

PRESS RELEASE

Barak appointed to manage working capital facility for agricultural SMEs in Africa

AgDevCo and KfW are pleased to announce the appointment of Barak Fund Management Limited as the new manager of LAFCo, a working capital facility dedicated to agricultural SMEs in Sub-Saharan Africa. Barak is a leading alternative investment fund manager which has grown its presence in Africa significantly since the launch of its flagship fund in 2009. LAFCo will become the third dedicated impact finance fund managed by Barak.

LAFCo has been operating for the past three years, making 13 loans to agribusinesses and reaching over 129 thousand smallholder farmers over that period. LAFCo addresses the lack of working capital and trade finance facilities for smaller companies, in particular for those operating in local and regional value chains.

Typical LAFCo loans are between \$0.5 and \$3 million in size, with the opportunity to syndicate for larger facilities. LAFCo is able to offer local currency loans in some countries.

Lars Zimmermann, Principal Project Manager of KfW, the German development bank, said: “With Barak, we have a very experienced fund manager to take LAFCo into its next phase. At a time when there is volatility in trade finance markets, the need for a dedicated agricultural facility for African SMEs is greater than ever.”

“Banks are still not providing enough or the right type of working capital to smaller companies in the agriculture sector”, said Chris Isaac, Managing Director of AgDevCo. “We launched LAFCo to fill that gap with financing products that are designed to suit the specific needs of agricultural SMEs”.

Prieur du Plessis, the Chief Investment Officer of Barak said: “We see multiple opportunities across Africa to improve the availability of trade finance for SMEs that engage with smallholder producers. Barak combines a disciplined approach to managing our investors’ funds with a commitment to delivering lasting positive impact in the communities we serve”.

“By demonstrating what type of products work best for SMEs, we hope to encourage other lenders into the agriculture sector, where the level of unmet demand today is very large”, added Jenny Scharrer, member of the LAFCo board of directors.

LAFCo currently has funding of \$20m from AgDevCo and KfW, with the aim of growing the size of the facility above \$50m in the next few years as other investors come on board.

KfW is one of the world's leading and most experienced promotional banks. Established as a public law institution in 1948, KfW Development Bank carries out financial cooperation projects with

developing countries on behalf of the German Federal Government. The 706 employees in the Head Office and 390 experts in 69 regional offices cooperate with partners all over the world. The objective is to combat poverty, secure peace, protect the environment and the climate as well as ensure fair globalisation.

***AgDevCo** is an impact investor specialising in agribusiness investments in Sub-Sahara Africa with a portfolio consisting of over 50 investments in production, processing and distribution companies. Across Sub-Saharan Africa, AgDevCo has invested \$150 million over the past decade with more than 50 companies linking over 480,000 smallholder farmers to profitable markets. AgDevCo designed and launched LAFCo in partnership with KfW in 2016.*

***Barak Fund Management**, launched in 2008, has built up a track record of 10 years in African alternative credit financing and to date has provided funding of over \$4bn to a variety of SME businesses in more than 30 countries across the continent. Barak has African origination and fund advisory offices in Mauritius, South Africa, Kenya, Ghana, Ivory Coast and the UK, and has 25 on-the-ground investment specialists focusing on a variety of commodity sectors. It provides a variety of funding structures including both impact and Shariah-compliant funding.*

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