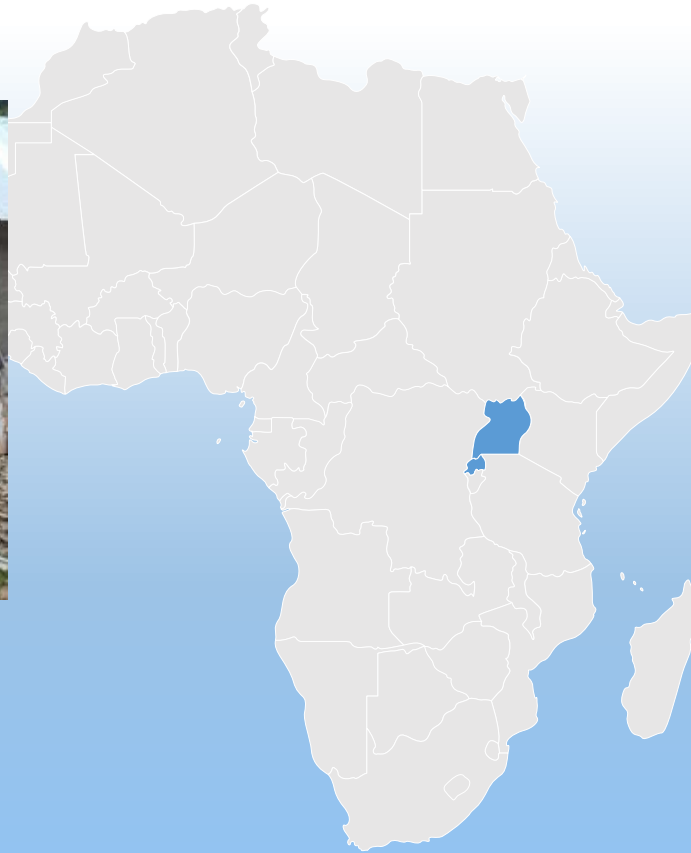




## Iungo Capital



### Leveraging local business angels to serve the lower end of the missing middle

DGGF's Seed Capital and Business Development (SCBD) facility invests in Iungo Capital, an open-ended fund offering mezzanine finance to Small and Growing Businesses (SGB) in Uganda and Rwanda.

SCBD first supported Iungo to pilot an innovative co-investment model that leverages local business angels' expertise and capital to serve local SMEs. From 2016 to 2018, the pilot has been able to demonstrate the model's potential, with 5 deals closed and 30 angels committed.

The initiative graduated to a fully-fledged vehicle in mid-2018 and aims to raise USD 10 million by the end of 2019. SCBD has played a catalytic role since inception, being the first institutional investor supporting Iungo's pilot, providing strategic and operational support to launch the new fund and attracting additional impact capital.

Iungo provides debt with royalty components, between one and seven hundred thousand US dollars. The focus is on SGBs in value-adding businesses – specifically the agri-processing and light manufacturing sectors – that already have promising cashflows and can compete with imports on a regional scale.

Iungo engages with local business angels through a co-investment structure, in which angels chip in with 5 to 10% of the invested amounts. This co-investment model is beneficial for all parties involved. The SGB receives financial services and bespoke tutoring. For Iungo Capital, the active involvement of local angels means a gain in credibility, lower transaction costs and access to a wealth of local knowledge. On the other side, angels can enter deals that are generally quite outside their financial possibilities and diversification appetite.