

# ABC Fund

## AGRI-BUSINESS CAPITAL

The Agri-Business Capital Fund (ABC Fund) invests in smallholder farmers and small-to-medium sized rural agribusinesses (SMEs) in developing countries to support sustainable and inclusive agricultural value chains. The ultimate aim is to help reduce rural poverty, feed the planet and build food systems resilient to climate change.



### HARNESSING THE POTENTIAL OF SMALLHOLDER FARMERS

In many developing countries, smallholder farmers and rural SMEs are the backbone of the economy and the main producers of food. They have high potential for growth and can drive social development for their communities and countries. But they often lack the capital to grow and reach that potential.

Investing in smallholder farmers and agri-SMEs enables them to increase their productivity, improve their livelihoods, strengthen their resilience to climate change, and better benefit from participation in value chains. Notably, targeted investment helps generate employment and economic opportunities for millions of rural women and young people.

### UNLEASHING INVESTMENT OPPORTUNITIES

National, regional and global food markets are growing to feed a swelling world population and meet increasing demand for more diverse and sophisticated food products. This holds out immense opportunities for smallholder farmers and agri-SMEs.

To help them tap into those opportunities, the ABC Fund concentrates its investments in promising and profitable value chains and the four priority domains that have the strongest potential to transform smallholders' livelihoods:

- enhancing market participation and integration of agri-SMEs and smallholder farmers;
- addressing value-chain bottlenecks;
- enhancing certification, traceability, local transformation and value addition for exports;
- promoting climate-smart agricultural technologies and innovation.

### OFFERING COMPREHENSIVE SOLUTIONS TO FARMERS AND SMEs

The ABC Fund offers a set of financial products, including loans and equity, specifically tailored to the needs of smallholder farmers and agri-SMEs. To reach them most effectively, these products are made available either directly to farmers' organizations and SMEs, or indirectly via financial institutions.

Financial constraints are only some of the problems faced by smallholders and SMEs. To ensure the success of its investments, the ABC Fund also helps investees resolve issues such as lack of capacity through its Technical Assistance Facility (TAF).

In addition, the ABC Fund pays special attention to financing projects and solutions that help smallholder farmers adapt to climate change and reduce greenhouse gas emissions.

### TRANSFORMING RURAL LIVELIHOODS

The ABC Fund focuses on investments that can drive economic and social development and generate economic opportunities for smallholder farmers, in particular women and young people. The ABC Fund aims to improve the livelihoods of more than 4 million individuals over the life of the fund.

**CATALYSING FUNDING  
FOR SUSTAINABLE AND INCLUSIVE  
AGRICULTURAL VALUE CHAINS**



## DIRECT INVESTMENT

The ABC Fund offers direct funding to legally registered SME, cooperatives or farmers' organizations operating in underfinanced yet profitable segments of agricultural and agribusiness value chains.

### TARGET ENTITIES

- producers of primary agricultural products;
- input suppliers such as manufacturers or distributors of seeds;
- companies that produce, maintain or operate storage facilities;
- service companies, traders, veterinarians, mechanization;
- aggregators and/or processors of primary agricultural products;
- logistics companies that transport and handle primarily agricultural goods;
- processors of secondary agricultural goods/ food products.

### FINANCIAL INSTRUMENTS

	Tenor	Indicative Amount Range
<b>Working Capital Facilities</b>	Up to 24 months, typical tenor 6 - 12 months	€ 200K – 400K
<b>Term Loans</b>	3 – 5 years	€ 400K – 800K
<b>Sub-debt / Equity</b>	5 - 7 years	€ 400K – 800K

*Funding provided by the ABC Fund is in euros, US dollars and in local currency when possible.*

### NON-FINANCIAL ASSISTANCE

Along with financing, the ABC Fund helps its investees address capacity challenges and develop their business through its Technical Assistance Facility (TAF). The TAF offers technical and advisory services in the fields of business development, extension services, operations, marketing, governance, financial management and other key areas that need strengthening. The aim is both to strengthen the investees' business and to mitigate risks, including social or environmental risks.

### SOCIAL IMPACT CRITERIA

The ABC Fund offers direct funding to projects that have a high social impact by contributing to:

- developing rural employment and supporting income-generating activities for smallholder farmers;
- increasing productivity and commercial performance of economic actors along the food value chain.

Special attention is given to entities that promote innovation and sustainable and resilient agriculture, and meet the highest Environmental, Social and Governance (ESG) standards.

### FINANCIAL PERFORMANCE CRITERIA

- At least two years of activity
- Revenue:  $\geq$ €180,000
- Collateral coverage:  $\geq$ 50% of loan amount (including company and other types of collateral)
- EBITDA / total revenue:  $\geq$ 5%



For more information please contact:  
[abcfund@injaroinvestments.com](mailto:abcfund@injaroinvestments.com)



## INDIRECT INVESTMENT THROUGH FINANCIAL INTERMEDIARIES

The ABC Fund invests in financial institutions providing financing solutions to smallholder farmers, cooperatives, farmers' organizations, and agri-SMEs.

Working with financial intermediaries enables the ABC Fund to offer smaller loans adapted to the needs of smallholder farmers and agri-SMEs. It is also a way to strengthen their inclusion in formal financial services.

### TARGET ENTITIES

- traditional banking institutions actively lending to smallholder farmers and agri-SMEs (e.g. agri-banks, microfinance institutions) or seeking to grow their agri-portfolio;
- insurance companies covering the agricultural risks of smallholder farmers and agri-SMEs;
- non-banking financial intermediaries lending to smallholder farmers, cooperatives, savings and credit cooperatives, farmers' organizations, and agri-SMEs;
- fintech and alternative lenders.

### FINANCIAL INSTRUMENTS

	Tenor	Indicative Amount Range
Term Loans	3 - 5 years	€ 1M - 4M
Sub-debt /Equity	5 - 7 years	€ 200K - 500K

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### NON-FINANCIAL ASSISTANCE

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### SOCIAL IMPACT CRITERIA

The ABC Fund targets financial intermediaries with the potential to generate positive impact within the agribusiness value chain by addressing the financing needs of cooperatives, farmer organizations and agribusiness SMEs. Financial intermediaries themselves need to apply the highest ESG standards.

### FINANCIAL PERFORMANCE CRITERIA

	SME Banks & Deposit Taking MFIs	Other MFIs & Non-bank FIs	Fintech & Alternative Lenders
Years of operations	≥ 3 years, minimum	≥ 3 years, minimum	≥ 1 year, minimum
Size	Portfolio size > USD 10M	Portfolio size > USD 5M and/or Sales / Income > USD 1M	Portfolio > USD 1M, or Disbursements > USD 1M, or Sales / Income > USD 1M
Asset Quality (incl. w/offers)	PAR30 < 15%	PAR30 < 15%	PAR30 < 10%
Closing Leverage	Debt to equity < 5x	Debt to equity < 4x For non-regulated financial intermediaries	Debt to equity < 5x For non-regulated financial intermediaries
Profitability	Break even, or profitable month-on-month		



For more information please contact:  
[abcfund@bamboocp.com](mailto:abcfund@bamboocp.com)

## FUND MANAGERS

The Fund is managed by **Bamboo Capital Partners** together with **Injaro Investments** as advisor and lead for direct lending in Africa.



**Bamboo Capital Partners** is an impact investment fund manager providing innovative financing solutions to catalyse lasting impact and improve the lives of the world's marginalized communities while delivering strong financial returns. Bamboo bridges the gap between seed and growth-stage funding through a full suite of financing options – from debt to equity. Since its inception, Bamboo Capital Partners has raised over USD 400m for developing countries, positively impacting over 152 million lives and creating over 40,000 jobs in over 30 countries. Bamboo has a team of 30 professionals active across Africa, Asia, Europe and Latin America.



**Injaro Investments** is a private capital investment firm that focuses on SME investments in Africa. Injaro, through its funds, makes equity, debt and quasi-equity investments in organizations that catalyse sustainable economic growth and improve the livelihood of the communities in which they operate. Injaro manages over USD 50m of capital earmarked for deployment across sub-Saharan Africa. Its investments have benefited over 2.6 million people, mainly smallholder farmers in rural Africa. Injaro's team comprises professionals based in Côte d'Ivoire, Ghana and Mauritius.

## TECHNICAL ASSISTANCE FACILITY

The TAF is managed by **Agriterra**.



**Agriterra** is an agri-agency focusing on the development of farmers' organizations and cooperatives in developing countries. With more than 20 offices worldwide, including in Africa, and 170 professionals, it provides capacity-building focused on agricultural cooperatives. Advance Consulting and Rabo Partnership, which are partners in the TAF, provide technical assistance to SMEs and financial institutions respectively.

## SPONSOR AND PARTNERS



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