Access to finance as a catalyst for change

Cordaid Investment Management has been a pioneer investor in fragile markets since 1997. Guided by a proven Theory of Change, Cordaid Investment Management deploys investment capital directly to Small and Medium-sized Enterprises (SMEs), the driver of direct and indirect job creation in West Africa. With secure and sustainable incomes, women and youth can look to a brighter future.

Invest in a Bright Future for West Africa

The West Africa Bright Future Fund is a pioneering and innovative investment fund designed to bring investment to where it is most needed. Risks inherent to investment in fragile markets are mitigated to crowd-in capital that will meet the financing gap for growing SMEs with significant job creation potential. Sectors accessible to women and youth are prioritised: Agriculture, Clean Energy, and Waste Management. A climate lens is applied to champion businesses contributing to the fight against environmental degradation and climate change.

A fund for social return

The West Africa Bright Future Fund will create, improve and support over 25,000 jobs for women and youth during its tenor. The Fund has committed to the 2X Challenge Financing for Women, and impact reporting is subject to third party audit for transparency.

Case Study
Kissima Industries, Mali

• Sustainable agro-forestry and balanites processing in the Sahel
• €470,000 loan in 2019 to purchase processing equipment
• As a result, 50 direct jobs have been created for women
• And 16,000 women have benefited indirectly as suppliers
West Africa Bright Future Fund

Growth capital for SMEs

In West Africa, well performing, resilient SMEs are unable to access local growth capital. The West Africa Bright Future Fund will address this financing gap. Since 2015, Cordaid Investment Management has been supporting SMEs to achieve their growth ambitions, offering investment complementary to the local financial sector. The Fund will leverage Cordaid Investment Management’s track record, networks and pipeline to reach up to 30 SME partners. A solid and significant pipeline already exists.

Context appropriate financing

Simple senior debt structures are used, a format easily understood and managed by investees. Funded by donor capital, Technical Assistance is available to SMEs in need of additional, non-financial support. Technical Assistance both de-risks the Fund’s investments and unlocks the growth potential of investees, increasing social returns.

Mitigate financial risks to preserve capital

To attract private capital to where it is most needed, The West Africa Bright Future Fund offers impact focused investors a comprehensive risk mitigation framework to preserve capital. The Fund has attracted in total €3m in committed investable first loss from the USAID West Africa Trade & Investment Hub, the National Postcode Lottery, and private donations. The U.S. International Development Finance Corporation have further committed a Regional Portfolio Guarantee that covers 50% of the financial risk of a further €24m of investment. Thus, every investment made will have first and second loss coverage. Further, foreign currency exposure can be hedged.

Case Study, Easy Solar, Sierra Leone

- Market leader in retail of Solar Home Systems throughout Sierra Leone
- Received working capital for inventory purchasing, €500k in 2019 and €1.3m approved in 2021
- As a result, over 150 direct jobs have been created, 36% for women and 44% for youth
- And over 76% of customers consider their life to have improved very much

SEPTEMBER 2021

-In partnership with:
The West Africa Bright Future Fund is structured as a closed-end Dutch registered Limited Partnership (LP), accessible for international impact-focused investors. Three classes of investment are available: first loss equity, regular equity, or debt.

Investment opportunities are identified and analysed by experienced Investment Managers in Sierra Leone, Mali, and The Netherlands, with the support of local partners such as CrossBoundary, Cordaid/ICCO, and Power Africa. Investment decisions are made by a Credit Committee comprising the Managing Director of Cordaid Investment Management and external experts. Contracting and administration is performed by the central Mid- and Back Office, with local legal support.

The €27m Fund has a tenor of 5 years from its soft close in July 2021. The Fund will be fully invested by December 2023. Investor capital will be returned from June 2026, over a period of no more than 3 years, as loans are liquidated. The tenor is structured to align with the coverage offered by the DFC guarantee, to ensure that investor capital enjoys continuous protection. The Management Fee is expected to be set at a market conforming level of 3.0% per annum.

**Fund launch in fall 2021**

The Fund will launch in fall 2021. A soft close is planned for fall 2021, when the fundraising target has been reached.

For more information about how to invest in a Bright Future for West Africa contact

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**West Africa Bright Future Fund**

**Tax transparent structure**

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**An experienced African team, led from the Netherlands**

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**Capital protection**

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**Join our social mission**

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