital, low-cost, convenient distribution options. CAB being a specialist in exotic currency (frontier and emerging markets foreign exchange and serving those customer segments), facilitates an efficient end to end payment service.</p>		
<p>TTS reduces the cost of sending remittances for its customers, and by competitive pressure reduces overall remittance prices in the corridors where it operates. Reducing the cost of remittances results in savings to remitters, which may be passed on to the remitees. Reduced remittance costs also induces a greater volume of remittances</p>	<p>Here too the ultimate addressable market is immense with remittance to low and middle-income countries in 2019 estimated at \$551 billion and a significant portion is destined for people living under \$5PPP/day. Annual flows for the countries currently served by TTS's are about \$7 billion, representing a better approximation to the immediately addressable market. While TTS's current share of this market is small, it is possible the expansion of TTS and other low-cost operators could eventually put downward pressure on the prices charged</p>	<p>There are two paths to impact: First, TTS's prices are lower than those of the main operators. Assuming the savings are passed on to the remitee, the impact would be a roughly 1% increase in the recipients' living standard² – a PYI of 0.01 per person. Second, lower costs of transmission and greater convenience (via mobile wallets) may induce a greater volume remittances. There has been little research on the price-sensitivity of remittances, but one recent study for Pakistan³ found an elasticity of about -1.6 (including substitution to unmonitored informal channels). This would imply that TTS price advantage might result in up to 10% greater remittances.</p>

² One study found that the average remittance to Ghana per year is around \$1,000. (International Organization for Migration, (2017), A baseline assessment of household remittances. [Online] Available [here](#)) Assuming a remitter in the UK sent this amount, then the benefit above competitors other than SendWave would be an average \$43PPP². If we assume a per capita income of \$4PPP per day for our target population, and a household size of 3.8², then GIF's target beneficiaries would benefit by a depth of a little under 1%.

³ Ahmed, Junaid; Martínez-Zarzoso, Inmaculada (2016) Do transfer costs matter for foreign remittances? <https://www.econstor.eu/handle/10419/126572>.

	by the two large operators dominating the market.	
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