



AGC Invests in Africa: Kenya Case Study



Advanced Global Capital (AGC) recently made its first major investment in sub-Saharan Africa by providing a **supply chain finance** facility to a group of dairy farmers in Kenya. The company made an initial disbursement in February 2015 to support all stages of the supply chain in the dairy processing sector. In cooperation with our local partner, AGC will distribute financing to approximately 170 farmers in amounts that range from \$7800 to as small as \$17. The deal will extend the reach of AGC's active investment to Sub-Saharan Africa and will strengthen its global portfolio of sustainable agricultural producers.

Sustainable Growth

Smallholder dairy husbandry provides a stable income for many families in the Rift Valley and contributes to supporting local communities and promoting the economic status of women. The UN **promotes dairy development** as a "sustainable, equitable and powerful tool for achieving economic growth" and stresses the importance of establishing reliable dairy chains.

Financial Inclusion

The program also promotes financial inclusion by providing alternative financial products to people excluded from the formal financial sector. Farmers in Kenya often farm on land to which **they have no formal title**; as a result they have no collateral to secure a loan from a traditional bank. Supply Chain Finance allows the farmers to improve their cash flow and manage working capital without the need to hold an account with a bank. They are able to be paid by text message through MPESA, the popular **mobile money-transfer** service.



A More Robust Dairy Supply Chain in Kenya

Dairy farmers in the area often own very few cattle, or even a single dairy cow. The farmers bring milk from their cows to central collection points, from which it is transported to processing locations and made into yogurt and cheese. The processed dairy products are then distributed to hotels and supermarkets in the area.

Dairy provides a dependable source of income and, as a result, many farmers use milk sales to finance parts of their business that provide only seasonal or occasional income, such as raising beef cattle or growing maize. The dairy supply chain is also used to finance informal activities, such as small-scale transactions for chickens. The cash that is channelled to dairy farmers through the AGC program is used to procure feed and antibiotics to increase agricultural output or to expand the range of crops and animals the farmers raise. By providing financing and helping to build a more robust dairy supply chain, AGC is bringing **economic and social benefits** to local communities in Kenya.

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