

## **New \$15 Million Lending Facility to Finance African Agricultural Enterprises**

*KfW, AgDevCo and Root Capital Partner to Deliver Much-Needed Capital*

CAPE TOWN (June 3, 2015) — KfW, the German Development Bank on behalf of the German Ministry of Economic Cooperation and Development (BMZ), along with AgDevCo and Root Capital, today announced the launch of the Lending for African Farming Company (LAFCo). The company will finance agricultural enterprises throughout sub-Saharan Africa to enhance local food security and stimulate inclusive economic growth in the region.

Announced at the 2015 Grow Africa Investment Forum during the World Economic Forum on Africa, LAFCo aims to increase smallholder farmer productivity and incomes through better integration in local and regional agricultural value chains, and improved access to formal markets. With an anchor commitment from KfW, using funds from the German government, and additional investment by AgDevCo, which initiated the project with the support of UKAid, LAFCo will accommodate the working capital needs of agricultural enterprises. It will be managed by Root Capital and will provide lines of credit and other flexible debt products in amounts of up to \$4 million, denominated in both U.S. dollars and local currencies.

Presenting the investment, Jenny Scharrer, senior project manager of KfW, commented: “The barriers to improving food security and alleviating poverty are numerous and complex. By investing in LAFCo and supporting the businesses that work with smallholder farmers, KfW is seeking to demonstrate new and innovative approaches to development finance. Guided by the shared values and impact philosophies of its sponsors and manager, LAFCo will help fill a critical financing gap and support the equitable and inclusive growth of this sector.”

The new collaboration comes at a time when the need for capital is increasing for agricultural businesses throughout the region. However, many of these enterprises are unable to access sufficient financing from commercial banks or other financial institutions. Beginning immediately, LAFCo will provide debt financing to a wide range of agricultural enterprises, including cooperatives and private businesses. Lending activities will take place across sub-Saharan Africa, with a particular focus on Ghana, Kenya, Malawi, Senegal, Tanzania, Uganda and Zambia.

“The potential of Africa’s agricultural sector has attracted significant interest from equity investors, but the day-to-day financing needs of businesses are often overlooked,” explained Chris Isaac, director of investments at AgDevCo. “We’re delighted to partner with KfW and Root Capital to help African entrepreneurs and farmers access the capital they need to grow profitable businesses. Investment in agriculture means higher incomes, more jobs and increased food security.”

According to the Alliance for a Green Revolution in Africa, sub-Saharan Africa is home to 60 percent of the world’s uncultivated arable land. Despite its production potential, Africa’s crop yields are between one-third and one-half of the global average, and more than 200 million individuals are chronically undernourished, the majority of them living in rural areas. To help address these challenges, LAFCo will finance agricultural enterprises that purchase crops from smallholder farmers, or that provide them with yield-enhancing products, such as seeds and fertilizers, and related services.

“If Africa is to meet the challenge of sustainably feeding a rapidly growing population in ways that also contribute to poverty alleviation, reliable access to finance is essential,” said Nate Schaffran, senior vice president of lending at Root Capital. “With 15 years of experience in lending to agricultural enterprises, Root Capital is honored to manage LAFCo and help catalyze a broader financial market to benefit Africa’s smallholder farmers.”

Beginning with a first close of \$15 million in committed funds, LAFCo aims to become a leading provider of capital for businesses operating in Africa’s local and regional agricultural value chains. The innovative “blended finance” structure of LAFCo, which combines public and philanthropic funding with private capital, will allow it to serve parts of the market that are generally not being served by commercial banks or other financial institutions.

LAFCo was developed with the support of Dalberg Global Development Advisors and in collaboration with the Grow Africa Finance Working Group. Founded jointly in 2011 by the African Union, The New Partnership for Africa's Development (NEPAD) and the World Economic Forum, Grow Africa works to increase private-sector investment in agriculture and accelerate the execution and impact of investment commitments.

Additional legal and structuring advice was provided by Innpact, Norton Rose Fulbright South Africa Inc. and BLC Chambers

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### **About KfW**

As the largest German development bank, KfW supports its customers with tailor-made financial products. Last year KfW provided total financing of EUR 74.1 billion for projects in Germany and abroad. On behalf of the German Federal Government, the KfW Development Bank business area finances development projects around the world. Its top priorities are to improve people's prospects for a better life, to protect the environment and to combat climate change. In 2014 alone, KfW Development Bank committed EUR 7.4 billion worldwide to projects and programs to alleviate poverty and protect the climate and the environment. For more information, visit [www.kfw.de](http://www.kfw.de).

### **About AgDevCo**

AgDevCo is a social impact investor and agribusiness project developer, incorporated as a not-for-profit distribution company in the United Kingdom. With support from UKAid, AgDevCo invests patient capital in the form of debt and equity into early-stage agribusinesses. AgDevCo's mission is to reduce poverty and improve food security, and it has invested over USD 50 million in 47 agribusinesses in sub-Saharan Africa to date, connecting over 22,000 farmers to markets and generating almost 2,000 jobs. For more information, visit [www.agdevco.com](http://www.agdevco.com).

### **About Root Capital**

Root Capital is a specialized agricultural lender that grows rural prosperity in poor, environmentally vulnerable places in Africa, Asia and Latin America by providing capital, delivering financial training, and strengthening market connections for small and growing agricultural businesses. Since 1999, Root Capital has disbursed more than USD 800 million in credit to over 550 businesses, representing 1.2 million smallholder farmers. For more information, visit [www.rootcapital.org](http://www.rootcapital.org).