Early Warning System

IFC-39481

Barak Trade Finance Facility

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Quick Facts

Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	B
Voting Date	2018-03-07
Borrower	BARAK FUND MANAGEMENT LIMITED
Sectors	Finance
Ring Fence	Small & Medium Enterprises
Investment Type(s)	Loan
Investment Amount (USD)	$ 60.00 million
Project Cost (USD)	$ 120.00 million

Project Description

The proposed project consists of a senior revolving loan to an SPV managed by Barak Fund Management Ltd to provide trade and commodity finance to enterprises operating in Africa. The loan proceeds would invest alongside Barak's short-term African trade and commodity funds; the Project will focus primarily on supporting small and medium enterprises in the agricultural sector, although other sectors, such as consumer goods, will also be financed.

Investment Description

- International Finance Corporation (IFC)

The total Project cost is approximately US$120 million, consisting of US$60 million in equity or junior capital provided by a Junior Investor and US$60 million in senior debt provided by IFC.

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- Barak Fund Management Limited (Financial Intermediary)
- Barak Fund Management Limited (Financial Intermediary) **is owned by** Barak Fund Management (Parent Company)

Private Actor Relationship

There is often limited information publicly available about what development banks are funding through financial intermediaries. In 2021, the Early Warning System partnered with Oxfam International to incorporate information on high-risk projects being funded by financial intermediaries receiving funding from the International Finance Corporation (IFC) and the Dutch Development Bank (FMO).

The information listed below describes the relationship between the different private actors linked to high-risk sectors and subprojects of IFC and FMO's financial intermediary investments and/or the financial intermediary's parent companies made from 2017 through 2020, including any associated ring fences.

The database, however, does not explicitly or implicitly imply that IFC or FMO have material exposure to or are contractually or legally accountable to the sub-projects financed by their financial intermediaries or the financial intermediary's parent companies. It only shows a seemingly financial relationship among the different private actors, the financial intermediaries, and IFC or FMO.

Private Actors Description

Barak was established in 2009 by its two co-founders and part owners, Jean Craven and Prieur Du Plessis, and operates funds specializing in structured trade finance, commodity-backed transactions and other asset-backed projects across 30 African countries. Additionally, an impact investment fund based in the United States will be the equity or junior investor in the Project.

Contact Information

Barak Fund Management Ltd
Lisa Majmin
Fund Strategist
+27 (11) 071 9124
lisa.majmin@barakfund.com

www.barakfund.com

ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/