

ETHIOPIA

Ethiopia: PROPARCO is supporting Turaco, a rapidly growing business

In Ethiopia, Proparco is supporting a dynamic local player via a loan. Turaco is a young group experiencing very strong growth in the manufacturing of cooking oil, soap and detergents. Proparco is supporting its projects to increase its production capacity and build an extraction plant to extract local oil. Proparco's investment will also contribute to its institutionalization in terms of governance and Environmental and Social standards.

PROJECT DESCRIPTION

The project aims to support the expansion projects of this young group experiencing very strong growth and contribute to its institutionalization in terms of governance and E&S standards, by creating conditions for:

- A significant increase in the Group's oil refining capacity and the launch of a range of toiletries products in the soap segment.
- The construction of an extraction plant to extract raw oil from locally grown seeds and produce seed cake (residues) that can be sold for export.

CLIENT PRESENTATION

Turaco is a group of two companies operating in Ethiopia in the consumer goods sector (manufacturing of cooking oil, soap and detergents). The two companies led by Turaco are HCFM, which refines imported crude soybean and sunflower oil into edible and cooking oils, and Gullele/ZAK, which manufactures soap and household detergents and is branching out into the toiletries segment. The strong resilience of the business (locally produced basic necessities) and the reputation of the brands have even allowed the group to maintain a high level of growth during this COVID-19 crisis.

PROJECT IMPACT

Proparco's investment will support a dynamic local player operating in a frontier country where industries are fragmented and logistics networks are only just developing. It will contribute to increasing the local production capacity for essential goods, which are currently in competition with imported products. As the seed extraction plant benefits from a local supply, it will be possible to both replace imported products and generate revenues in dollars by exporting seed cake (animal feed) on international markets. Our operation will also contribute to institutionalizing this young group, maintaining jobs for 200 people and supporting indirect jobs with 80 entrepreneurs that distribute the products, and establishing best practices, in particular by implementing an ambitious ESAP. In addition, PROPARCO is playing a real catalytic role in this transaction by mobilizing the participation of Ethos Mezzanine, with which we are the lead institutional investors in the Group.

This information is given at the time of signature, without prejudice to any developments in the operation/project

03/03/2020

Date of signature of the project

 Agriculture and Agro-industry sector(s)

 Ethiopia
Location

 Loan
Financing tool

 9 998 182 Euros
Amount of funding

 USD 11m mezzanine loan
Financing details

 Turaco
Client

B+

CES

