

# Quarterly Reporting Q4 2017



## AATIF Investment Updates

### Chobe Agrivision Company



Country:	Zambia
Type of investment:	wheat and soy farm
Outstanding AATIF investment:	USD 5.6m
Financial close:	October 2011
Maturity:	5 years + extended by additional 5 years

### Project Description

In October 2011, AATIF made an investment of USD 10m into the Zambian maize, wheat and soya bean farming operation Chobe Agrivision. AATIF's investment supports the operations of Chobe Agrivision by increasing its operational capacities and thus enable it to contribute to regional food security. On October 26 2015, Chobe Agrivision repaid a first Tranche of the AATIF loan of 3 m USD reducing the AATIF exposure to 7m USD. In October 2016, the loan was extended by an additional 5 years. The first tranche of the extended facility of USD 1.4m was repaid according to schedule in October 2017.

### Recent Developments

Project: While commodity prices are starting to recover in Zambia, Agrivision will reduce its exposure to maize in the coming season given that maize has shown the highest price volatility. Some of the maize crop will be replaced by soya, given that the soya price is starting to show some recovery. Planting of seed maize and soya started in November as first rains arrived. Agrivision seeks to increase the production of biscuit flour at their mill as they see a large demand on the local market.

S&E: The ESG Manager position for Agrivision Zambia could not be filled in Q4 2017, and as a result the search continues. The fence demarcating the border to the Kasambamanyambi community (Somawhe Farm) has been completed.

TA: No material news.

## Global Agri-Development Company (Ghana) Ltd. ("GADCO")



Country:	Ghana
Type of investment:	rice farm
Outstanding AATIF investment:	USD 1.3m
Financial close:	June 2012
Maturity:	5 years

## Project Description

In June 2012, AATIF provided a loan to GADCO, a Ghanaian rice producer. AATIF financed a rice mill as a first step for GADCO to develop an integrated value chain. GADCO however faced severe operational issues and was completely restructured in 2014/2015.

## Recent Developments

**Project:** In October 2017, GADCO announced that it will perform a soil analysis and test new fertilisers on its farm. The outgrower scheme's yield has improved and reached a new high of 6.5t per ha. More people have applied to join the outgrower scheme but GADCO is constrained by the availability of equipment required to support the new joiners.

**S&E:** The Compliance Advisor visited the GADCO farm and attended a community meeting that was convened to discuss the relationship with the company and the progress achieved in the Fievie outgrower scheme. The community organized a visit to the local school and presented the additions which it had financed through the GADCO land lease payments. In addition, the Compliance Advisor met with smallholder farmers participating in the Copa Connect programme and they exchanged their experiences.

**TA:** An experienced senior workshop manager who is being co-financed by the TA Facility continues to work at GADCO. The company's management has reported that his recruitment already led to a substantial decrease in machinery downtime.

## Wienco (Ghana) Ltd.



Country:	Ghana
Type of investment:	intermediary input supplier
Outstanding AATIF investment:	EUR 9m and USD 6m
Financial close:	October 2013
Maturity:	3 years + extension until 2019

## Project Description

In October 2013, AATIF disbursed a senior debt loan to Wienco (Ghana) Ltd. ("WGL"), a Ghanaian agribusiness intermediary company. Wienco provides fertilizer and agro-chemicals as well as training in input application methods and business skills to smallholder farmers via three smallholder associations. These include the Cocoa Abrabopa scheme, the Masara N'Arziki maize smallholders association and Wienco's own smallholder cotton growing scheme. AATIF's financial commitment allows Wienco to significantly expand the scope of its smallholder operations.

## Recent Developments

**Project:** The operational environment of Wienco in Ghana continues to remain challenging. Worldwide cocoa prices have reached a historic low, falling from USD 3000 per metric tonne to USD 1900 per metric tonne. Despite the price drop, Ghana Cocoa Board has maintained local prices at GHC 7,600 (~USD 1,672) and is targeting a production of 700,000 tonnes for the 2017/18 season. The neighboring country Côte D'Ivoire has reduced its local prices which since resulted in increased cross border smuggling to Ghana as farmers in Côte D'Ivoire try to benefit from Cocobod prices. This uncertainty around prices coupled with relatively old cocoa trees with low yields, may negatively impact the cocoa production in Ghana and therewith the national revenue generated from cocoa exports.

**S&E:** No material news.

**TA:** The baseline report of the comprehensive impact evaluation for WIENCO's cocoa outgrower scheme was submitted in June 2017 and its final version was received in December 2017. A first draft baseline report for the maize outgrower scheme was also submitted in December 2017. The baseline report for the maize outgrower scheme is expected to be final and accepted in Q1 2018. Mid-term data collections are scheduled for 2018. A field mission to assess the feasibility of introducing climate smart lending products to WIENCO outgrower farmers was completed in Q4. It will form the basis for a decision to launch a pilot project on climate smart lending operations.

## Cape Concentrate Ltd.



Country:	South Africa
Type of investment:	tomato processing
Outstanding AATIF investment:	USD 6.55m
Financial close:	August 2014
Maturity:	5 years

## Project Description

Cape Concentrate is a South African company which was established in 2009 in the Eastern Cape province. The business plan proposed to process locally grown tomatoes into tomato paste for sale into the South African market as an import substitute. In 2013, pre-AATIF engagement, the company was placed under Business Rescue in terms of Chapter 6 of the Companies Act 71 when key success requirements were not met, including (i) sufficient and reliable tomato supply from local farmers to utilize the plant's large capacity, (ii) reliable financing for community and emerging farmers, and (iii) integrated experienced management of marketing, farming and processing operations. A business rescue plan provided for a restructuring of the business and the company's finances and led to an investment of USD 8m by AATIF in August 2014. AATIF had the objective to assist the company in implementing its business rescue plan under new management and to act as catalyst to attract additional finance to realize the development potential of the company's business model. The AATIF investment allowed Cape Concentrate to resume its first cycle of operations in the 2014/2015 season. Cape Concentrate produced high quality 36Brix and 28Brix tomato paste in the first season. All paste was sold to well-known local companies, illustrating the validity of the company's business model operations and distribution channels. Nevertheless for the reasons highlighted above, the business rescue was not successful. The company applied for provisional liquidation in December 2015 which was made final in March 2016. In Q3 2016 the plant for tomato paste production was sold to Famous Brands. Famous Brands is a JSE listed South African company and Africa's largest branded food service franchisor. It intends continuing the tomato paste production and sourcing tomato supply from local farmers, thereby creating employment in an economically distressed area.

## Recent Developments

Project: No major updates available while the Investment Manager continues pursuing legal options to generate further recoveries for AATIF.  
S&E: No ongoing activities.  
TA: No ongoing activities.

## Trade &amp; Development Bank ("TDB", formerly know as PTA Bank)



Country:	Supranational
Type of investment:	financial institution
Outstanding AATIF investment:	USD 20m
Financial close:	September 2012
Maturity:	5 years

## Project Description

In September 2012, AATIF and PTA Bank signed a USD 30mn facility agreement. PTA Bank is a multilateral financial institution, owned by eighteen East African member states, the People's Republic of China and the African Development Bank. The funding is being used by PTA Bank to expand its agricultural lending activities. A first tranche of USD 10m was repaid according to schedule in September 2017.

## Recent Developments

Project: In November 2017, it was reported that TDB intends to further strengthen its financing activities in Rwanda, focusing in the next five years on sectors such as manufacturing, infrastructure and agribusiness. The bank has provided financing of up to approx. USD 470m for energy and transport and now commits to expand its reach to the agribusiness and manufacturing sector. AATIF is currently in discussion with TDB on a potential extension of the ongoing collaboration.  
S&E: No material news.  
TA: No material news.

## Chase Bank (Kenya) Limited ("Chase Bank")



Country:	Kenya
Type of investment:	financial institution
Outstanding AATIF investment:	USD 10m
Financial close:	October 2012
Maturity:	5 years

## Project Description

In October 2012, Chase Bank, a privately owned Kenyan bank, received funding under a five year senior loan facility in two tranches, totalling USD 10mn. On-lending activities of Chase Bank target investments along the entire agricultural value chain including input providers, farmers and off-takers, with contract farming schemes receiving special attention. Following a bank run by depositors of Chase Bank, on 07 April 2016, the Central Bank of Kenya (CBK) placed Chase Bank under receivership. The Kenya Deposit Insurance Corporation (KDIC) currently acts as receiver for Chase Bank. KDIC appointed KCB Bank Kenya Ltd (KCB) as manager to ensure operational continuity of Chase Bank. The initial receivership period was extended until October 7, 2017.

## Recent Developments

Project: On 06 January 2018, CBK/KDIC publicly presented a binding offer by the State Bank of Mauritius ("SBM") for the purchase of selected assets and liabilities of Chase Bank Kenya under a good bank - bad bank resolution concept. The offer will inter alia ensure the transfer of 75% of the value of deposits currently under moratorium and the transfer of staff and branches of the existing Chase Bank operations. Non-moratorium (uninsured) depositors will continue to have full unrestricted access to their funds. AATIF's loan will remain, with the other creditors, at Chase Bank in Receivership, an entity which very likely will be liquidated in accordance with the KDI Act (Kenya Deposit Insurance). Any recovery proceeds from this entity are to be shared pari-passu with the other creditors as well as with the remaining 25% of the value of deposits currently under moratorium. CBK/KDIC stated that any resultant transaction with SBM is expected to be completed by the end of Q1, 2018. AATIF is collaborating closely with the lenders to Chase Bank Kenya, SBM and local authorities in Kenya to protect the interests of AATIF's stakeholders.

S&E: No ongoing activities.

TA: No ongoing activities.

## BancABC



Country:	East Africa (Mozambique, Tanzania, Zambia, Zimbabwe & Botswana)
Type of investment:	financial institution
Outstanding AATIF investment:	USD 20m
Financial close:	December 2013
Maturity:	5 years

## Project Description

In December 2013, AATIF signed a USD 25mn risk sharing agreement with BancABC, a financial institution with its holding company based in Botswana and subsidiaries operating out of Zimbabwe, Zambia, Mozambique, Botswana and Tanzania. Originally, BancABC focused exclusively on wholesale banking. In 2008, the bank started to expand gradually into retail banking, including SME and consumer lending products. The AATIF facility will allow BancABC to increasingly step into transactions along the entire agricultural value chain and extend their maturities. A first tranche of USD 5m was repaid according to schedule in December 2017.

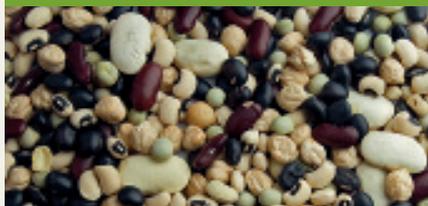
## Recent Developments

Project: In Q4 2017, BancABC approached AATIF with a proposal requesting for continuation of the investment after December 2018. For this, AATIF performed an on-site due diligence in November 2017 to analyze the current agricultural business prospective and financial status of the bank as well as the changes that have occurred since Atlas Mara's acquisition in 2015. AATIF is currently finalizing an Investment Proposal.

S&E: In Q4 2017, BancABC and the AATIF Compliance Advisor collected S&E data from 25 bank clients to evaluate the effectiveness of the bank's upgraded Environmental and Social Management System. While the data collection was challenging due to the re-branding of the bank, AATIF will analyse the data and draw lessons from the process in Q1 2018. Furthermore, the bank shared its experience regarding the implementation of an Environmental and Social Management System in a workshop on sustainable finance that took place on December and that brought together 30 stakeholders of the Zambian financial sector.

TA: In Q4, the expert consultant commenced his work to provide on-the-job coaching to the BancABC Sustainability Officer with a kick off meeting that took place together with BancABC management, the TA Facility Manager and the Compliance Advisor.

## Export Trading Group ("ETG")



Country:	Pan Africa
Type of investment:	Intermediary
Outstanding AATIF investment:	USD 30m
Financial close:	November 2015
Maturity:	5 years

## Project Description

In November 2015, AATIF entered into a USD 30mn facility agreement with Export Trading Group ("ETG"), a Pan-African integrated trading and processing company specialized in end-to-end agricultural supply chain management and headquartered in Mauritius. The objective of the facility is to support the development of the smallholder agriculture sector in Sub-Saharan Africa. ETG has offices across 40 countries in the world with significant presence across 26 African countries, buying crops from thousands of smallholder farmers without intermediaries and connecting them to global commodity markets, thereby contributing to sustainable employment and income security for local farmers as well as global food security. In addition, ETG provides smallholder farmers with training, agricultural expertise, farming equipment and farming inputs. The proceeds of AATIF's facility will be used by ETG as long-term working capital for the export of crops and import of fertilizers as well as the financing of capital expenditures related to processing plants and warehouses.

## Recent Developments

Project: In November 2017, Japanese conglomerate Mitsui announced that they will purchase a minority stake in ETG for a price of approx. USD 265m. No fresh capital will be injected into ETG but shares will be sold by the existing management and existing shareholders Pembani Remgro Infrastructure Fund (who will remain a shareholder) as well as Standard Chartered Private Equity (who will have divested its investment in ETG). Mitsui's move is aimed at geographically diversifying its revenue base, similarly to Japanese Mitsubishi which acquired a minority stake in Olam in 2015. The Investment Manager is currently planning a visit to meet ETG and its stakeholders in the course of Q1 2018. S&E: No material news.

TA: No ongoing activities.

## Guaranty Trust Bank ("GTB")



Country:	Nigeria
Type of investment:	financial institution
Outstanding AATIF investment:	USD 20 m
Financial close:	December 2016
Maturity:	7 years

## Project Description

As part of a 7 year syndicated loan facility, AATIF granted a loan to GT Bank Nigeria for an amount of USD 20mn, which is earmarked for granting loans to Nigerian borrowers active in the agricultural value chain. GT Bank is Nigeria's fourth largest financial institution by total assets with a market share of around 8-10% while it is one of the most advanced lenders from a technology standpoint. It started its activities in 1990 and currently employs more than 3,000 staff across Nigeria.

## Recent Developments

Project: In December 2017, GTB has been recognized as 2017 Bank of the Year Nigeria at The Banker Awards event, which was held in London. After receiving the award on behalf of the Bank, Segun Agbaje, Managing Director/CEO of GTB said "This award serves as further motivation for us as we continue to transform our organization into a platform for enriching lives that offers our customers benefits beyond banking. It also reflects our sustained commitment to maximize shareholders' value and deliver superior and sustainable return, guided by our founding values of hard work, discipline and integrity."

S&E: GTB has started implementing a social and environmental management system, the bank conducted an environmental and social due diligence for existing clients, when providing new credit facilities. In addition, GTB developed a scoring tool to determine the main social and environmental risks and evaluate the client's performance.

TA: No ongoing TA activities.

## Mybucks International



Country for Use of Proceeds:	Uganda and Mozambique
Type of Investment:	Financial Institution
Outstanding AATIF investment:	USD 0
Outstanding AATIF commitment:	USD 5m
Financial Close:	not yet disbursed
Tenor:	2 years

## Project Description

AATIF concluded a USD 5m facility to support the agricultural lending activities of the MyBucks subsidiaries in Uganda and Mozambique. MyBucks is a financial technology (“fintech”) services conglomerate that primarily delivers innovative and technology-driven solutions to unbanked and underbanked low and lower-middle income clients, predominantly in Sub-Saharan Africa.

In November 2015 MyBucks partnered with the international non-governmental organisation Opportunity International (“OI”) and took over six Opportunity International Subsidiaries in Africa. This not only allowed MyBucks to increase its client base, but will also enable it to bridge the gap between the worlds of virtual and traditional banking by being able to provide financial services to the most rural clients in a faster, more efficient and also less expensive manner.

AATIF funding provided to MyBucks shall be used to finance the agricultural lending activities of the recently acquired OI subsidiaries in Uganda and Mozambique, as the majority of their clients are active in the agricultural sector. This partnership will enable smallholder farmers to have access to technology-enhanced financial services to improve their livelihoods. It shall also give them a participatory stake in the technology development story similar to the innovation seen in other industries in the region. Furthermore, the USD 5 million senior lending facility will be supplemented with a robust technical assistance package. The package shall assist the company in developing and implementing a social and environmental management system. It shall further support measuring the transformational impact on smallholder farmers of MyBucks’ activity.

## Recent Developments

Project: The loan has not yet been disbursed as closing conditions are not yet fully met.

S&E: No material news

TA: The TA Facility Manager and the Compliance Advisor are in discussion with MyBucks on potential TA Measures to support the introduction of technology-enhanced financial services to the agricultural portfolio and to support undertakings for becoming certified based on the Client Protection Principles of the SMART Campaign.

## Coopers-K Brands Limited



Country for Use of Proceeds:	Kenya
Type of Investment:	Direct Investment Company
Outstanding AATIF investment:	USD 0
Outstanding AATIF commitment:	USD 4m
Financial Close:	not yet disbursed
Tenor:	8 years

## Project Description

AATIF concluded a USD 4m facility to enable Coopers-K Brands Kenya Ltd (“CKL”) finance a new plant for minerals and nutritional supplements for livestock, thereby increasing local value addition.

CKL is a leading animal health and agricultural inputs company in Eastern Africa, and is the franchise distributor of the ‘Coopers’ range of products. CKL has delivered high quality products and solutions for livestock farming in Kenya since 1906 and has recently ventured into crop protection products to expand its product offering to farmers as well as capture more value from the markets it already serves. The goal of the company is to contribute to the transformation of the agricultural sector in Africa by developing and delivering innovative and affordable animal health and crop protection products within easy reach of every farmer in the markets it has operations.

The key markets for CKL are Kenya, Uganda, Rwanda, Burundi and Tanzania with the company exploring to expand into other markets such as Ethiopia with time. Within Kenya, CKL has developed a sub-distributor model that ensures its products get to the end users i.e. farmers. This is done through a network of 13 Strategic Business Partners (regional distributors) who then wholesale the products to over 6,000 stockists that deliver products to farmers on a daily basis. The investment would be AATIF’s first investment into animal health and veterinary products (CKL’s core products) hence diversifying the existing portfolio and expanding the fund’s profile with a company active in importation, production and distribution of the said products into the larger East African region. AATIF considers the investment in CKL as a strategic partnership to foster local value addition, increase farmers’ productivity and incomes which further contributes to reduction in poverty.

## Recent Developments

Project: The loan has not yet been disbursed as closing conditions are not yet fully met. The investment manager expects that the first tranche under the loan is to be disbursed in Q1 2018.

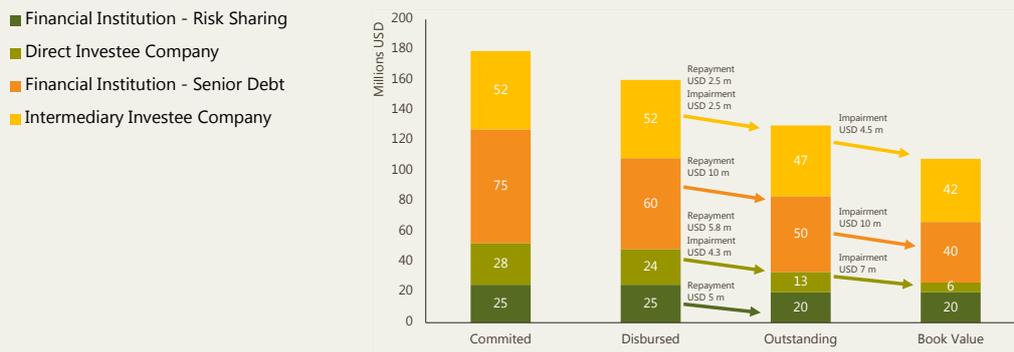
S&E: No material news

TA: No ongoing TA projects.

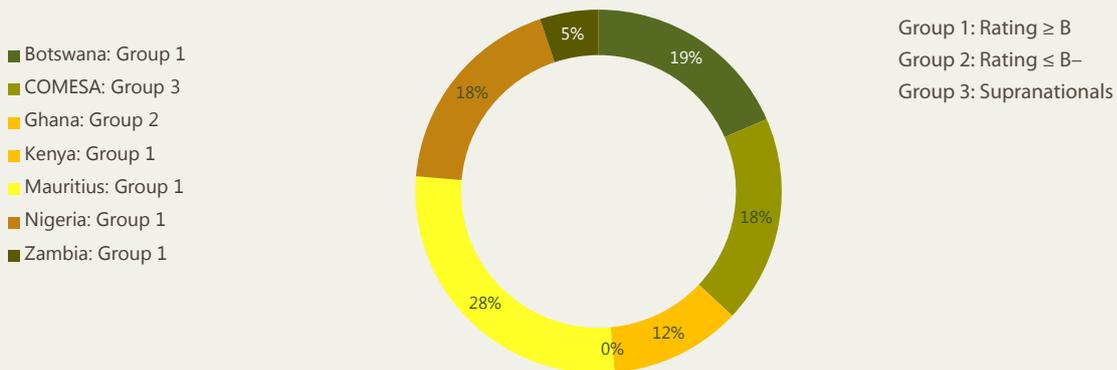
Portfolio Composition by Partner Institution (Outstanding)



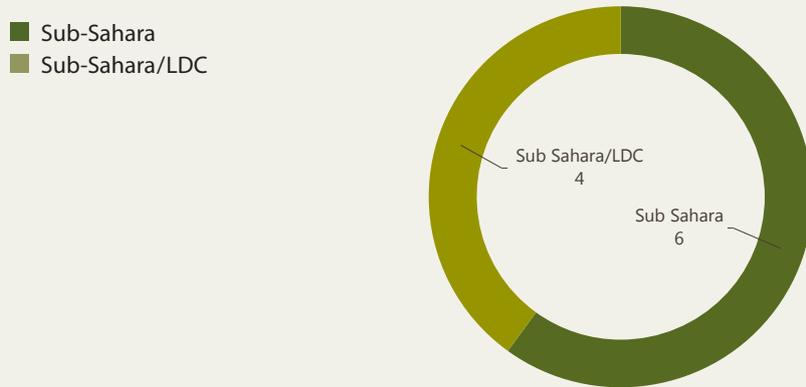
Portfolio Composition by type of Partner Institution



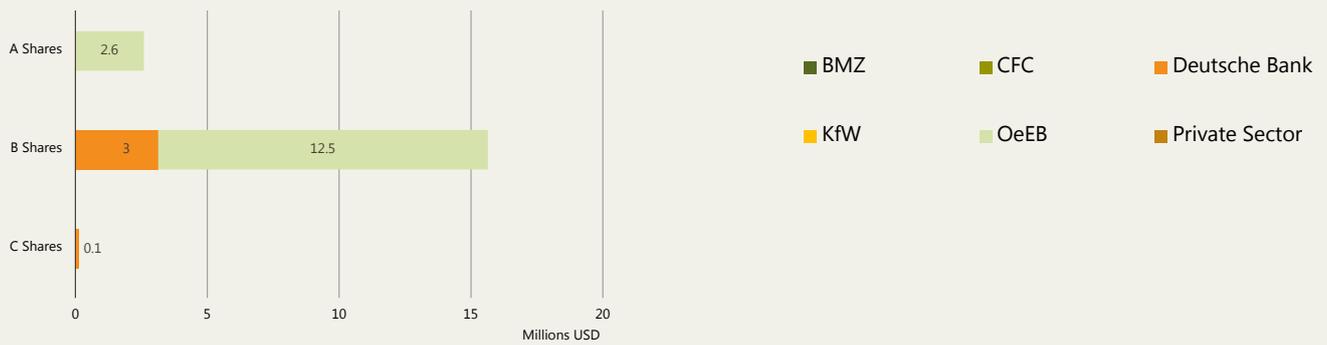
Portfolio Composition by Country Groups (Outstanding)



Portfolio Composition by LDC and Sub-Saharan Countries



Undrawn commitments



NAV as at 31/12/2017



## Partners and Key Investors



Implemented by:



## Disclaimer

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