
Private investors take over ITC's Ethical Fashion Initiative operations in Nairobi

(Nairobi) – In December 2015, The International Trade Centre (ITC) formalised the handover of its Ethical Fashion Initiative hub in Nairobi to a group of local private investors. To mark the transfer, a ceremony was held at hub located in Nairobi's export processing zone (EPZ) in the presence of ITC Executive Director Arancha González and Robin MacAndrew, Managing Director of Ethical Fashion Artisans EPZ Ltd and the Board of Amalgamated Chama Limited (ACL). As part of the transition, the social enterprise also changed its name from Ethical Fashion Africa Limited to Ethical Fashion Artisans (EFA) EPZ Ltd.

Since its inception in 2009, ITC's Ethical Fashion Initiative (EFI) project, which connects poor artisans in developing countries to designers at the top end of the global fashion market for mutual benefit, envisioned that its Kenya-based operations would move from being donor-funded to full private ownership.

Starting in 2014, an EFAL-appointed independent business advisor and ITC approached a variety of potential investors. Among them was an association of Kenyan impact investors that expressed interest in transforming EFAL into a privately owned social business, while shifting its operations to an export processing zone (EPZ) to facilitate links to global supply chains.

Investor group ACL was formed by a range of socially conscious and business-minded individuals seeking to invest in and support new Kenyan companies. Drawing its name from the Kiswahili word for a small investment group, ACL invests for social impact and the wider development of the African continent.

ITC has agreed to withdraw from direct technical assistance and management of the company, but will remain closely involved to provide intensive capacity building for one year, provide access to its market network for four years, and assist with standards compliance.

The directors of the new company have committed to implement the EFI's Respect, Invest, Sustain and Empower (RISE) framework, an innovative system to ensure social and environmental responsibility and traceability, which includes impact assessment and communications support.

'This Memorandum of Understanding marks our combined and continued commitment to the artisans and micro-producers of the luxury fashion value chain. Ethical Fashion Artisans enjoys very significant support from the ITC, so it is fantastic to formally secure it for the immediate future as we grow our enterprise and expand our reach. It is an exciting day for all associated with Ethical Fashion Artisans.' said Robin MacAndrew, Managing Director of EFA EPZ Ltd.

Today, Ethical Fashion Artisans EPZ Ltd. operates out of the Athi River export processing zone on the outskirts of Nairobi. In its first month at the new facility, the company successfully delivered orders to Vivienne Westwood. It is now producing for Stella McCartney, United Arrows, Karen Walker and MIMCO, an Australian accessories brand.

To ensure sustained support to micro-producers, the EFA board has pledged that, beyond the obligation to maintain existing supplier relations, it will, following its first year of operations in the new location, contribute 2% of gross revenues to EFFECT every year. This will ensure that capacity and skills

development continues after ITC technical support is withdrawn. Moreover, it will enhance the new business's ability to continue to meet the demands of the international luxury fashion market.

The quantified pledge assures ITC and future investors of the company's commitment to ethical business that has a positive and measurable impact on people.

Meanwhile, the Ethical Fashion Initiative is continuing its donor-enabled work in Ethiopia, Ghana, Burkina Faso, Mali, and Haiti. In these places, too, the ultimate objective is to move to stand-alone sustainability, ensuring social and economic gains that endure long after donor funding is phased out.

ACL currently owns 30% of EFA EPZ Ltd, 10% was provided as sweat equity to the appointed managing director; 10% was allocated to the business advisor for brokering the deal; 10% is held on a call option, an incentive by the managing director to incentivise growth through ownership; while 40% is held in the Trust. The Trust holds the funds from ACL's investment that did not go to transfer-related expenses. In two years, EFA EPZ Ltd envisages a call for more impact investors to purchase the shares now held by the Trust.

About the International Trade Centre

ITC is the joint agency of the World Trade Organization and the United Nations. ITC assists small and medium-sized enterprises in developing and transition economies to become more competitive in global markets, thereby contributing to sustainable economic development within the frameworks of the Aid-for-Trade agenda and the UN Global Goals. For more information, visit www.intracen.org. Follow ITC on Twitter: @ITCnews

About Amalgamated Chama Limited

Amalgamated Chama Limited (ACL), 'The Chama of Chamas', was formed to provide an avenue for Investment Groups to pool their resources and realize superior Long Term Returns under a serious, dynamic and best-practice run investment group. ACL is a Limited Company, formed under the auspices of Kenya Association of Investment Groups (KAIG) in which Groups are invited to buy Shares. It provides the Kenya Association of Investment Groups with a Long Term, sustainable financial base. Through the assistance of professional investment advisors, the company will assess/originate investment opportunities to consider investing in.

For more information:

International Trade Centre

Jarle Hetland
Media officer
T: +41 22 730 0145
E: hetland@intracen.org
W: www.intracen.org
Facebook: International Trade Centre
Twitter: @ITCnews

Amalgamated Chama Limited

Brett Sievwright
Business advisor and Director of EFA EPZ Ltd
T: +254-734-558-023
E: brett@platinumcredit.co.ke