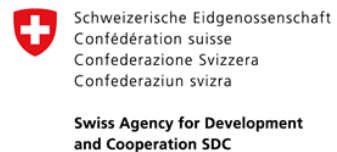


# ABC Fund Overview

IN PARTNERSHIP WITH:



MANAGED BY:

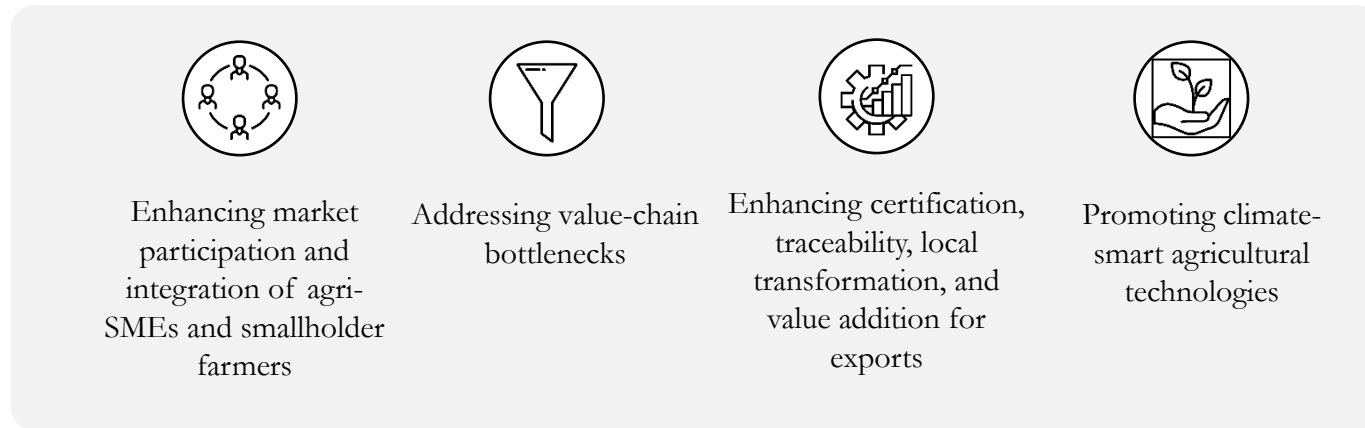


# Overview of ABC Fund

The Agri-Business Capital Fund (ABC Fund) invests in smallholder farmers and small-to-medium sized rural agribusinesses (SMEs) and financial intermediaries in developing countries to support sustainable and inclusive agricultural value chains.



IMPACT



To transform rural livelihoods

## Target entities:

- Producers of primary agricultural products,
- Manufacturers or distributor of seeds,
- Service companies, traders, veterinarians,
- Processors of secondary agricultural goods/ food products, logistic companies
- Financial intermediaries serving rural populations

## Target Countries

- East and West Africa
- Latin America and the Caribbean

## Interest in

- Caribbean countries

## DIRECT INVESTMENTS

~ 40%

- Direct investments in strategically positioned/unique business model MSMEs, with scaling potential
- Direct investments into farmer groups/organization, aggregators and value chain actors

~ 60%

## INDIRECT INVESTMENTS

- Indirect debt or equity investments via traditional financial institutions (Agri banks, SME banks and MFIs)
- Co-funded risk and reward sharing agri-portfolios with select financial institutions
- Indirect debt equity investments via alternative lenders servicing the target groups

# Details of ABC Facility

## Financing Instruments

Instrument	Type	Tenor	Ticket Sizes (EUR)
Debt	Working Capital	Up to 24 months	200k – 4M
	Term Loan	3 - 5 years	
Equity	Straight Equity	5 - 7 years	400k - 800k
	Convertible Debt	5 - 7 years	

\*Currently, the investment team is focused on only debt instruments

\*\* Ticket sizes above EUR 1M are mainly targeted to financial intermediaries

Other financing instruments:

- Revolving credit line
- Trade finance

### Interest Rate

- Average interest rate of 8% (hard currency loan)
- For local currency loan, interest rate is the summation of the ABC Fund’s interest rate plus hedging cost (based on financial institution/hedging partner)
- The final interest rate will be determined after due diligence

### Loan Currency

Both hard currency (EUR or USD) and local currency loan

### Repayment Structure:

Very flexible. Based on the company’s operational and cash cycles as well as general uses of funds

### Collateral

Could include company’s assets and other types of collateral such as landed property. The collateral coverage needed will be based on the nature of company’s operations

# Deal Screening Criteria

## Overview

Opportunities that do not meet the criteria may be considered on a case-by-case basis depending on the company’s potential and extent of the difference between the company’s situation and the criteria.

## Broad Criteria

### Financials:

The business must have the following financials during its most recent operating year

Metric	Criteria	Additional Information
Revenue	≥€180,000	Can also consider opportunities with revenue of at least €150k in revenue
EBITDA/Total revenue	≥5%	The SME/cooperative should be profitable

Other financial criteria (secondary):

- Liquidity (Short term assets/Short term liabilities): >1
- Solvency (Net Debt/EBITDA): <2.5

### Stage of Business:

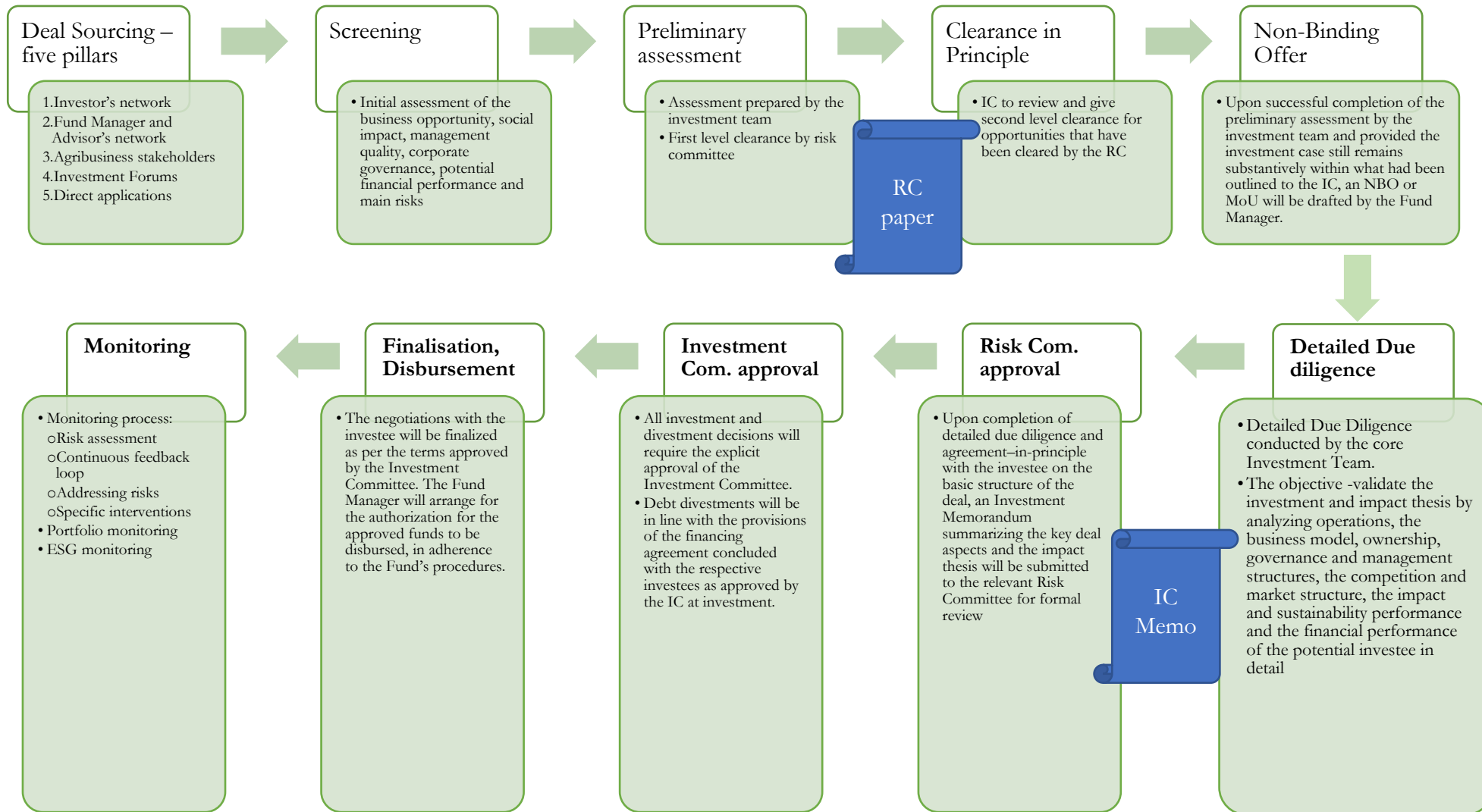
- Post revenue generating, early to mature stage companies
- At least 2 years of operational activity, preferably supported with audited accounts

### Impact Performance

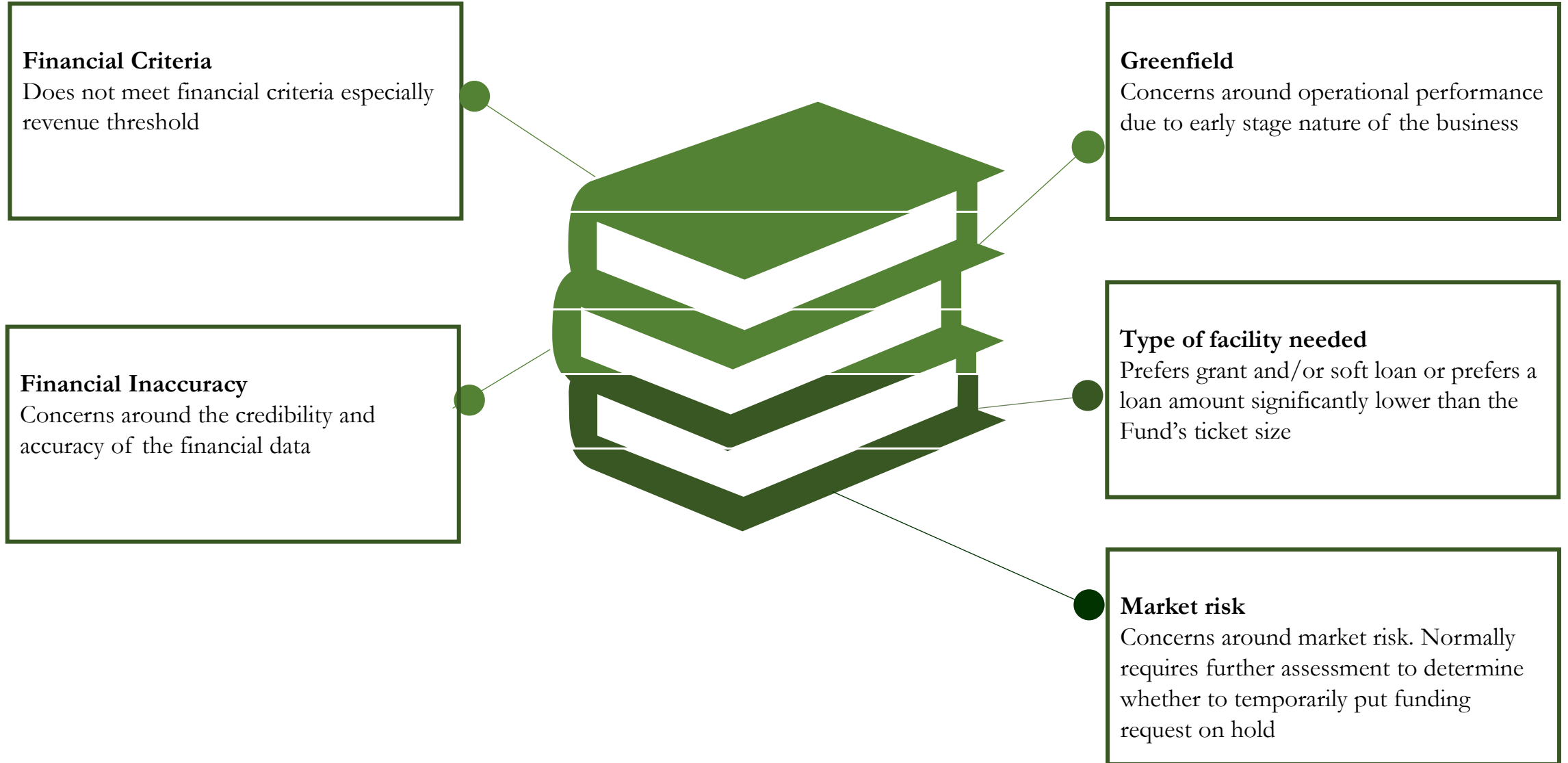
We prefer business models which engage in the following activities:

- Sources from or sell to local smallholders in areas of high prevalence of poverty
- Provides employment for youth (aged 15-35) and women
- Provides strong rural development and poverty reduction impact
- Ensures low carbon footprint and minimized environmental impact

# Investment Process



# Reasons for Rejecting an Opportunity



- Examples of some Investments Made

# Deal #1: Maphlix Trust Ghana Limited

**Maphlix Trust Ghana Limited**

**SME**

**Ghana**

## Business Description

- Maphlix Trust Ghana Limited produces and processes tubers and vegetables. It produces sweet potatoes, yam, cassava, and vegetables using its own farmland sited in the Volta Region of Ghana and through its outgrower scheme.
- Maphlix exports its produce under offtake agreements and sells the remainder locally. Its administrative office is at Achimota in the Greater Accra Region of Ghana.
- The company is a registered commercial exporter under the Ghana Export Promotion Authority.
- The ABC Fund supported Maphlix with a credit facility of EUR 395,653 to address its working capital and CAPEX needs for its sweet potato production.

Debt Facility	Amount (EUR)	Investment Date	Maturity Date	Interest Rate
Mix – CAPEX & Working Capital	395,653	30 <sup>th</sup> June 2020	30 <sup>th</sup> June 2023	10%

## Financial Performance Summary

EUR '000	2019 (Before Investment)	2020 (Post Investment)
Revenue	1,201	2,258
Gross Profit	510	1,137
EBITDA	379	1,002
Net Income	271	926

## Impact Highlights

Metric	2019 (Before Investment)	2020 (Post Investment)
Number of smallholder farmers	86	214
Total acreage cultivated	40	137
Sales Volume	2,552	2,686
Number of permanent employees	32	44



# Deal #2: Socak Katana

**Socak Katana**

**Cooperative**

**Ivory Coast**

## Business Description

- Socak Katana is a cooperative of 3,085 members based in Duékoué. The cooperative procures raw cocoa from its members and sells the processed cocoa beans to local and international buyers.
- Socak katana provides other services including technical assistance and training of cooperative members.
- Currently, the cooperative has a total production capacity of 7,000 metric tons with a total of about 11,429 hectares under cultivation by the cocoa farmers.
- The cooperative is Fairtrade certified and more than 70% of the cooperative's cocoa farmers are UTZ certified.

Debt Facility	Amount (EUR)	Investment Date	Maturity Date	Interest Rate
Working Capital	800,000	October 26 <sup>th</sup> , 2020	October 26 <sup>th</sup> , 2021	9%

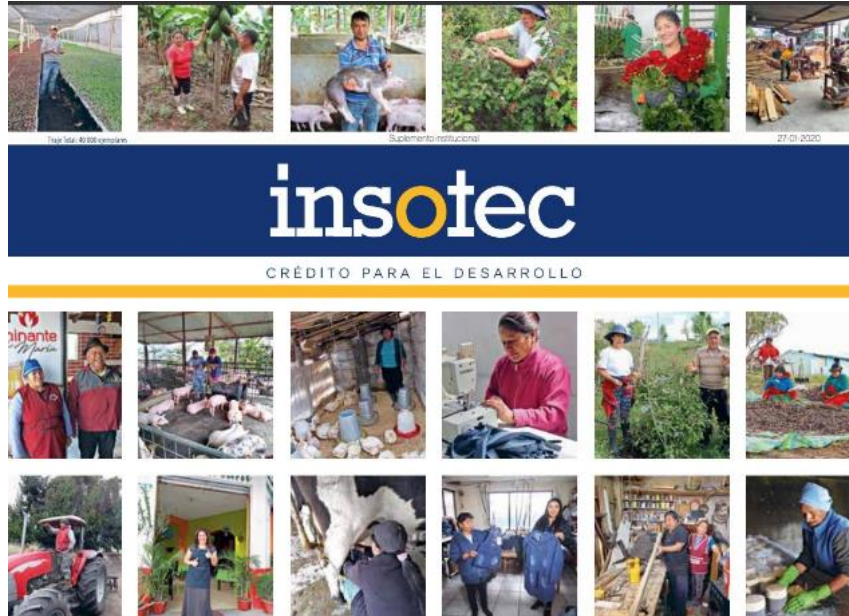
## Financial Performance Summary

EUR '000	2020 (Before investment)	2021 (Post Investment)
Revenue	25,302	34,893
Gross Profit	7,067	8,301
EBITDA	974	1,222
Net Income	451	565

## Impact Highlights

Metric	2020 (Before Investment)	2021 (Post Investment)
Number of smallholder farmers	3,085	3,285
Total acreage cultivated	11,429	11,729
Sales Volume (MT)	8,552	10,000
Number of permanent employees	16	16

## The Company



INSOTEC's yearly magazine

INSOTEC focuses in providing microcredits for Ecuador's rural sector, particularly to small-scale farmers, with the objective of improving the financial inclusion of low-income or vulnerable populations in the country. As of March 31, 2020, 71% of the loans were located in rural areas and 55% of the loans were for agricultural activities. The entity serves around 19.000 clients.

## The Product - Agro

The credit product called AGRO is offered by INSOTEC to microentrepreneurs with agricultural activities and the purpose of the credit is to finance their needs for purchases of agricultural inputs, veterinary inputs, and acquisition of fixed assets for agricultural activity. The disbursement of this loan occurs within 48 hours and offers flexibility in the requested documentation.

## Some Numbers

Total loan portfolio: USD 58M

Agricultural Loan Portfolio: USD 32M

Branches: 21 offices in 8 provinces

Credits processed monthly: 1,200-1,400