

eco.business Fund joins forces with Co-operative Bank of Kenya to finance sustainable agriculture

Fund makes first investment in Kenya with USD 10 million loan

Luxembourg, [date] – The eco.business Fund has provided its first investment in Kenya in the amount of USD 10 million to Co-operative Bank of Kenya (Co-op Bank), one of the leading commercial banks in the country. The subordinated loan will be on-lent to sustainable agribusinesses, contributing to the fund’s mission of conserving biodiversity, promoting the sustainable use of natural resources, and mitigating and adapting to climate change. The investment will provide much-needed financing for businesses to enhance sustainable measures in their agricultural practices, particularly important in light of the challenging operating environment created by the COVID-19 crisis.

Agriculture is the backbone of the Kenyan economy, employing approximately 75% of the rural population, and making up 34% of the country’s gross domestic product. However, commercial lending to the agricultural sector remains disproportionately low. This funding gap limits the ability of producers and processors to invest in sustainable production practices, further compounded by the economic fallout caused by the global pandemic. The investment aims to provide financial resources to those that need it most, while simultaneously promoting conservation finance as mainstream.

Co-op Bank is the third largest commercial bank in Kenya, and the primary bank for agricultural cooperative societies. Through this new investment, the eco.business Fund and Co-op Bank will provide necessary credit to sustainably certified agribusinesses, such as those in the coffee, tea, and horticulture sectors, Kenya’s main agricultural exports. By financing green measures such as solar and hydroelectric installations for tea factories that reduce reliance on fuelwood, and cold storage solutions that reduce post-harvest losses, the partners hope to boost sustainable production practices and conserve the unique ecological landscape of the country.

Dr. Jens Mackensen, Chairperson of the Board of Directors of the eco.business Fund, stated: “We are excited about our first investment in Kenya: A country rich in biodiversity and opportunities for sustainable development. This new partnership with Co-op Bank promises to be a fruitful one as the bank is well positioned to act as an enabler of sustainable production practices. Only by providing tailored financing to the agricultural sector, a key driver of economic activity and sustainable development in Kenya, can we collectively promote green finance with the goal of generating positive environmental and social impact.”

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Commenting on the sign-off of this partnership, the Group Managing Director and CEO of Co-op Bank Dr. Gideon Muriuki said: “Right from our founding as a bank for agriculture co-operatives, we have always strived to support farmers in their journey to achieve sustainable livelihoods. This new partnership with eco.business Fund that makes available USD 10 Million for on-lending to farmers is a winner on many fronts; it provides financing that is structured to suit the financing cycles of agriculture, and also comes with the support mechanisms to assist farmers to make a successful pivot towards sustainable, climate-smart agriculture.”

About the eco.business Fund

The eco.business Fund aims to promote business and consumption practices that contribute to biodiversity conservation, to the sustainable use of natural resources, and to mitigate climate change and adapt to its impacts in Latin America, the Caribbean, and sub-Saharan Africa. By providing financing for business practices that conserve nature and foster biodiversity, the fund seeks investments with both environmental and financial returns. The eco.business Fund provides financing through three avenues: local financial institutions that are committed to the fund’s mission and which have the capacity to reach its target group; directly to its target group (i.e. companies and producers); and in the case of sub-Saharan Africa, to real sector intermediaries. The fund supports sustainable operations in the sectors of agriculture, fishery (including aquaculture), forestry and tourism. Target beneficiaries are those that hold an eligible sustainability certification or those taking out a loan to make eligible sustainable investments in their operations.

Operating together with each of the two sub-funds, are two development facilities that provide high-impact technical assistance to investment partners and final borrowers.

An impact investment fund advised by Finance in Motion, the eco.business Fund was initiated by Germany’s KfW Development Bank and Conservation International with financial support from the German Federal Ministry for Economic Cooperation and Development (BMZ).

The sub-fund for sub-Saharan Africa was formally launched in 2020 with initial funding from BMZ. It will actively contribute to the conservation of key biodiversity hotspots of which eight of the world’s 36 are in sub-Saharan Africa. The sub-fund has already received further funding from Finance in Motion.

The sub-fund for Latin America and the Caribbean has received funding from the European Commission as well as from numerous other prestigious development finance institutions and institutional investors.

For more information please visit www.ecobusiness.fund and follow us on Twitter [@ecobusinessfund](https://twitter.com/ecobusinessfund).

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About Co-op Bank

The Co-operative Bank Group ('Co-op Bank') is incorporated in Kenya under the Company's Act and is licensed to carry out the business of banking under the Banking Act. The Bank was listed in year 2008 wherein it is now the largest Co-operative Bank in Africa.

The Group is one of the largest financial institutions in the region and runs 5 subsidiaries namely; Kingdom Securities Ltd, Co-optrust Investment Services Limited, Co-operative Consultancy & Insurance Agency Limited, Kingdom Bank Limited and Co-operative Bank of South Sudan; The Bank also owns a 24.8 per cent stake in CIC Insurance Group and 25% of Co-op Bank Fleet Africa Leasing Limited. The Bank's footprint across Kenya and the region includes; 156 branches in Kenya, 4 in South Sudan, 576 ATMs and over 23,000 Co-op Kwa Jirani agency banking outlets supporting a growing client base now standing at over 8.8 million account-holders.

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