

NEWS RELEASE

CDC announces \$39.2 million investment to bolster access to finance for SMEs in West Africa

CDC Group, the UK's publicly owned impact investor, has announced the commitment of \$39.2 million to support SMEs in West Africa. CDC is backing Verod Fund III and Adiwale Fund I, West-African based private equity funds targeting SMEs in the region, with commitments of \$19.2m and \$20m respectively.

In West Africa, banks and low levels of private equity activity are currently struggling to meet the financing needs of SMEs, hampering their potential as engines of economic growth in the region. Access to finance is cited as the top barrier for doing business in Nigeria and Ghana. Increasing access to capital to this market is a core element of CDC's Africa strategy by backing well-networked, experienced local teams.

This should in turn support private sector development, economic growth and long-term sustainable employment, particularly for the semi-skilled and low-skilled workforce in the region, therefore contributing to Sustainable Development Goal 8: decent work and economic growth.

Adiwale Fund I

Adiwale Fund I is an SME fund primarily targeting investments in West Africa focusing on Cote d'Ivoire, Senegal, Burkina Faso and Mali. It is the first fund raised by Adiwale Partners and will make investments in selected industry sectors (FMCG, business services and manufacturing) with commitments of \$3-10 million.

CDC has had a long-standing relationship with the Adiwale founders for a number of years and, following its creation in 2016, provided advice on setting up Adiwale's ESG structures, business integrity team and processes, and compliance policies.

Verod Fund III

Verod Fund III is the second fund being raised by Verod Capital to invest in West African SMEs. The fund manager has built a strong investment track record over the last decade, committed capital to 18 companies in Nigeria and Ghana and concluded 10 successful exits.

Fund III is targeting investments in consumer-facing SMEs in Nigeria and Ghana. The fund will be focused on sectors such as consumer goods and services, agribusiness and financial services with investments of up to \$20 million concentrating on themes including regional expansion and import substitution. Verod has attracted \$200m in total commitments for Fund III, with a significant share (40%) of commercial capital, reaching its target despite the current challenges in fundraising for African private equity.

Nick O'Donohoe, CEO of CDC Group commented:

“In West Africa SMEs should be the engine room of regional economies but they are being held back by the lack of access to finance. As the largest private equity investor in Africa, CDC is committed to boosting access to finance for these businesses. Investing in SMEs enables our capital to go further and we expect that positive returns will generate an important demonstration effect and help mobilise further capital into these markets, encouraging more commitments towards the United Nations Sustainable Development Goals.”

Mobilising capital into West African SMEs will in turn support private sector development, economic growth and long-term sustainable employment, particularly for the semi-skilled and low-skilled workforce in the region, therefore contributing to Sustainable Development Goal 8: decent work and economic growth and SDG 7: partnership for the goals.



ENDS

About CDC Group



Investment works

CDC Group is the world's first impact investor with over 70 years of experience of successfully supporting the sustainable, long-term growth of businesses in Africa and South Asia.

CDC is a key advocate in the adoption of renewable energy in Africa and South Africa in the fight against climate change and a UK champion of the UN's Sustainable Development Goals – the global blueprint to achieve a better and more sustainable future for us all.

The company has investments in over 1,200 businesses in emerging economies and a total portfolio value of £5.8bn. This year CDC will invest over \$1.5bn in companies in Africa and Asia with a focus on fighting climate change, empowering women and creating new jobs and opportunities for millions of people.

CDC is funded by the UK government and all proceeds from its investments are reinvested to improve the lives of millions of people in Africa and South Asia.

CDC's expertise makes it the perfect partner for private investors looking to devote capital to making a measurable environmental and social impact in countries most in need of investment.

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