

Africa Agriculture and Trade Investment Fund (AATIF) holds successful stakeholder meeting in Berlin

On January 19, 2016, over 60 representatives from the German government, KfW, Deutsche Bank, the International Labor Organization, the Common Fund for Commodities, representatives of the German industry and African financial institutions, investors and partner funds met in Berlin to discuss current trends in the development of Africa and its agricultural sector and the role of sustainable financing solutions using AATIF as an example.



The chairman of the AATIF Board, Dr. Thomas Duve, welcomed the guests and recalled the motivation behind AATIF's inception at the G8 summit in Heiligendamm in 2008. Following the creation of a budget title in 2009 and a competitive tender for fund manager in 2010, AATIF became operational in August 2011. Dr. Duve reminded participants that, while AATIF was conceived as a public-private partnership fund, it operates according to private sector principles, including private sector project partners, a private

sector fund manager and private investors.

According to the intervention by Mr. Günther Nooke, personal advisor to Chancellor Merkel on Africa in the Federal Ministry for Economic Development and Cooperation (BMZ), Africa is the focus continent of Germany's development aid. Africa receives over 50% of Germany's bilateral aid. Focus areas include among others peace and security, food security and perspectives for youth. The ministry's special initiative 'One World Without Hunger' has been launched to contribute to eradicating hunger by 2030, including in Africa, by improving the know-how, productivity and financing for agricultural activities. Mr. Nooke recognized AATIF's valuable contribution in this context, including the improvement of smallholder productivity.



Christian Hiller von Gaertringen, journalist and author, highlighted in his keynote speech recent trends in Africa, including strong population growth, urbanization, lack of research, skills and finance. Sustainable and productive agriculture beyond subsistence farming requires more public and private investments to help address these challenges. A lively discussion followed around the role of smallholders in Africa's agricultural sector and the need to train more people in sustainable agricultural practices with the help of experienced local intermediaries.

Bernd Naaf, Head of Business Affairs and Communications of Bayer's Crop Science Division, spoke about the opportunities of the African market for German corporates to provide innovative solutions to protect crop yields and quality. He also pointed to the opportunities to leverage cooperation and partnerships with public and private players as well as NGOs across the agricultural value chain in Africa. AATIF is a successful example of such a partnership.

Following a lively coffee break, Dr. Claire Schaffnit-Chatterjee from Deutsche Bank's research team summarized the macroeconomic opportunities and challenges for Africa.

Africa's opportunities include its strong recent growth with a robust outlook; its young population; Africa's growing trade with emerging markets; as well as growing capital inflows. On the other hand Africa continues to struggle with poverty and hunger; poor infrastructure and weak governance/a challenging business environment. A sustained focus on developing agricultural value chains with the help of partnerships like AATIF can contribute to the economic transformation of Africa.

Astrid Manroth, Fund Manager for AATIF at Deutsche Bank's Asset Management division, recalled that AATIF had achieved a lot in its first five years through 9 geographically diversified investments for a total of USD 105 million (as of September 2015). AATIF's 'blended' public-private partnership fund model remains highly relevant for the implementation of the new Sustainable Development Goals adopted by the UN in 2015, as it contributes directly or indirectly to the goals on eradicating hunger, reducing poverty and inequality, combating climate change and creating sustainable eco-systems as well as decent working opportunities. From this perspective, AATIF remains an attractive investment opportunity.



Using the example of 3 AATIF investments, Patricia Richter from the International Labor Organization explained how the ILO as Compliance Advisor ensures that AATIF's investments meet the Fund's Social and Environmental Guidelines. Nicolaus Cromme from the Common Fund for Commodities illustrated how AATIF's Technical Assistance Facility has contributed to the successful implementation of investments through dedicated support activities.

The event closed with two African perspectives as highlights: Dr. Litse, Acting Vice-President of Operations for Country and Regional Programs & Policy, from the African Development Bank, transmitted greetings from the Bank's new President who set a strategic 5-point agenda for AfDB's work, starting with 'Feeding Africa'. AfDB's and AATIF's strategic objectives are aligned and further collaboration is envisaged.

Dr. Njaga, CEO of Chase Bank, spoke about the experiences of Chase Bank, a successful Kenyan bank focused on SME and an AATIF investee, in on-lending the funds it received to over 250 local agricultural businesses in e.g. the dairy or agro-processing sectors, some of which include smallholder farmers. He made a strong plea that Africa does not need grants, but requires commercial partnerships like the one between Chase Bank and AATIF to close the funding gap for agricultural development in Kenya and beyond.