

GBF Injects \$350,000 Funding into Rainbow Haulage Tanzania

- The investment will also ensure that Rainbow achieves and maintains high margins through optimized supply and demand of its products to the satisfaction of its customers.
- This investment in Rainbow continues the GBF's signature approach of blending structured mezzanine finance, with business advisory services.
- The working capital will allow Rainbow to navigate challenges brought on by the Covid-19 health crisis.

NAIROBI, May 18, 2021, The Grassroots Business Fund (GBF), a global impact organization that utilizes the power of blended capital to invest in traditionally under-financed businesses, has announced a \$350,000 investment in Rainbow Haulage & Commodities Traders Company Limited (Rainbow) in Tanzania.

This investment was made possible thanks to a 4-year senior/ mezzanine debt facility aiming to support East African women and youth-led SMEs operating in the agricultural sector, which was extended to GBF under the SME Programme of the Trade and Development Fund (TDF), a TDB Group institution.

The strategic investment is aimed at supporting Rainbow in purchasing sufficient stocks to meet its demand based on the ongoing incremental demand of its agri-products across the East African Region. It is also designed to help the company move beyond just buying and selling for farmers to a business model that addresses the challenge of fluctuations in supply arising from weather seasonality patterns to regularity and sustainability towards the much-needed stability in the pricing of agricultural based commodities that are the mainstay of their business.

It will also help in developing a more consistent payment and cash flow regime for the farmers and the strengthening of the entire supply chain ecosystem with the development of adequate product storage and preservation facilities, thereby putting the company in a strong position with its stakeholders.

The arrangement with GBF also brings in proven management experience built over the years managing similar ventures to help Rainbow improve its business structuring and performance in a model that may consider bringing in other key sector players including micro insurance services.

The GBF team leader in Kenya, Lilian Mramba was delighted at the prospects presented by the deal saying that "Rainbow will benefit from GBF's extensive experience in working with companies to improve management efficiency and stabilization of its financial management systems. The switch from bank overdraft financing to medium-term cash flow-based funding by GBF will allow Rainbow to accrue benefits of consistent funding with repayments suited to its cash flow cycles."

Ms. Mramba also noted that the GBF's investment opportunity in Rainbow is pegged on two key factors; an experienced management team with a good track record and vast networks as well as strong customer-supplier relationships developed over the last few years.

Established in 2008, the Tanzanian based family-owned Rainbow business is led by Ms. Tausi Aloys Shaban and Mr. Jean Marie Rutambuka . It was initially a printing business providing offset printing, packaging printing, large format printing, digital printing, screen printing promotions and



all other printing consumables. The decline in the printing business globally and in the region drove its management to turn to its experience in the agriculture sector, transitioning into an agri-business mainly dealing with cereal trading in East Africa.

Rainbow mainly trades in commodities including maize, soybeans and sorghum sourced directly from farmers in different parts of Tanzania and sold to companies in Tanzania, Rwanda, Burundi and in South Sudan. It sources the agri-products directly from farmers and aggregators followed by sorting, cleaning and packing for sale in local and export markets. Its chain supply chain consists of over 500 smallholder farmers, 30% of whom are women, 15 aggregators in the villages. The smallholder farmers represent up to 80% of all its supply with the remaining 20% coming from the aggregators. They currently do not have a warehouse to store the products, however, they are considering investing in silos for storage to enable them mitigate price volatility during low and high seasons.

The smallholder farmers receive technical advice on good agricultural practices from the company through local governments, agricultural universities, and international experts to ensure the final product meets the required quality standards from planting to harvesting and selling of the produce.

Rainbow's owners welcomed the new investment and partnership saying that "The investment will stimulate the growth of the company by strengthening its engagement with the smallholder farmers and be able to satisfy the unmet demand of the agri-products with an impact on the livelihood of the community, providing a soft landing against the disproportionate impact of the COVID-19 on women led businesses."

They further observed that the "GBF's investment will enable Rainbow purchase and trade more volumes of maize, soybeans and sorghum. The investment will also ensure that Rainbow achieves and maintains high margins through optimized supply and demand of its products to the satisfaction of its customers."

This investment in Rainbow continues GBF's signature approach of blending structured mezzanine finance, with business advisory services. GBF will also seek to catalyze climate resilience and adaptation in the companies it supports, and will invest with a gender lens.

Another Tanzanian based partner in the deal, Bankable, extended its rich and diverse expertise on the local market by providing the ears and eyes on the ground, offering support in the pipeline through the crucial stages of prospecting and due diligence of this deal.

Bankable Partner in charge of debt advisory, Sylvia Shelukindo had this to say, "We look forward to supporting other initiatives such as this. The kind of structuring done on this facility is very sensitive to the needs of SMEs and used well can greatly empower their business prospects."

In Kenya, GBF is currently managing the Mastercard Foundation MSME COVID 19 Response Fund which provides emergency relief loans to members of the Kenya Private Sector Alliance (KEPSA), WomenWork Ventures, and Kenya National Chamber of Commerce & Industry (KNCCI). The loans are being managed in collaboration with its partners Cardno Emerging Markets and 4G Capital were designed to boost the microenterprises by providing them with working capital that allows them to navigate challenges brought on by the Covid-19 health crisis. The loans to



microenterprises targeted give priority to youth and women-led enterprises and to certain sectors such as agriculture, retail, healthcare.

With its unique business model with new types of vehicles setting up businesses for growth by providing direct technical assistance on financial management and organizational improvements to portfolio companies and utilizing blended capital structures, GBF promises a bright future for Africa with economic opportunities for hundreds and thousands of people reached by portfolio companies that multiply the economic value through payments to suppliers, wages to workers, and savings to consumers leading to improved financial inclusion with additional jobs created in low income, hard to reach communities.

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ABOUT GBF:

Our mission is to grow viable, sustainable and inclusive businesses that generate earnings or cost savings for people in Africa, Asia and Latin America. GBF is an experienced think tank and impact investment partner who is committed to providing equal opportunities to high impact entrepreneurs irrespective of their gender, ethnicity, or sexual orientation. GBF provides entrepreneurs with access to appropriately structured capital and business advisory to drive sustainable growth. Our process ensures a lack of bias in the pre-investment and investment stage, particularly in the selection, assessment and structuring of investments. We support businesses that do not discriminate and that are aligned with diversity principles. To know more please visit <http://www.gbfund.org>

ABOUT RAINBOW:

Established in 2008, Rainbow is a family-owned business in Tanzania. It was initially a printing business providing offset printing, packaging printing, large format printing, digital printing, screen printing promotions and all other printing consumables. The decline in the printing business globally and in the region drove its management to turn to its experience in the agriculture sector, transitioning into an agri-business mainly dealing with cereal trading in East Africa.

The company mainly trades in commodities including maize, soybeans and sorghum sourced directly from farmers in different parts of Tanzania and sold to companies in Tanzania, Rwanda, Burundi and in South Sudan.

Rainbow works with smallholder farmers who include women and provide them with technical expertise on good agricultural practices to ensure the final product meets its required quality standards. The company sources products from smallholder farmers in villages, 30% are women while the remaining 70% also includes women in decision making on agricultural activities from planting to harvesting and selling of produce.

ABOUT TDB:

Established in 1985, the Eastern and Southern African Trade and Development Bank (TDB) is a multilateral, treaty-based, investment-grade development finance institution, with 41 sovereign and institutional shareholders and assets of USD 7 bn. TDB serves 22 economies in its region, with the mandate to finance and foster trade, regional economic integration, and sustainable development.

TDB is part of the TDB Group, which also comprises TDF (the Trade and Development Fund), ESATF (the Eastern and Southern African Trade Fund), TCI (TDB Captive Insurance), and the TDB Academy.

TDF is a non-profit institution established under the TDB Group as its soft window. It provides programme management and capacity building services, thought leadership, and blended finance to clients in TDB Group Member States, with a special focus on financially underserved groups as final beneficiaries.

www.tdbgroup.org

ABOUT BANKABLE:

Bankable is a firm founded in 2017 by former bankers with over 55 years of combined market experience. Bankable partners with clients to assist them to procure, innovate, and execute banking products and services more efficiently. It targets to bridge the information asymmetry problem and the sharp principal-agent divide that currently exists in the market between business and financiers. In doing so it makes it more efficient to raise finance for both the borrower and lender.