



Investment in ARAF to finance innovative solutions for smallholders in Sub-Saharan Africa

06/30/2021 – Date of signature of the project

AGRICULTURE AND AGRO-INDUSTRY – Sectors

GHANA KENYA NIGERIA UGANDA MULTI-COUNTRY AFRICA – Location

EQUITY INVESTMENT – Financing tool

4 200 000 EUROS – Amount of funding

USD 5M EQUITY INVESTMENT – Financing details

ACUMEN RESILIENT AGRICULTURE FUND, LP – Client

IF-B – CES

Client presentation

ARAF is a USD 58m investment fund managed by Acumen, an American NGO specialized in supporting social enterprises offering goods and services to disadvantaged people. Acumen was set up 20 years ago and, at the end of June 2021, had invested over USD 137m in 139 social enterprises which have served some 263 million beneficiaries. With the ARAF fund, Acumen is targeting the themes of food security and climate change, which are essential for Africa's development.

Project description

ARAF aims to invest tickets ranging from USD 1m to USD 5m in about 10 start-ups offering innovative solutions to improve the conditions and climate resilience of smallholders in East and West Africa. The initiative aims to prove the commercial viability of investments in innovative solutions for smallholders and attract more private financing in this field. The Green Climate Fund (GCF) is the lead investor and is providing USD 23m of first-loss guarantee capital. The manager Acumen is providing USD 2m, also as a first-loss guarantee.

Project impact

The fund is expected to maintain some 1,200 jobs and indirectly support a total of 2 million smallholders over the next 5 years. The fund will benefit from a technical assistance budget of USD 6m to maximize the impact of its investment strategy. The project meets AFD's climate eligibility criteria (adaptation) through the climate component of the solutions proposed by the companies selected by the fund.

