GAFSP’S GLOBAL WAREHOUSE FINANCE PROGRAM (GWFP) LENDS OR PROVIDES RISK MITIGATION SOLUTIONS TO BANKS IN LOW INCOME COUNTRIES WHICH IN TURN PROVIDE LENDING TO SMALL FARMERS AND SMALL BUSINESSES. THESE LOANS ARE BACKED BY THE HARVESTED GOODS FARMERS DEPOSIT IN WAREHOUSES.

Signed under GWFP, this $50 million facility will first finance rice importers in Liberia, a country heavily impacted by the recent Ebola crisis. Food security is critical in Liberia, where the economy continues to suffer due to the effects of Ebola. Through the facility, IFC and GAFSP will provide risk mitigation to Nedbank, one of the largest banks in South Africa, to support lending to the agricultural sector against warehoused commodities. Nedbank will first lend to rice traders in Liberia to ensure that food is delivered to the country without delay.

IFC will commit $50 million in this unfunded risk sharing facility with GAFSP investing up to $7.5 million in first loss coverage to support Nedbank’s commodity financing of cocoa, maize, nuts, cotton, coffee, rice, and sugar across Sub-Saharan Africa.

AFRICA: Increasing access to finance for farmers and SMEs

$50 million facility to help commodity traders in Sub-Saharan Africa import agricultural commodities and export cash crops

EXPECTED RESULTS:

This project is expected to cover transactions in countries across Sub-Saharan Africa including Ghana, Kenya, Liberia, Malawi, Mozambique, and Tanzania.

The investment will finance both cash crops to generate farmer income and imported staple foods and fertilizer to improve food security.