

Press release 20.06.2018

NORFUND, SHURAAKO, AND IFU LAUNCH A NEW FUND FOR SUPPORTING SMALL AND MEDIUM SIZED ENTERPRISES IN SOMALIA

Norfund has, together with Shuraako, a program of One Earth Future, and the Danish development finance institution, IFU, established a USD 10 million fund for supporting small and medium sized companies in Somalia. The Nordic Horn of Africa Opportunities Fund is among the first commercial investment funds for Somalia.

The Nordic Horn of Africa Opportunities Fund is expected to have significant development impact by enabling Somali entrepreneurs to build sustainable businesses, contribute to their country's economy and tax base, and create a significant number of jobs within their communities. The Fund has been set up in line with Norwegian development assistance. It focuses on post-conflict and fragile states by building sustainable societies and creating jobs.

The Fund has an initial capital target of USD 10 million. The primary investment instrument will be the Sharia compliant "Murabaha" and the average deal size will be USD 250 000. The capital will flow to all regions of Somalia. The investments are made into companies in various sectors including but not limited to fisheries, agriculture, light manufacturing, hospitalities, energy, etc.

Norfund is the initiator and anchor investor of the Fund and has committed an investment of up to USD 5 million, whereof the Norwegian Ministry of Foreign Affairs has supported a first loss component of USD 3 million. Other investors are the Danish development finance institution IFU with a commitment of USD 2 million and the Arsenault Family Foundation with a commitment of USD 2 million. Other partners include the Development Fund (Utviklingsfondet), a Norwegian NGO active in Somalia and with a network of Nordic Somali Diaspora.

The business environment in Somalia is one of the most challenging in the world. Access to capital is constrained, electricity is not generally available, minority protection of investors is problematic and parts of the country have major security and terrorist challenges. There are few international investments and establishments in the country. However, Somalia is now recovering from civil war and rebuilding the Somalia's legal framework to attract more investment. In this context the Fund will fill a gap by funding SMEs that have no other sources of capital. The fund is the first of its kind and will demonstrate the potential to catalyze further capital into Somalia.

Kjell Roland, Norfund CEO says: *"This is an important investment for Norfund and an example of how it is possible to do sustainable investment in some of the world's most fragile states. We believe the fund will have significant development impact in Somalia and also achieve a small yet positive and financially sustainable financial return."*

Marcel Arsenault, Founder and Chairman of One Earth Future and the Arsenault Family Foundation says; *"We really appreciate this initiative from Norfund. I believe the Fund will grow over time as new investors join. There is already a promising pipeline of investors that have shown interest to join over the next three to six months."*

Tommy Thomsen, IFU CEO says: *Small companies are strong drivers for job creation and economic development, but often don't have access to finance. IFU is very pleased to invest in this new fund, as it will provide loans and enable small businesses to grow in Somalia, which is one of the least developed countries in the world.*

For media enquiries contact:

- Norfund: Inger Nygaard, Communication Manager, inger.nygaard@norfund.no; Mobile: +47 47701248
- Shuraako: Jean-Pierre Larroque, Media Production Manager, jplarroque@oneearthfuture.org; Mobile: +1 303 827 6380
- IFU: Morten Elkjær, VP Finance Sector, moe@ifu.dk mobile +45 41381236

About Norfund:

Norfund is the Norwegian Investment Fund for Developing Countries. Established by the Norwegian Parliament in 1997, the organisation is the government's main instrument for combatting poverty through private sector development. Norfund's objective is to contribute to sustainable commercial businesses in developing countries. Funding is provided via capital allocations from Norfund's development assistance budget. Norfund provides equity, other risk capital, and loans to companies in selected countries in Southern, Eastern and Western Africa, South-East Asia and Central America. With a portfolio of USD 2.4bn, Norfund invests in three main sectors: financial institutions, clean energy and agribusiness, in addition to small and medium sized companies through third-party investment funds. Further details on Norfund can be found at: www.norfund.no

About Shuraako

Shuraako is a nonprofit implementation program of One Earth Future operating throughout the Somali region. Shuraako, which means "partnership" in Somali, brokers economically beneficial relationships that connect small and medium size enterprises to impact investors to catalyze job creation. This in turn contributes to a more resilient and peaceful Somali region. Shuraako achieves this by identifying and recommending eligible Somali businesses to impact investors and charitable funds and by servicing approved financing. Shuraako seeks to foster a thriving business sector by addressing the financial gap in the Somali region and brokering productive partnerships that encourage economic development. For more information: www.shuraako.org

About IFU

IFU – The Danish Investment Fund for Developing Countries provides risk capital and advice to companies wishing to set up business in Africa, Asia, Latin America and parts of Europe. Investments are made on commercial terms in the form of equity and loans. The purpose is to promote economic and social development in the investment countries.

In total, IFU has invested in more than 1,250 companies in over 100 countries.

IFU acts as fund manager for several public-private funds including the Danish SDG Investment Fund and the Danish Agribusiness Fund.

For more information, see www.ifu.dk.