

KfW and Allianz establish fund for joint investments in African companies

- **German fund of funds AfricaGrow provides equity capital for small and medium-sized enterprises and start-ups in Africa**
- **Financing for 150 companies. Creation of over 25,000 jobs**
- **Measurable positive impact on environmental and social conditions required for investment**

On behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), KfW Development Bank, together with Allianz Global Investors, has set up a fund of funds that will provide financial resources for African private equity and venture capital funds. The aim of the fund known as the AfricaGrow fund is to finance 150 innovative small and medium-sized enterprises (SMEs) and start-ups in reform-oriented African countries through local funds by 2030 in order to promote sustainable economic and social development. More than 25,000 new jobs will be created by 2030 as a result of the investments. The fund is based in Germany.

“The design and structure of the new AfricaGrow Fund is a milestone in support for the African economy. It is intended to help small and medium-sized enterprises, primarily in reform-oriented African countries, close the existing financing gap and build a solid equity base. In Africa's economy it is mainly the small, local companies that create the most jobs and thus contribute significantly to securing people's incomes,” said Prof. Dr Joachim Nagel, Member of KfW Group's Executive Board.

When the fund was designed, great importance was attached to ensuring that the investments had clear sustainability objectives. Through regular and careful monitoring, the aim is to have a measurable positive social and/or economic impact in the form of, for instance, income security and the creation of decent jobs in the areas of education, energy and financial services, for example.

The fund volume stems from cooperation between public and private partners and is initially EUR 170 million. EUR 85 million comes from the Federal Ministry

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for Economic Cooperation and Development (BMZ), EUR 30 million from KfW subsidiary DEG and EUR 55 to 70 million from Allianz companies. The German Federal Government is providing an additional budget in the tens of millions for accompanying support measures. For the Allianz Group, the project is an important and innovative component of its Africa strategy. Investments on the African continent are broadly diversified across countries and sectors. To date, Allianz has primarily financed infrastructure projects in emerging economies, including up to USD 500 million in a co-lending program with the World Bank Group, and approximately USD 100 million in Africa.

The fund is managed by Allianz Global Investors. The responsible fund manager, Martin Ewald, has been engaged in what are known as impact investments for more than ten years, including responsibility for various rainforest projects, among other things. Andreas Utermann, CEO of Allianz Global Investors, highlights the sustainability aspect of AfricaGrow: “I am proud that Martin Ewald and his team were able to bring this important project, the largest of its kind, to life together with our partners in such a short amount of time. Allianz Global Investors is committed to promoting impact investments by mobilising equity capital. AfricaGrow is an innovative solution that enables us to have a positive impact on Africa's social infrastructure on a large scale in the long run.”

As a legally independent entity, AfricaGrow is a central instrument of the Compact with Africa (CwA) initiative, which was launched in 2017 under the German G20 presidency.

More information on KfW Development Bank is available at: www.kfw-entwicklungsbank.de/Internationale-Finanzierung/KfW-Entwicklungsbank

More information about Allianz Global Investors is available at: uk.allianzgi.com

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