



Press Release

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## **Norfund and Ethos Mezzanine Partners support job creation through investing in Kenyan apparel production**

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Norfund (the Norwegian development finance institution) and Ethos Mezzanine Partners 3 (a closed-ended specialist credit fund), aim to support the creation of 6,000 new direct jobs and 6,000 indirect jobs, through investing in the Balaji Group, one of the leading textile manufacturers in Sub-Saharan Africa.

Norfund and Ethos Mezzanine Partners have executed a USD 25 million mezzanine debt investment in the Balaji Group (USD 12.5m each). Balaji Group is based in an Export Processing Zone in Nairobi, Kenya where it operates the largest apparel manufacturing business in Sub-Saharan Africa, producing garments for many global brands and retailers which are exported predominantly to the USA.

The textile and apparel sector is a key driver of economic growth in Kenya. The country is a net importer, and export-oriented industries like textile and apparel manufacturing play a critical and central role in improving its trade balance.

“We believe that by contributing to the growth and development of the textile and apparel sector in Kenya, we can make a significant impact by delivering on our mandate of facilitating job creation at scale in order to combat poverty”, says William Nyaoke, Regional Director for East Africa in Norfund.

The textile and apparel sector is relatively underdeveloped in Kenya compared to many Asian economies where it has played a key role in underpinning economic growth and creating new jobs on a large scale. In Kenya there are already more than 50,000 workers (the majority of whom are women) that are employed in the sector, and there remains considerable potential for further growth.

Balaji Group already employs over 12,000 people, and with the capital support of Norfund and Ethos Mezzanine Partners it aims to hire 6,000 new direct workers and create opportunities for another 6,000 indirect jobs across the value chain.

“Ethos Mezzanine Partners provides growth and replacement capital to mid-market businesses across East Africa, the Horn, and Southern Africa. We are excited to partner with the Balaji Group and Norfund to fund the next phase in its growth trajectory that spans 21-years since it was founded by Pankaj and Amit Bedi. This funding commitment also promotes the UN’s Sustainable Developments Goals 5 (gender equality), 6 (clean water & sanitation), 8 (decent work & economic growth) and 12 (responsible consumption and production)”, says Phillip Myburgh, Managing Partner of Ethos Mezzanine Partners.

The investors bring much needed capital to fund the company's further growth. By financing the replacement of Balaji's old washing facility with new modern washing machines, its manufacturing capacity will increase by 300%, while reducing electricity use by 20-30%, water consumption by 70% and chemical use by 60%. The company has also already installed a 1.8MW captive solar plant to advance its ambitions of running a more environmentally sustainable operation. The new funding will also enable further investments in sewing machines that will expand production capacity and contribute to increasing the number of garments produced per hour.

"Our story is one of resilience and commitment to our vision to create a legacy institution in the sector. We are grateful for the opportunity to have worked with Norfund and Ethos Mezzanine Partners, whose core values are development and improving people's lives, which is directly aligned with what Balaji's endeavour is too", says Pankaj Bedi, chairman of the Balaji Group.

"Balaji Group has always been at the forefront of adding value to the entire community around our business including not only our team but their extended families & community at large, we are now more than ever committed to support the development of the local supply chain ecosystem around our sector by supporting & hand holding MSMEs to be part of the supply chain," says Amit Bedi, Managing Director of the Balaji Group.

In addition to the capital injected, the funders aim to support further improvements in the company's management of environmental, social and governance standards.

### **About Norfund**

*Norfund is the Norwegian Investment Fund for developing countries. Our mission is to create jobs and improve lives by investing in businesses that drive sustainable development. Norfund is owned and funded by the Norwegian Government and is the Government's most important tool for strengthening the private sector in developing countries and for reducing poverty.*  
<https://www.norfund.no/>

### **About Ethos Mezzanine Partners**

*Ethos is widely considered to be one of the most experienced and successful alternative investment managers in Africa.* <http://ethos.co.za/about-ethos/>

### **About Balaji Group**

*Balaji Group is leading textile manufacturers in Sub-Saharan Africa. The Group is based in an Export Processing Zone in Nairobi, Kenya where it operates the largest apparel manufacturing business in Sub-Saharan Africa, producing garments for many global brands and retailers which are exported predominantly to the USA.*