

Babban Gona

January 2020



Project overview

Babban Gona is an agricultural, for-profit, socially responsible private company which has developed an innovative large-scale agricultural franchise model in northern Nigeria, through which it provides a wide range of tailored end-to-end services to its network of smallholder members. Its business model consists of delivering training and development, financial credit, agricultural inputs, and output harvest and marketing services.

Funding objective

EDFI AgriFI will provide junior debt funding to Babban Gona to crowd in additional senior debt while maintaining robust financial ratios. EDFI AgriFI investment should help Babban Gona to raise EUR 15m in senior debt, supporting the company in doubling the number of smallholder farmers. EDFI AgriFI's contribution will finance the enrollment of additional farmers, leading to an increase in the cultivation area as well as in maize production.

Investment rationale

EDFI AgriFI wants to support this project promoting sustainable smallholder farming and helping farmers to increase their productivity and profitability, whilst also pushing them to be more entrepreneurial. Babban Gona integrates smallholder farmers in a consolidated and functional value chain where it provides a holistic package of inputs and services to support its members in attaining yields above 2x the national average, improve the quality of their crop, reduce the cost of their inputs, and obtain premium prices at the point of sale. All of these factors combine to ultimately increase member net income over 3x the national average.

EDFI [AgriFI](#), the EU Agriculture Financing Initiative, is an impact investment facility funded by the European Union, with a mandate to unlock, accelerate and leverage sustainable investments in medium, small and micro agri-enterprises (MSME) that operate in developing countries, with a specific focus on smallholder's inclusiveness. AgriFI is managed by [EDFI Management Company](#) on behalf of the 15 European Development Finance Institutions (DFI).

AT A GLANCE

- **Investment/Project:**
Babban Gona
- **Total AgriFI financing:**
EUR 5M
- **Financial instrument:**
Junior debt
- **Regions:** Sub-Saharan Africa
- **Countries:** Nigeria
- **Sector:** Agri cash crops
- **Allocation:** AgriFI Global

ENVIRONMENTAL & SOCIAL ASSESSMENT

Based on Environmental and Social (E&S) risks/impacts the E&S risk category is **B**. Activities come with potential limited adverse risks associated with use of agrochemicals and occupational health and safety.

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