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**Common Market for Eastern
and Southern Africa**

Case File No. CCC/MER/09/23/2020

**Decision¹ of the Seventy-Third (73rd) Committee Responsible for
Initial Determination Regarding the Proposed Merger involving ECP
Africa Fund IV LLC, ECP Africa Fund IV A LLC and Remitix
Holdings (Mauritius) Limited**

ECONOMIC SECTOR: Petroleum / Financial Services

12th November 2020

¹ In the published version of this decision, some information has been omitted pursuant to Rule 73 of the COMESA Competition Rules concerning non-disclosure of business secrets and other confidential information. Where possible, the information omitted has been replaced by ranges of figures or a general description.

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Information and Relevant Background

1. On 16th September 2020, the COMESA Competition Commission (hereinafter referred to as the “**Commission**”) received a notification for approval of a merger involving ECP Africa Fund IV LLC and ECP Africa Fund IV A LLC (jointly, “**Funds IV**”) and Remitix Holdings (Mauritius) Limited (“**Remitix**”).
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations, 2004 (the “**Regulations**”). Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the transaction between the parties would or is likely to have the effect of substantially preventing or lessening competition or would be contrary to public interest in the Common Market.
3. The Committee Responsible for Initial Determination (the “**CID**”) established that the parties operate in more than one COMESA Member State and they meet the prescribed notification thresholds. This therefore means that the regional dimension requirement under Article 23(3) of the Regulations is satisfied and asserts jurisdiction on the Commission to assess the transaction.

The Parties

Funds IV

4. The parties submitted that Funds IV are private equity funds registered in Mauritius that invest in businesses across Africa. In the Common Market, the acquiring group is active in the Democratic Republic of Congo, Kenya, Malawi, Rwanda, Zambia, and Zimbabwe. Of relevance to the transaction is the controlling interest that Funds IV have in Inter Africa Holdings, a Mauritian company, which operates the “Transport Forex” business. Transport Forex is a platform technology that enables the procurement of petroleum products and fuel-related products and services, border crossings, tolls and cash disbursement services for cross-border road transportation customers. In Zambia, Transport Forex is also able to supply diesel fuel to customers through dedicated fuel depots.

Remitix


5. The parties submitted that Remitix is a Mauritius-based holding company, which holds the business known as the “Mukuru” business. Mukuru is a cash remittance technology platform that allows users to send or receive money across various countries in Sub-Saharan Africa and from the United Kingdom into Sub-Saharan Africa. In addition to remittance services, Mukuru also provides foreign exchange services in Malawi and Zimbabwe. In the Common Market, the target is active in the Democratic Republic of Congo, Eswatini, Malawi, Mauritius, Uganda, Zambia, and Zimbabwe.

Nature of the Transaction

6. The parties have submitted that the proposed transaction concerns the acquisition of an interest by Funds IV in Remitix which will confer upon Funds IV joint control over Remitix.

Competition Analysis

7. The CID defined the relevant markets as follows:
 - i. **the supply of diesel fuel in the Common Market;**



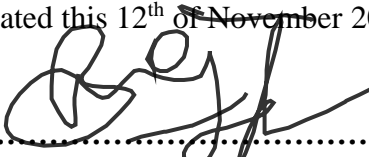
- ii. **the provision of money transfer services in the Common Market; and**
- iii. **the provision of foreign currency exchange services in the Common Market.**

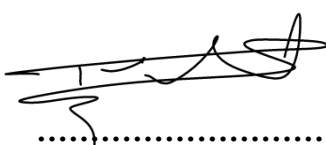
8. The CID observed that the relevant market for supply of diesel was highly fragmented. Further, given that the target is not active in this market, the transaction would not result in any increase in market concentration.
9. The CID observed that the market for provision of money transfer services was characterised by the presence of several operators, ranging from traditional commercial banks to global money transfer services providers. The CID did not come across evidence that either of the merging parties hold dominant positions in this market. The CID considered that the transaction would not lead to a significant accretion of market share for the merging parties.
10. In the market for provision of foreign currency exchange services, the CID noted the parties' submissions that in Zimbabwe alone, according to the Reserve Bank of Zimbabwe, as at September 2019, there were 45 institutions that are licensed to buy and sell currency. In Malawi, registered banks that provide foreign currency exchange services include MoneyGram, World Remit, Western Union, Hello Paisa, RIA, Xpress Money, Voctoria Forex Bureau, FINCA Malawi, TNM Mpampa, FDH Bank, National Bank of Malawi, NBS Bank, Standard Bank Malawi, and EcoBank Transnational Incorporated. The parties submitted that in view of the large number of players on the market, the market share of the target in Zimbabwe and Malawi was extremely low. The CID concurred with this assessment, noting further that the acquirer was not a significant player in this market and consequently the transaction would not lead to material accretion of market shares.
11. The CID further determined that the barriers to entry and exit in the relevant markets were not prohibitive.

Determination

12. The CID determined that the merger is not likely to substantially lessen or prevent competition in the Common Market or any substantial part of it. The CID further determined that the transaction is unlikely to negatively affect trade between Member States. The CID therefore approved the transaction.
13. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 12th of November 2020


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Commissioner Brian M. Lingela (Chairperson)


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Commissioner Michael Teklu Beyene


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Commissioner Islam Tagelsir Ahmed Alhasan