

Invest with Impact

Partnership in the agribusiness sector

Locked away in the middle

One of the only two landlocked countries in South America (the other being Bolivia), Paraguay is a small country, home to just over 7 million people—almost half of whom live in Asunción, the country's largest city and capital. The country has been controlled by various authoritarian governments since its independence from Spain, but in 1989 entered a new era of democracy. The country faces high levels of poverty—peaking at 57.7% in 2002, dropping to 26.9% in 2020. Even so, Paraguay has been ranked one of the world's happiest countries. Aside from that, since all its electricity is hydropower generated, Paraguay's electrical systems is one of the world's cleanest.

Paraguay's economy is primarily dependent on agricultural products, which make up about a third of its GDP. Within the field, Paraguay ranks as the 6th largest producer of soybeans and 4th largest exporter. In 2003, it was estimated that soybeans made up 35% of the country's total export revenues. Accounting for approximately 20% of the workforce employment, so soybeans play an integral role in the Paraguayan economy.

Redefining the Paraguayan agricultural sector

Founded in 1993, Agrofert S.A. is Paraguay's leading agricultural inputs distributor covering all the soybean producing area in the country. The company offers a comprehensive set of agricultural and agronomic products and services to over 2,100 smallholder farmers: financing,

technical assistance, storage, and more. Agrofert also provides pre-harvest financing to ensure farmers have sufficient access to finance. Most local banks focus on supporting larger farmers. However, Agrofert's role does not stop there.

As a key player in the Paraguay agricultural sector, Agrofert functions as a knowledge source for farmers on best agricultural practices. As a smart agriculture proponent, Agrofert can consult and advise farmers on initiatives such as technological innovation, input handling, sustainable production, and more efficient land use. This translates into an immediate benefit of higher yields, productivity, and income for the farmers, while also contributing to the long-term vision a more sustainable agricultural sector.

Has Agrofert's strategy paid off? It would appear so: in the last several years, it has recorded strong profits, has continually outperformed its projections, and has experienced a strong and steady growth thanks to its steady client base.

The FMO Loans

Agrofert has been an FMO client since 2016, when FMO provided its first round of financing. The most recent round of financing was for USD 15 mln and USD 18 mln, where FMO increased its commitment towards the company. FMO, through the loan to Agrofert, directly contributes on the agriculture sector's continued development.



Paraguay

406,752 Sq KM
7,356,409 Inhabitants



THE GLOBAL GOALS
For Sustainable Development

A broader perspective

Agrofertil and FMO's partnership supports 3 SDGs (reducing inequalities, zero hunger, and decent work and economic growth). It remains critical to fully embed non-financial aspects to sharpen the long-term strategy and growth of Agrofertil. This has been done through both E&S and Corporate Governance approaches.

Although the risk of deforestation is small in the regions Agrofertil is active in, Agrofertil and FMO took a proactive approach through the development of a management system tool and a procedure to evaluate and reject producers that have performed significant conversion of Natural and Critical Habitats on their farms from its supply chain. FMO, together with other lenders and Agrofertil will also continue to develop and execute solutions utilizing remote sensing techniques to ensure more visibility throughout the soybean supply chain.

Additionally, work was done to ensure a better corporate and family governance structure through a Capacity Development program. Establishing adequate structures in the board of directors helped to strengthen internal checks and balances, but also provided better oversight and stronger internal controls. These directly translate to a stronger strategic decision-making process—allowing Agrofertil to continue redefining the Paraguayan agricultural sector.



The development of

Impact

	Farmers	2.100
	Employees	560

Financials

Total FMO loans	USD 33 mln
Totaal Fund part	USD 2.5 mln

“Seeking to promote sustainability, based on an economically viable, environmentally correct and socially just business.”



The Fund Manager

Privium Fund Management B.V. ('Privium') Privium is an Alternative Investment Fund Manager ('AIFM') and in that capacity avails of a license pursuant to section 2:65 of the Act on Financial Supervision of the Netherlands (Wft) as that section reads following the incorporation of the AIFM Directive in the Wft. (www.afm.nl) Privium Fund Management is a global business partner to different asset management initiatives.

Contact

Privium T: +31 20 46 26 644 W: www.fmopriviumimpactfund.nl



The Investment Advisor

FMO Investment Management BV ('FMO IM') is a MiFID licensed Dutch investment firm and 100% subsidiary of the Dutch development bank FMO NV. FMO IM advises on the loan portfolio at the request of the Fund Manager. All loans offered to the fund have successfully completed the investment process of FMO and have thus been added to FMO's own loan portfolio.

Disclaimer:

Do not run any unnecessary risk. Read the Key Information Document and the Prospectus. This communication is neither an offer to sell nor a solicitation to invest. The value of investments and any income generated may go down as well as up and is not guaranteed. Privium Fund Management B.V. is authorized and regulated by the Dutch Authority for the Financial Markets (www.afm.nl) as an Alternative Investment Fund Manager. The Fund and its manager, Privium Fund Management B.V., are held in the register of Dutch Authority for the Financial Markets. The prospectus of the Fund and the Key Information Document can be downloaded via the manager's website, www.priviumfund.com. The performance overviews shown in this communication have been carefully composed by Privium Fund Management B.V. No rights can be derived from this communication.

Published July 2022

