



Increasing Income.
Improving Food Security.

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Abbreviations

AATIF	Africa Agriculture and Trade Investment Fund	HACCP	Hazard Analysis and Critical control Points
BMZ	German Federal Ministry for Economic Cooperation and Development	IA	Investment Advisor
CAA	Cocoa Abrabopa Association	IC	Investment Committee
CBN/NIRSAL	Central Bank of Nigeria/Nigeria Incentive-Based Risk Management System for Agricultural Lending	IFC	International Finance Cooperation
CFC	Common Fund for Commodities	ILO	International Labour Organization
CMA	Collateral Management Agreement	ISO	International Organization for Standardization
COCOBOD	Ghana Cocoa Board	KfW	Kreditanstalt für Wiederaufbau
CPI	Consumer Price Index	m	Million
DIC	Direct Investment Company	MT	Metric Tons
ESG	Environmental, Social and Governance	OHS	Occupational Health and Safety
ESIA	Environmental and Social Impact Assessment	PAP	Project Affected People
ETG	Export Trading Group	PIs	Partner Institutions
EUR	Euro	S&E/E&S	Social and Environmental
FI	Financial Institution	SEMS/ESMS	Social and Environmental Management System
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.) Dutch development bank	SME	Small and medium enterprises
FX	Foreign Currency	TA Facility	Technical Assistance Facility
GADCO	Global Agri-Development Company	TAFM	Technical Assistance Facility Manager
GDP	Gross Domestic Product	TCX	The Currency Exchange Fund
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	TDB	Trade Development Bank
GAP	Good Agricultural Practice	TND	Tunisian Dinar
GRI	Global Reporting Initiative	USD	US Dollars
		UN	United Nations
		UN Environment	United Nations Environment Programme
		WAEMU	West African Economic and Monetary Union

Letter from the Board

Dear Reader,

Bill Gates stated that “when historians write the book on the COVID-19 pandemic what we’ve lived through so far will probably take up only the first third or so. The bulk of the story will be what happens next.” No doubt, there will be many changes and AATIF, as well as everybody else, will need to adapt to the new paradigm of how food will be produced, refined, traded and consumed. Beyond the current re-set of economic activities, the need to improve food security remains. Even more important becomes the support and development of locally functioning food value chains. In the African context, smallholder farmers remain the backbone for productivity and increasing employment. During the course of AATIF’s latest financial year which ended in March 2020, we have made significant progress to contribute to securing local food production and invest in functioning value chains using private and public funds. We would thus like to use this annual report to highlight a few of these AATIF’s achievements.

Highlights within the financial year 2019/2020:

- AATIF successfully closed 4 transactions with a committed volume of USD 64 m, of which USD 56 m have been disbursed as of 31 March 2020. AATIF also renewed financings worth USD 11 m.
- AATIF had its first notes issuance: based on the capital contribution by the European Commission of EUR 10 m, AATIF expanded its private sector investor base by selling notes with a face-value of EUR 30 m. Using a trading platform to issue notes allowed AATIF to tap into capital markets and access capital from institutional investors.
- AATIF partner institutions together, for the first time, employed more than 20’000 women and men
- AATIF’s first project under the Innovation Facility – Agricultural Leasing Company Zambia Limited continued its expansion and as of 31 March 2020 has provided 58 leasing contracts for tractors and other agricultural implements and has a solid and growing pipeline.

Investment Portfolio

New investments in 2019/2020 include, but are not limited to, providing a short term facility of EUR 20 m to Oragroup S.A, Togo, to allow the bank to refinance the peak demand for liquidity during harvesting periods. Frequently, at the time farmers begin to sell, liquidity in local financial markets starts to shrink. Paying farmers, however, is a pre-requisite

for a functioning agricultural value chain while the banking sector frequently comes to its limits. AATIF for the first time set foot directly into Tanzania by providing a USD 15 m senior debt loan to Amsons, a family owned, locally operating milling business. The funding is to be applied towards the expansion of its milling plant and enhancement of its operations to meet the growing market demand for wheat based products in the country. While presently the majority of wheat is imported, AATIF with its technical assistance facility is engaging with the company to develop an outgrower scheme for smallholder wheat farmers to increase Amson’s share of locally produced wheat for processing. AATIF also provided liquidity into Enda Tamweel, the Tunisian microfinance market leader along FMO. The loan is TND based and corresponds to a EUR equivalent of 10m. With Enda Tamweel, AATIF not only expanded its outreach to agricultural farmers in Northern Africa. Hedging provided by TCX allowed AATIF to offer a local currency solution to an institution with an outreach to approx. 100,000 clients active along the Tunisian agricultural value chain.

Financials

The interest income from the investment portfolio increased to USD 8.84 m (USD 8.15 m, 2019), which is mainly a reflection of the growing investment base. Deducting direct operating expenses and management fees, the net result of the investment activities resulted in a surplus of USD 5.6 m (USD 4.95 m, 2019) before provision. Liquidity as of 31 March 2020 stood at USD 22.5 m (USD 40 m, 2019). Out of AATIF’s 14 investees, two companies have requested moratoriums on due payments in different forms. The biggest hit by the market disruptions has been taken by trading companies. As soon as markets started to dry out, shipments got delayed or cancelled, traders began to be squeezed. Further, the significant volatilities in FX and commodity markets have caused hedging strategies to collapse. We note that Phoenix has been brought into liquidation stating the effects of market dislocations. AATIF decided to take a conservative approach and already booked a provision of USD 20 m as a result of expected impacts COVID-19 will have on AATIF investees.



Investor commitment

To continue the AATIF mission in the current environment, AATIF will need additional C-Shares to cushion increased investee risk profiles and the higher likelihood of COVID-19 induced investee liquidity needs. Our focus, as the AATIF Board, is thus to take a concentrated action towards mobilizing the same. Additional C-Shares would also allow AATIF to use commitments on a senior ranking level available in an amount of USD 25 m.

The year ahead

The year ahead will be different from what we have experienced before. Keeping the agricultural value chain in Africa functional in times of COVID-19 is a recurring theme in political debates. Public and private sector alike must define the role they want to take in this new world. AATIF is well positioned to help achieve this objective. However, we will need to rethink the way we conduct our business to achieve

the AATIF mission. The reshaping of our environment will require patient capital from investors which are in a position to accept the increased risk profile of companies with less certainty on future cash flows. - Providing access to finance and closing the increasing funding gap along the agricultural value chain is becoming even more critical. We see demand in both, financial aggregators requiring liquidity to continue on-lending into the agri sector as well as agri-processing companies. Only if we stand together – AATIF investors, AATIF investees and the AATIF team will we be able to weather what is ahead.

We hope you will enjoy reading the report.

Your AATIF Board

Thomas Duve (Chairman), Doris Koehn, Jyrki Koskelo, Thomas Albert

Letter from the Investment Advisor

Dear Reader,

The financial year 2019/2020 turned out to be mixed. We have been able to increase our portfolio to USD 130m. AATIF's geographical footprint now spans the entire continent – from the North (Tunisia) to the South (Botswana) and from East (Kenya, Tanzania, Zambia) to West (Ghana, Ivory Coast, WAEMU). AATIF investees as much as possible source locally and where this is not yet the case, AATIF steps in to connect food processors with farmers. Our objective is twofold – (1) creating employment and increased income for locally producing farmers and (2) furthering a country's independence on food imports. Our investees manage grain and oil-seed farming and processing operations, produce animal health and agricultural inputs or in the case of financial intermediaries, reach out to more than 100.000 agricultural value chain participants. We are satisfied with the AATIF portfolio having become diversified throughout the year. The way forward? Despite the COVID-19 pandemic changing everyone's life, the market continues to show a number of investment opportunities for AATIF. The risk and pricing profile though as well as the way we operate has changed and will continue to change. In the past 9 years, the AATIF team together has learned many valuable lessons – on investment structures, on investee and smallholders needs and demands. Before further looking into the year ahead, we would like to take the time to highlight where we have been busy during the last financial AATIF year.

AATIF Portfolio Growth

AATIF actively invested in the FI and DIC segment in both West and East Africa committing funding of USD 64, of which USD 56m have been disbursed as of 31 March 2020.

To provide meaningful funding, AATIF for the first time since inception also tested to provide funding in local currency. At the same time on the investor side, blended finance truly came to life with first notes issuance of EUR 30m underlining that a public and private partnership can truly work allowing to scale up AATIF.

Investment structures

Newly introduced investment structures as the collateral managed CMA facility with African Milling Zambia (AML) have so far proven resilient. AATIF renewed the annual CMA facility in 2019 and is currently in process to undertake a second renewal. The AATIF manufactured structure has also sparked interest in the financiers market. Next to AATIF, Norsad was the first additional financier to come on board with a CMA facility completely emulating the AATIF developed structure, including inter alia using UBA Zambia as the transaction agent. Other financiers have started discussions to directly join AATIF in a syndicated transaction. AATIF's investment remains a major step in finding a suitable structure with local partners that overcomes structural challenges. Going forward, the Investment Advisor will continue to pursue more collateral based financing for smaller and medium sized processors and intermediaries in the year ahead.

The year ahead¹

The market demand for patient capital to close the funding gap is expected to dramatically increase going forward. While the GDP for Africa reached 3.4% for 2019, early scenario calculations from i.a. McKinsey currently expect an economic contraction factoring in both COVID-19 as well as the oil

¹ McKinsey (2020): Tackling Covid 19 in Africa; <https://www.mckinsey.com/featured-insights/middle-east-and-africa/tackling-covid-19-in-africa?cid=other-eml-alt-mip-mck&hlkid=dd8ee2152f6e4c03bb15471c64908131&hctky=11522484&hdpid=6829aoca-8c45-4d8b-a90c-bb1d31105171>



price shock. Depending on the severity of future COVID-19 developments, the GDP outcomes could be as good as just above 0 down to a negative GDP growth rate of -3.9%. A slowdown in overall economic growth is already being felt. Many businesses, particularly SMEs, are under significant cost pressure and face potential closure and bankruptcy. For Africa's economies, the implications of COVID-19 are far reaching for primarily 3 reasons: (1) Highly informal economies with many small and micro businesses. SME create 80 percent of the continent's employment (50 percent in the EU). African small businesses have limited ability for their staff to work from home, compounded by issues such as power outages and high costs of data. (2) Rapid urbanization having huge implications for the effectiveness and implementation of quarantine methods. (3) Constrained health systems. There are 0.25 doctors for every 1,000 people in Africa. At the same time, food supply chains need to be secured, particularly the supply of priority products—and ensuring the appropriate pricing of these products. Given these constraints, African governments will need to be both targeted and creative in their response to the crisis. They will also need to foster intense and closely aligned collaboration with the private sector and development partners.

We very much appreciated having served AATIF during the previous year along all collaboration partners of AATIF and remain committed to address the challenges in front of us.

Your DWS Team

Letter from the Compliance Advisor



Dear Reader,

The growth of the AATIF portfolio in 2019/2020 was simply remarkable. Not only from a financial perspective but equally so from a social and environmental view point: the growth diversified the AATIF portfolio in terms of social and environmental assessments, capacity, and lessons learnt. The newly financed microfinance operations in North Africa reminded us of the importance of adequate social performance management and the usefulness of tools that the microfinance industry has developed; the family-owned wheat milling business in East Africa made us look closely at holding structures and the impacts that sustainability commitments at the highest level can have across sister business entities; and banking operations in West Africa showed us how useful a common approach of the national financial industry towards sustainability standards is in order to create a level playing field for financial institutions in one country. Each addition to the portfolio in 2019/2020 allowed the AATIF to learn from the breadth of social and environmental practices in place and offer our advice to new sectors and regions. Our close engagement with the Social Performance Task Force has been of great value for the Fund as well as the partner institutions to drive their sustainability management. In the reporting year, yet again we had many opportunities to meet portfolio companies and engage the wide network of ILO and UN Environment to support onsite visits and technical advice across the continent. In addition to these experiences and learnings, the Investment Advisor and several Compliance Advisor team members participated in sustainability trainings which helped the Fund to continuously improve its social and environmental management system.

As an impact investing fund, the AATIF seeks to track, measure and report on the social, environmental and developmental performance of its investments and assesses its progress and impact. The reporting year 2019/2020 has been special as, for the first time, the Fund has obtained research results that compare baseline with follow-up data and thus allow the Fund to track actual impact. We are excited to report that both the in-depth impact evaluation that AATIF is conducting in Ghana as well as the rapid appraisals across Malawi, Kenya, and Ghana are highlighting that productivity increases are proving key to increase smallholder income. We also found evidence in AATIF's portfolio companies that adoption of good agricultural practices, improved inputs, and mechanization play a key role in achieving higher yields. However, we also see that gender imbalance in asset ownership, especially land, hinders women to benefit more broadly from achieved productivity gains. Lastly, AATIF's research highlights that an investment fund that is purposefully reaching smallholders and their families, is able to touch on the lives of the most vulnerable parts of the population and those considered poor or very poor. Thus, the evidence is out that financing that is pursuing a sustainable development mission strengthens local production and increases productivity and ultimately improves smallholders' household income and better living conditions.

² Prince, D. (2020, 14 April). Sustainable investments are growing and outperforming in a volatile market. <https://impactalpha.com/sustainable-investments-are-growing-and-outperforming-in-a-volatile-market/>

Lastly, we cannot close this letter without looking at the ongoing COVID-19 pandemic through the eyes of the Compliance Advisor. Immediately, the obvious question arises: is better social and environmental management helping companies to weather the storm and come out stronger during the recovery phase? Our assumption is a clear yes: companies with good social and environmental management have healthy relations with their employees, suppliers, surrounding communities, clients, and industry networks, which enable them to conduct a timely diagnostic at the onset of the crisis, access advice, and set in place adequate measures early on. News articles indeed indicate that companies with higher social and environmental scores perform better during the crisis². From our conversations with AATIF portfolio companies, we can confirm the mechanisms at play: business continuity plans were activated and response teams immediately composed, often including representatives from across operations, human resources and occupational safety and health officers. At the time of writing this letter, no employee of AATIF portfolio companies had tested positive for COVID-19. The time of the crisis is also an opportunity for innovation: cashless payments, FinTech, transforming training for staff and clients into digital formats all allow management, staff, and clients to stay in touch and continue business. We are yet to see the end of COVID-19 and in what shape the global economy will re-emerge, but one hope is that sustainability criteria will be an integral part of reestablishing and restructuring business processes, including considerations of a just transition towards a greener economy. As the Compliance Advisor of the AATIF, we stand ready to support this process.



AATIF Impact





~ **USD 300 m**

invested and more than 16 countries impacted

Malawi:

AATIF PI reaching out to smallholders of whom
52%

are living under 1.9 USD/person/day and

77%

below 3.1 USD/person/day



› **145.000 tons**

of food and food related products produced and delivered by AATIF direct investees alone incl.:

› **70.000 tons** of milled maize

› **60.000 tons** of milled wheat

2,600 tons of sunflower oil

15.700 tons of soybean oil

1.245 tons of cotton-seed-oil

› **250,000** smallholders



AATIF PIs employ more than

20,000 people

100%

of AATIF PIs have Occupational Safety and Health policies



Workforce of AATIF PIs is composed of

45% women



› **USD 60 m**

invested using innovative structures as Robin Hood Fee, Revenue based interest rates and risk sharing structures

(total volume of all DICs) invested to promote the local food and agri industries at different stages along the value chain including processing facilities, storage facilities, industrial growth, supply and off-take infrastructures



All AATIF

All PIs with local primary agricultural production applying or promoting good agricultural practices

AATIF Highlights



> **16**

Countries impacted

AATIF's geographical footprint now spans the entire continent – from the North (Tunisia) to the South (Botswana) and from East (Kenya, Tanzania, Zambia) to West (Ghana, Ivory Coast, WAEMU).

~ **USD 300 m**

Disbursed since fund inception

Thereof into FIs for on-lending into the agricultural sector ~ USD 170m. Thereof to Intermediary and Direct Investee Companies ~ USD 130m.

4

Transactions closed

AATIF since 2011 provided funding to 19 investees including eight FIs which on-lend to more than 100,000 smallholders and 250 medium to large agribusinesses, four Intermediary and seven Direct Investee Companies.

61

approved Technical Assistance Projects

Since 2011 with a total budget of EUR 3.95 m. The projects have benefitted 19 AATIF Partner Institutions with ultimate beneficiaries across 11 African countries.

58

Agricultural equipment lessees

Under the AATIF Innovation Facility window: The agricultural equipment includes tractors supplied by companies such as BHBW, SARO and AFGRI to farmers in Zambia.

> 20,000

Employees employed by AATIF partner institutions

AATIF at a Glance

Mission

The Fund's mission is to realize the potential of Africa's agricultural production, manufacturing, service provision and trade for the benefit of the poor. The Fund aims to provide additional employment and income to farmers, entrepreneurs and labourers alike. Increasing productivity, production, and local value addition by investing in efficient value chains and providing knowledge transfer are paramount. In this context a dedicated effort will especially be made to support out-grower schemes.

The Africa Agriculture And Trade Investment Fund at a Glance

The Fund's principles

Sustainability:

AATIF strives to unite economic, social and environmental aspects when considering investments in order to create a lasting and sustainable impact. By financing economically sound investments, the Fund allows for a revolving use of its means. Guided by a strong commitment to sustainable economic development, AATIF intends to complement earlier-stage development assistance programs (funded by grants or concessional financing) by providing financing at market-based terms. AATIF promotes and builds awareness for responsible finance by providing funding only to those investees that are willing to work towards AATIF's Social and Environmental (S&E) Policy. AATIF also strives to integrate climate-smart agriculture into its activities.

Additionality:

AATIF provides resources to areas which experience a lack of appropriate financial services. Consequently, AATIF does not intend to provide financing in areas where the private-sector already satisfies demand. Such positive 'crowding in' effects can also be observed by scaling up existing development assistance programs or by bridging the gap between such programs and private-sector actors. AATIF's approach to agricultural lending in Africa is thereby characterised by innovation with respect to loan structures, risk sharing with industry partners or the combination of loan products with insurance mechanisms.

Governance structure

The Fund's shareholders elect the Board of Directors, which oversees the Fund's activities and is responsible for strategic decisions. The Board of Directors is the legal representative of the Fund. In compliance with AATIF's founding documents and applicable laws and regulations, it has the exclusive power to administer and manage the Fund.

The Board of Directors appoints the Investment Committee, which approves or rejects investment proposals brought forward by the Investment Advisor and monitors the activities of the Investment Advisor.

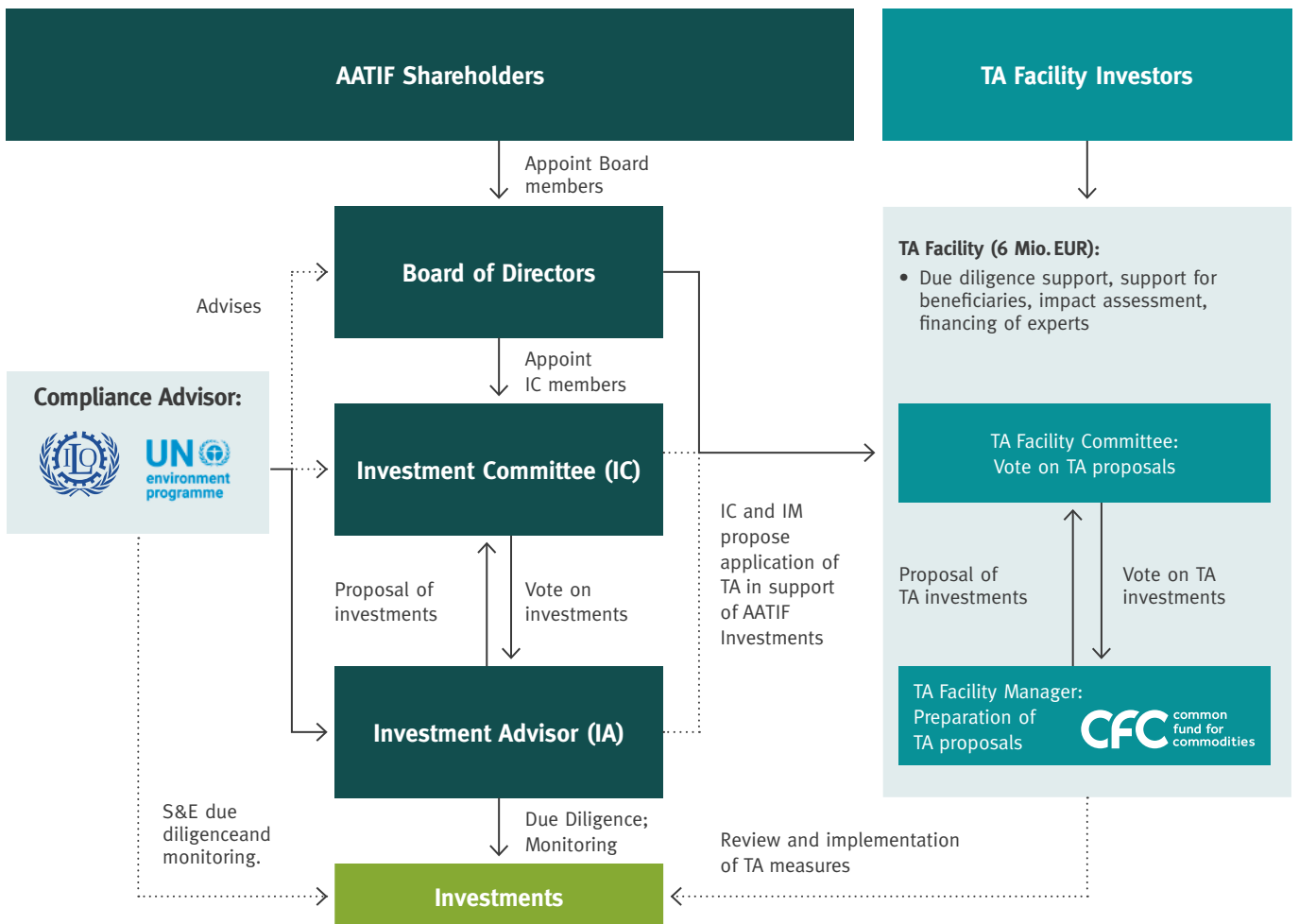
The Investment Advisor was selected in a competitive and public process and supports and advises the Board of Directors in relation to ongoing fund-management measures.

A **Technical Assistance Facility (TA Facility)** accompanies AATIF's lending. The TA Facility is supervised by the Technical Assistance Facility Committee representing the Facility's donors. It is managed by the **Common Fund for Commodities**, an intergovernmental financial institution established within the framework of the United Nations. The focus of the TA Facility is to grant capacity building support as well as ensure knowledge dissemination on agriculture and agro-finance (including scientific studies or trials concerning factors such as social impact or climate

change effects). Capacity building measures may comprise support through hands-on and customised services to the investees of the Fund to achieve results such as the Partner Institution’s (PI) compliance with the Fund’s Social and Environmental Policy and the Development Policy Guidelines or by improving agronomic/management/credit analysis skills through offering investment specific support to PIs and Final Beneficiaries.

Compliance Advisor. To assess an Investment’s compliance with the Fund’s Social & Environmental Policy, the Fund has partnered with the International Labour Organization (ILO), a specialised United Nations agency with the mandate to promote decent work. As the Fund’s Compliance Advisor, ILO focuses on the social risk and impact component of AATIF’s S&E Policy and has signed an agreement with UN Environment to receive technical input and advice on environmental compliance related to the AATIF investments. In concert with ILO, UN Environment and other competent partners, the AATIF Compliance Advisor team provides an independent opinion to the Investment Advisor and the Investment Committee before any investment decision is made.

Organizational Structure





AATIF's Business Strategy

AATIF focuses on investments in agriculture and trade in Africa. It targets small, medium and large scale agricultural farms as well as agricultural businesses along the entire value chain. AATIF's investments are direct or indirect: Direct investments can comprise cooperatives, commercial farms and processing companies while indirect investments relate to local financial institutions or other intermediaries (such as large agribusinesses or distributors of agricultural inputs) which on-lend AATIF funding in cash or kind into the agri-

cultural sector. AATIF intends to strike a balance between direct and indirect investments as both approaches can have a positive developmental impact.

In pursuing its strategy, the Investment Advisor strives to continuously cooperate with established input providers and off-takers already involved in the agricultural value chain as well as with risk insurers to protect AATIF and its clients from insurable risks, including climate risk.

Lessons learned by AATIF reaching out to smallholder farmers



Promoting the agricultural sector across Africa is one of the most important measures to achieve broad-based economic growth, poverty reduction and food security. One of the critical reasons is that approximately 50m smallholder farms in Sub-Saharan Africa depend on agricultural income³. Smallholders often sell products to markets, but are usually still net buyers of food and very vulnerable to food price increases and spikes. As a group, they are among the poorest and most marginalized in the world. They are also stewards of increasingly scarce natural resources and on the frontline of dealing with the impacts of climate change. Smallholders therefore play a critical role in addressing the challenges of food security, poverty and climate change. Africa's smallholder farmers face many challenges preventing them from scaling up their participation in markets, including access to land, access to markets, lack of access to quality inputs and financial services, inadequate support from research and extension services, and high transaction costs caused by poor rural infrastructure⁴.

One of the AATIF principal targets is to reach out via our investees to smallholder farmers. The total number of smallholders linked to our investees thereby sums up to more than 250,000 as of end of 2019. How AATIF investees reach out to smallholder farmers varies depending on the type of investee – financial institution versus agri-business. While financial institutions, particularly the AATIF investee Enda Tamweel, ensure access to finance as well as financial education and business performance, our direct investees try where possible to go the extra mile by providing inputs alongside agri-training. For investees not yet connecting value chain-wise with smallholders, AATIF, as with Amsons, is supporting the investee in setting up the same.

It has now been almost 9 years since AATIF was set up. With this report we would like to share the first hand understanding gained as well as lessons learned from financing agricultural value chains, specifically the following two themes:

- 1) Impacts deriving for smallholders
- 2) Climate change adaptation

Impacts deriving for smallholders

AATIF is committed to prioritizing investments that contribute to improving food security, create quality employment and boost local incomes. True to the concept of impact investing, the Fund seeks to track, measure and report on the social, environmental and developmental performance of its investments and assesses its progress and impact along a set of indicators:

- 1) Agricultural production and productivity levels
- 2) Quality employment opportunities
- 3) Investee company outreach to smallholder farmers
- 4) Farm and overall household income
- 5) Living and working conditions

The Fund measures progress through a three-level monitoring and evaluation framework, which spreads from the analysis of self-reported data of investee companies to rapid appraisals conducted by third parties to long-term in-depth impact evaluations with (quasi-) experimental design. The AATIF is purposefully using this framework to generate lessons learned and to inform future investments. In practice, rapid appraisal are conducted for all portfolio companies since 2015. The assessments are conducted by third part researchers who collect baseline and endline data to observe changes on a representative sample of direct and indirect beneficiaries. In addition to the rapid appraisals, AATIF has commissioned an in-depth impact evaluation on one of its investments in Ghana.

What are we learning from the appraisals and evaluations? The reporting year 2019/2020 has been special as, for the first time, the Fund has obtained research results that compare baseline with follow-up data and thus allow

the Fund to verify impact. This is true especially for the in-depth impact evaluation conducted on the AATIF investee company Wienco in Ghana and its maize and cocoa outgrower schemes. In pursuit of its mission, the AATIF was particularly interested to learn about the effects of its financing on the income of smallholder farmers associated with the outgrower schemes as well as their agricultural practices, productivity and production levels.

The most important finding is that the participation in the schemes had a positive impact on the smallholders' livelihoods. Cocoa farmers could not only increase their productivity from 192 to 206kg/acre, they also harvested 2.5 times as much cocoa per acre compared to farmers not in the scheme. This positive impact is attributed to the application of good agricultural practices taught through the scheme. Therefore, one lesson learnt is that the participation in the cocoa smallholder scheme resulted in a net average cocoa income that is more than GHS 5,000 (~USD 866 2017/18) higher than for farmers outside the scheme. A second lesson learnt is related to gender: women have the same cocoa productivity as men. However, because they own smaller plots than men, their cocoa-related income is lower. We have found similar results for the maize farmers who increased their yields by 350kg/acre and achieved productivity of 1256kg/acre. This result is remarkable given that farmers outside the scheme have much lower productivity (551kg/acre). Furthermore, the longer they participate in the maize scheme, the larger the productivity increase. It is highly likely that improved agricultural management practices explain these higher yields: scheme farmers employ more frequently intensive farming techniques (hybrid seeds, fertilizer, weedicides) and apply more often good agricultural practices (ploughing, plant maize in rows, use one seed per hole). Nevertheless, one lesson learnt is that the costs of maize production is significantly higher for scheme farmers. However, the net

³ Schaffnit-Chatterjee, Claire. Agricultural value chains in Sub-Saharan Africa, Deutsche Bank AG, 2014, p.17.

⁴ FAO (2013): Supporting Smallholder Farmers in Africa

⁵ In addition, one of AATIF's Partner Institutions, ETG, estimates that it reaches more than 1.6 million smallholder farmers in its operations in various countries.

maize income was around GHS 4500 (~USD 775) higher compared to farmers not participating in the scheme. In terms of gender, we observe the same effect as for cocoa farmers: women own less land which translates into lower maize income overall. More detailed results of the impact evaluation are available on the AATIF website.

The second way for AATIF to learn about its impact on smallholder farmers is through rapid appraisals. In 2019, AATIF engaged an independent consultant to conduct appraisals of three investee companies:

- [GADCO in Ghana](#)
- [ETG in Malawi, and](#)
- [CKL in Kenya.](#)

One of the assessments was an endline study and allows the Fund to draw conclusions on the impact of AATIF's financing (GADCO). GADCO is an agri-food company that produces, processes and markets fragrant rice in Ghana. The company operates a nucleus farm and mill, and manages two outgrower schemes. The Copa Connect and Fievie Connect schemes engage around 480 (30% female) and 130 (30% female) farmers respectively. The rapid appraisal found that farmers in both schemes increased rice productivity: Fievie farmers improved yields from 3.5 MT/ha (2016) to 5 MT/ha (2018) and Copa Connect farmers from 2.1 MT/ha (2015) to 3.6 MT/ha (2017). However, farmers outside the schemes recorded higher productivity of 5.9 MT/ha (2018). It is possible that lower literacy rate (up to 20% less among participating farmers), soil type, years of experience in rice farming and fertilizer quality may play a role influencing productivity. Another finding informed the AATIF that the smallholders participating in the outgrower schemes are poorer than other smallholder farmers: three to four times more Copa Connect and Fievie Connect farmers were living below USD 3.10 (Ghana CPI, 2011 line). Furthermore, fewer Copa Connect and Fievie Connect farmers were connected to the electricity grid. The example of AATIF's investment in GADCO shows the potential to reach more remote and poorer smallholder farmers and contribute to increased productivity – although in small numbers.

The remaining two appraisals were baseline assessments, thus giving the Fund a snapshot of current smallholder

income and living conditions (ETG and CKL). In Malawi, ETG purchases maize and soy from smallholders on the spot market as well as from farmers that have a contracting arrangement with Total Land Care (TLC), an organization that is benefiting from ETG inputs and extension support. The company reaches out to smallholders through intermediaries that buy from farmers in the villages and, in addition, offers trainings on good agricultural practices. Lessons learnt for AATIF include that farmers have higher incomes in the dry season, when they sell their produce after the rainy season. Another learning point is that the indirect engagement model of ETG still allows the company to reach poor and remote smallholders: 52% of the households were living under USD 1.9/person/day and 77% below USD 3.1/person/day, and only 13% were connected to the electricity grid.

Lastly, the baseline assessment of Cooper K-Brands Ltd. (CKL) informed the AATIF about the typical user of CKL products. CKL is an importer, manufacturer and distributor of animal health and agricultural inputs in Eastern Africa. The baseline assessment focused on two regions of Kenya – Kiambu and Uasin Gishu, where the company reaches farmers through farmer unions, from whom they receive trainings, money savings and loans options, as well as the farming inputs. The farmers' livelihoods include both livestock (cows, goats, sheep, poultry, pigs) and crop farming. One lesson learnt is that the farmers in each region manage significantly different sizes of land. The farmers with less land tend to purchase improved feeds for their livestock, and incur other rearing costs (e.g. veterinary expenses), while using more equipment and machinery related to dairy farming. The higher investments result in higher annual milk production, despite having a lower number of dairy cows.

The four examples above strikingly show how AATIF is deriving impact for smallholder farmers. The examples are only illustrative but they provide insights into which mechanisms are at play to support the base of the food supply chain in the African continent. Firstly, our learnings show that productivity increases are key to increase smallholder income. Secondly, however, we also see that gender imbalance in asset ownership, especially land, hinders women

from broadly benefitting from achieved productivity gains. Thirdly, we find evidence in AATIF's portfolio companies that adoption of good agricultural practices, improved inputs, and mechanization play a key role in achieving higher yields. Lastly, our findings highlight that an investment fund that is purposefully reaching smallholders and their families, is able to touch on the lives of the most vulnerable parts of the population and those considered poor or very poor. Financing that is pursuing a sustainable development mission strengthens local production and increases productivity and ultimately improves smallholders' household income and better living conditions. The AATIF will continue proving these effects and learn from them through its exceptional impact measurement framework.

Climate Change Resilience

It is commonly acknowledged that climate change impacts are most severe on smallholder farmers. AATIF also undertook a Feasibility study with F3 Life to explore innovative financial incentives (e.g. a lower interest rate for seasonal input credit) for cocoa and maize farmers in Ghana to adopt and implement agricultural practices to increase farm household resilience towards climate change.

The F3 Life Climate-smart lending is a 4-step process with the objective of achieving increased farmer incomes and resilience to climate change, and thereby reducing rates of defaulting amongst organizations lending to smallholders. The lending system would include an additional step in the credit process that involves assessing if the farmer is complying with the recommended land management practices. A geotagged photo of the farm scored by a newly developed system would determine if the farmer is above the threshold score to get access to the credit.

The participating cocoa and maize farmers at the time of the study were already receiving improved seeds and other inputs as part of the outgrowers scheme managed by the AATIF investee, while the cocoa farmers were already implementing sustainable farming and agricultural practices. The sustainable lending systems designed by F3 Life were targeted at sustainable land management practices to boost

yield and buffer the impact of climate or weather-related shocks. The proposed agricultural practices for farmers' methodologies were all related to the IPCC specification of sustainable cropland management practices as listed below.

List of sustainable cropland management practices used to develop climate-smart credit products

Practice	Details of practice
Agronomy	Use of cover crops
	Improved crop/fallow rotations
	Improved crop varieties
	Use of legumes in crop rotations
Integrated nutrient management	Increase of soil organic content
Residue management	Incorporation of crop residues
Water management	Contour farming
Agroforestry	Live fences
	Trees on cropland

Outcome: F3 Life identified a strong case for the maize farmers to use the F3 Life system as these maize farmers do not systematically implement sustainable land management methodologies. An estimated yield increase of 12.5-40% is considered feasible by F3 Life dependent on the set of new farming measures adopted. These included, for example, contour planting/ploughing to reduce the rate of topsoil erosion with loss of nutrients (including fertilizer nutrients) and water retention capacity. Such measures, combined with crop rotation with leguminous species allowing soil nitrogen recharge (nitrogen is a major plant nutrient and key to good yields) could increase yield by 20-30%. However, this needs to be taken with caution as it was commented that soils in certain parts of the country where these farmers are, are not ideal for maize cultivation, and improvement measures may not necessarily reflect in higher yields. At the level of the AATIF investee, F3 Life projected an improved cash position due to reduced crop losses and an increased likelihood of the farmer actually being in the position to pay for provided seasonal inputs.

Lessons learned: Despite the apparent positive effects on smallholder farmers and the AATIF investee, both groups are hesitant to engage in the scheme. The main reason seems to be that effects on yields are expected in the medium-term, rather than immediately, while considerable additional labour from the farmers' side and a decrease in interest rate from the AATIF investee would be required immediately. This makes benefits less tangible and uncertain. AATIF also sees the risk of farmers' exclusion due to the introduction of this new step in the credit process. Mitigation measures proposed to avoid exclusion were (i) assuring land-management requirements do not impose significant burdens on the farmer and that they can be realistically undertaken, (ii) incremental implementation requirements of sustainable land management practices, making them manageable and, (iii) allowing for remediation periods for farmers to correct mistakes made or for failure due to unforeseen circumstances.

Summary

The success of a collaboration between the AATIF investee and its supplying (or buying) smallholders is ultimately influenced by product features, market opportunities, farmers' and off takers' capabilities, quality of business development services and trust in the arrangement. We as AATIF will continue to further our understanding on what works and what does not and step in to support. In such a context, we are presently undertaking a study on the magnitude of impact COVID-19 implies for smallholders. Where we can, we will support.

In parallel, with a drought threatening the livelihood of thousands of smallholder farmers in Southern Africa⁷, AATIF will try to increase the bond with UN Environment to develop a green finance program together with our investees taking into account lessons learned.

⁷ <https://reliefweb.int/disaster/dr-2018-000429-zwe>



Innovation Facility



History and rationale

At the end of 2017, AATIF set up the AATIF Innovation Facility, which was established to promote innovative projects in Africa. KfW, on behalf of BMZ, the German Federal Ministry for Economic Cooperation and Development, has been the first donor to this facility and has granted an initial amount of approx. USD 7m. The AATIF Innovation Facility allows AATIF to venture into early stage/high risk market segments and offer new instruments to clients in this segment (e.g. equity).

How it works

The AATIF Innovation Facility is a separate vehicle from AATIF. This allows the AATIF Innovation Facility to be a highly flexible instrument and AATIF to broaden its impact and support hitherto untested ideas. Some companies benefitting from the AATIF Innovation Facility's support may, with time, mature into partners for AATIF's regular, direct financing activities. The AATIF Innovation Facility was set up as a fiduciary account held by Citibank in Luxembourg. Since fiduciary accounts only allow for the receipt and disbursement of grants, AATIF has set up a foundation acting as the investment vehicle of the AATIF Innovation Facility in Mauritius (the AATIF Innovation Facility Foundation). Donations made to support innovative projects with equity or debt will be transferred to the AATIF Innovation Facility Foundation, which is supervised by its council (consisting of representatives of KfW and the IA).

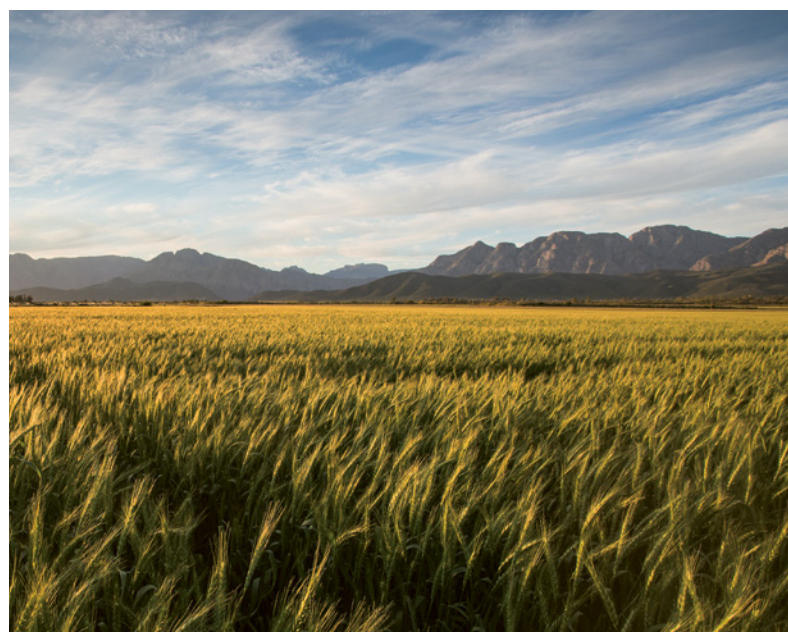
Progress to date

Following the establishment of Agricultural Leasing Company Zambia Limited ("AgLeaseCo") in 2017, the company received its operating license in 2018 and granted its first lease at the end of 2018. The company aims to lease agricultural equipment including tractors supplied by companies such as BHBW, SARO and AFGRI to farmers in Zambia. As of March 2020, the company has received 428 applications and has 58 lessees

with 138 potential customers in the pipeline across five out of ten regions in Zambia. A major milestone achieved during 2019/2020 has been the signing of the first subsidized zero-interest rate lease. Representatives of KfW and the German embassy in Lusaka attended the ceremony where the 2-wheel tractor was delivered to the lessee.

For the year 2020/2021, the company aims to expand its collaboration to other equipment suppliers, increase leasing of 2-wheel tractors and consider opportunities in sectors such as irrigation equipment.

The AATIF Innovation Facility is currently contemplating potential investments in sectors such as irrigation and forestry in Kenya, leasing in Tanzania and FinTech in Uganda.



Technical Assistance Facility



Mandate

The AATIF Technical Assistance Facility (TA Facility) is a due part of AATIF and accompanies AATIF’s financing activities with technical assistance support for AATIF’s investees to maximize their development potential and to achieve compliance with the Fund’s Social and Environmental Policy. Additionally, the TA Facility conducts rapid appraisals of all AATIF investments and pursues research and development activities to promote agri-finance in Africa.

Structure

The TA Facility is managed by the Common Fund for Commodities (CFC). The CFC is an intergovernmental financial institution established within the framework of the United Nations and is specialized in development projects for the global agricultural commodity sector. Four CFC staff members are dedicated to the identification, development, and management of AATIF TA Facility interventions. The CFC TA Facility team comprises expertise in tropical agriculture, project management, impact assessment and ESG risk management, as well as financial and administrative support.

To ensure that AATIF’s Technical Assistance directly supports the mission of the Fund, the TA Facility Manager is directly supervised by the TA Facility Committee, which consists of representatives of TA Facility Donors, Fund sponsors and independent experts.

In regular TA Facility Committee meetings, which are also attended by AATIF’s Investment Advisor and Compliance Advisor, new projects are approved, the ongoing portfolio of activities is being discussed and progress monitored.

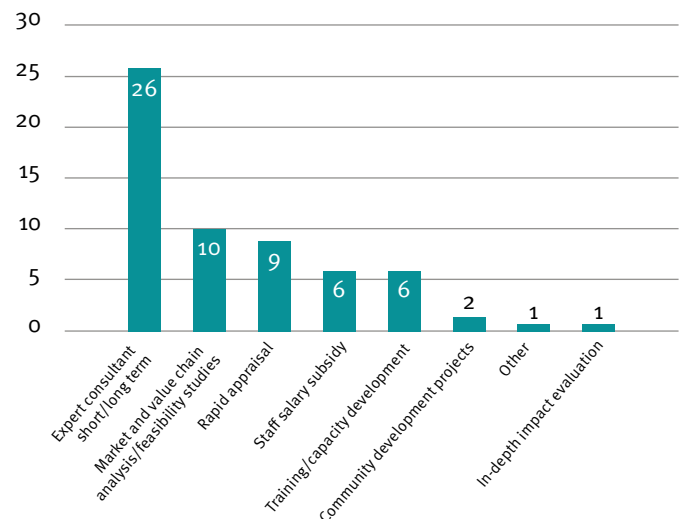
The AATIF TA Facility is financed with an initial contribution of EUR 6m provided by the German Ministry for Cooperation and Development (BMZ). Besides donor funds, the AATIF Board can decide to allocate income from AATIF to the TA Facility when needed.

African countries where TA Facility support has been provided



Source: CFC

Scope of TA projects, 2012-Q1/2020



Performance since inception

In its eight years of existence, the AATIF TA Facility Committee has approved 61 technical assistance projects with a total budget of EUR 3.95 m. By 31 March 2020, 31 projects had been completed, with 23 measures under implementation and 7 having been cancelled. The projects have benefited 19 AATIF Partner Institutions with ultimate beneficiaries across 11 African countries.

Examples of Technical Assistance Projects

TA Facility interventions are very diverse in size (ranging from EUR 6,000 to EUR 500,000) and scope. Technical assistance can be deployed throughout the complete “lifetime” of an AATIF investment and can even take place prior to the investment transaction close. TA interventions can be of more conventional assistance, such as providing expert services to address specific business-related challenges and opportunities, or market analyses. Other examples include initial co-financing of the salary for new position of a Sustainability Officer within AATIF investee companies, or an expert assessment and development of a smallholder outgrower scheme for a wheat mill in Tanzania, who is determined to increase its use of local raw material.

Another area where the TA Facility frequently assists investees relates to the establishment of a sound Social and Environmental Management System (SEMS), which is a recurrent condition for receiving AATIF funding. While it is important that the ownership for the development of such a system is with the AATIF investee, the TA Facility assists with pointed expert advice and backstopping, and also provides for coaching and capacity building of staff members assigned to manage the new system.

Since development impact is a core feature of AATIF, the TA Facility routinely assigns external experts to conduct ex-ante and ex-post impact assessments of each AATIF investee. This is complemented by occasional in-depth impact evaluations where impact of individually selected investments is more rigorously assessed to ensure higher statistical validity at a scientific level.

The TA project portfolio is growing steadily in line with AATIF’s loan portfolio growth over the last years. In 2019 alone, eight new TA interventions have been approved by the TA Facility Committee. For 2020 this number is expected to further increase.

Outlook 2020

In 2020, the TA Facility project portfolio is expected to further grow alongside the AATIF fund. In early 2020, COVID-19 started to rapidly spread across the world, which called for sensible and immediate action by the TA Facility as well. The TA Facility Manager’s approach to the unpredictable times ahead is to exert attentiveness, flexibility, and advocate innovative solutions to problems that may arise in close dialogue with all stakeholders in AATIF and with all its partners. One specific TA project currently being developed is a study to monitor and assess the impact of the COVID-19 crisis on smallholder farmers, especially in light of potential trade disruptions, and how those would affect the ones at the start of the supply chain. Another is a study and assistance from independent advisors on how one investee company can adapt its business to ongoing and post-COVID-19 business challenges. Apart from these projects, the TA Facility continues to focus on providing technical support to companies to ultimately benefit smallholder farmers. Examples of this include several new projects in Zambia and Tanzania that comprise the design and implementation of larger outgrower schemes for smallholder staple crop farmers.

Introductory Training for Social and Environmental Coordinator, Côte d’Ivoire

Implemented by: IBIS Consulting

TA Project: The objective of this TA project was to improve the skills and capacity of the Social and Environmental Coordinator at NSIA Banque Côte d’Ivoire to facilitate the implementation of the bank’s SEMS Development Action Plan. The training commenced in September 2019.

Market analysis for maize flour product differentiation, Zambia

Implemented by: Windward Commodities

TA Project: By end-2019, the AATIF investee company African Milling Limited (AML) commissioned its new maize mill in Lusaka, Zambia, which doubles AML's maize milling capacity. For successful marketing of the increased production, AML management sought TA assistance to develop strategies for an expansion of its existing markets and to further differentiate its product range, with the goal to have the maize mill efficiently operational 24/7 throughout the year. For that, the TA Facility identified an expert to develop viable new marketing strategies and new products for AML based on a market analysis and AML's available processing technology.

Increasing financing options for small-medium-and largescale farmers, Kenya

Implemented by: various consultants

TA Project: This TA project is a so called "preparatory TA" project which means it is supporting a potential AATIF investee company which has not signed a financing contract with AATIF as yet. The company is an established market player in Kenya and active in the agribusiness sector selling inputs (seeds, chemicals, fertilisers etc.), equipment (e.g. greenhouses, irrigation systems), and provides support services (agro-support, installation support, training etc.) to client farmers. The TA Facility is currently assisting the company with the set-up of a separate vendor structure, which will allow for an expansion of the financing options for small and medium size farmers as well as large-scale commercial farmers when purchasing the company's products and services. The TA project not only includes project components on all aspects of establishing a financing company, i. e. legal, tax and financial advisory, but also on the development of S&E management and impact measurement framework. By end-2019, the project components were at various stages of preparation or implementation.

Expert Consultant for Agri-Finance Unit Development, Zimbabwe

Implemented by: PC – Internationale Projekt consult GmbH

TA Project: The objective of this TA project was to support BancABC to establish a "Centre of Excellence" for BancABC's agrifinance unit that can serve as a learning hub for all BancABC country branches. For that purpose, a consultant team was contracted to help BancABC staff with the elaboration of a detailed concept and implementation plan.

Group Sustainability Coordination and Communications Officer, Kenya

Implemented by: n/a

TA Project: Under this project, the TA Facility co-finances the salary of the newly created permanent position of the CKL Group Sustainability Coordination and Communication Officer for the initial period of three years. This strengthens CKL's coordination of sustainability initiatives, and external and internal communication capacity.

Expert consultant for wheat outgrower scheme, Tanzania

Implemented by: Aidenvironment

TA Project: By end-2019, the AATIF investee company Amsons Industries (Camel Flour Mills) in Tanzania was committed to increasing its local sourcing of wheat in order to become less dependent on cereal imports. In doing so, the company has approached the TA Facility to assist with the design and implementation of a full-fledged smallholder wheat outgrower scheme. By end-2019, a specialized consultant team was preparing a field visit to the identified wheat growing region.



2019/2020 AATIF Activities Report: Investments

AATIF Investment Portfolio 31 March 2020

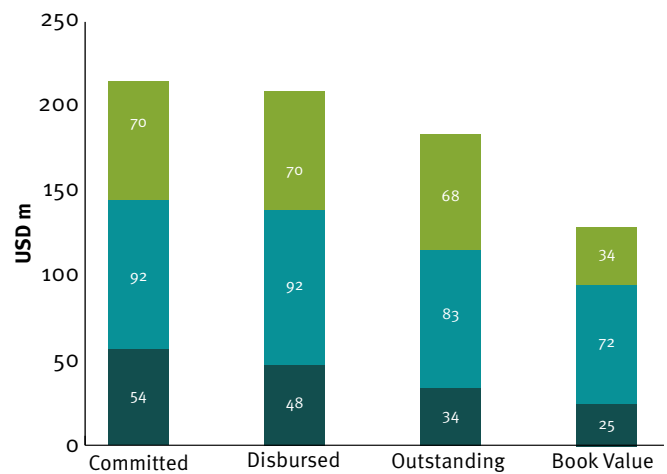
At the end of the financial year, AATIF’s investment portfolio encompassed 6 direct investments in agricultural companies in Africa, 5 indirect investments in local and regional banks and microfinance institutions and 3 indirect investments in agribusiness intermediary companies who act as aggregator for smallholder farmers.

During the financial year, AATIF extended funding with 4 new Partner Institutions – including on the FI side Orabank, Togo

and Enda Tamweel, Tunisia. On the Direct and Intermediary Investment side, the Tanzanian miller Amsons and the trading house Phoenix DMCC were added to the portfolio. Total commitments summed up to USD 64 m, of which USD 56 m have been disbursed as of 31 March 2020. The investment additions allowed the growth of the AATIF asset base to USD 130.5 m, despite the on schedule repayment of TDB and newly booked provisions.

Portfolio by Type of Investee

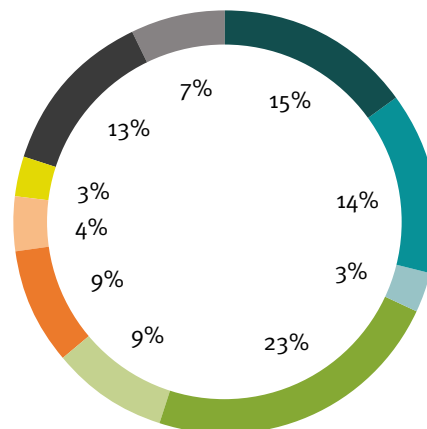
- Intermediary Investee Company
- Financial Institution – Senior debt
- Direct Investee Company



Portfolio Composition by Country

- Botswana: Group 1
- Côte d’Ivoire: Group 1
- Kenya: Group 1
- Mauritius: Group 1
- Nigeria: Group 1
- Tanzania: Group 1
- Tunisia: Group 1
- UAE: Group 1
- WAEMU: Group 1
- Zambia: Group 1

The country allocation of the investment is linked to the place where the legal residency of the investee/the economic risk bearer is registered.



AATIF Investment Portfolio in Detail

Enda Tamweel

In March 2020, AATIF as part of a syndication arranged by FMO, agreed to provide an equivalent amount of EUR 10 m in Tunisian Dinars to Enda Tamweel. AATIF funds are to support the microfinance institution in its strategy to further increase its outreach to rural and urban micro and small enterprises along the agricultural value chain. Transaction: FMO, the Dutch entrepreneurial development bank arranged a syndicated loan of an amount equivalent of EUR 60 m in Tunisian Dinars with the hedging provided by TCX. Participants include next to AATIF, Blueorchard's Microfinance and Regional Microkredietpool as well as Triple Jump's Microbuild. The syndicated loan will support Enda Tamweel in financing farmers, women, young people from disadvantaged areas, and people who need to improve their living conditions through education or housing. It will allow the microfinance institution to enhance its capacity of financing vulnerable populations and to increase the number of active customers. Given the current COVID-19 context, this loan will allow Enda Tamweel to better support impacted customers.

Enda Tamweel is a microfinance company created by the NGO Enda inter-arabe in late 2015. Enda is a leader in the microfinance sector in Tunisia with a portfolio of 390 000 active clients and an outstanding portfolio of over 720 m Tunisian Dinars. The MFI is serving its customers through a network of 100 brick and mortar and 5 mobile branches through which it is able to reach the most isolated and remote areas.

Agri-lending: Enda started agricultural lending 12 years ago in 2007 focusing on livestock (cattle, sheep and goat farming) and cereals with special attention on gender lending. Today Enda offers different micro finance products related to food production or rural activities to mostly very small farmers and micro-enterprises.

Social and Environmental Review

Enda Tamweel is a new financial institution in the AATIF portfolio. However, its sustainability journey is well advanced and pointed. Around one third of Enda's nearly 400,000 clients live below the poverty line, with 60% being women and 25 % young people. This client base creates significant opportunities for impact and for advancing Enda's mission of contributing to the financial empowerment of women and youth through quality financial services and the promotion of entrepreneurship. Further integration of S&E aspects in the



institution's credit appraisals and decision-making progress will further support this journey, as well as build capacity across the organization especially related to S&E aspects, particularly across its portfolio of products targeted at the agricultural sector, including specific solutions to fishing, dairy and other sub-sectors for individuals and SMEs. As key steps towards further developing its Social and Environmental Management System, Enda Tamweel agreed on obtaining a new certification from the SMART campaign for adhering to the Client Protection Principles and a social rating assessing the institution's practices against the Universal Standards for Social Performance Management. The company is already implementing an action plan to address gaps identified in an assessment with the support of an external consultant and aims at obtaining the SMART certificate in 2020.

In terms of S&E-related organizational structure, Enda Tamweel has a Social Performance Officer who is part of the execution group of the Social Performance Committee. This committee is composed of Board Members and is responsible for setting the S&E performance strategy and integrating the

Enda Tamweel



same in the company's overall strategy. Furthermore, Enda Tamweel increases its social impact by providing non-financial services (particularly training) to its clients, in conjunction with Enda Inter-Arabe, Enda Tamweel's parent company.

The company has grievance mechanisms in place for employees and clients to file complaints and tracks the performance of such mechanisms regularly. All employees are covered by health insurance and the company provides additional

benefits to all staff members, including access to loans and a co-participation fund for specific occasions. Adherence to Enda's social mission is one of the components of employee performance appraisal.

Technical Assistance

The TA Facility has initiated a dialogue with Enda Tamweel management on potential areas for TA support.

Area of improvement as per loan agreement	Status
Obtain a valid certification confirming compliance with the SMART campaign within 12 months from the date of the facility agreement	In progress
Obtain a social rating covering all dimensions of the Universal Standards for Social Performance Management within 18 months from the date of the facility agreement	In progress
Finalise its environmental and social policies and obtain approval thereof from its Environmental and Social Committee.	In progress
Employment	As of March 2020, Enda employed 925 women and 998 men, with the majority on permanent contracts.
Outreach to smallholders	Enda reaches over 100,000 clients with its different microfinance products targeted at agriculture, the majority of them smallholder farmers.



Orabank

AATIF funded the Pan-African banking group ORAGROUP with a 20 million loan for one year. The funds received by Oragroup were used to finance private companies operating in the agricultural campaigns (e.g. cocoa) in the countries where Orabank Côte d'Ivoire is present (Côte d'Ivoire, Burkina Faso, Guinea Bissau, Mali, Niger and Senegal).

The financing of agricultural campaigns is a strong commitment from ORAGROUP in its willingness to participate in the financing of the real economy while supporting sectors that have an impact on the development of economies. This financing also supports the Group's efforts, which in 2018 created a Commodities Department within its subsidiary – Orabank Côte d'Ivoire – with the objective of enhancing its offer of financing for the agricultural sector, whose annual needs are constantly increasing because of economic and demographic growth.

In addition, the Group is keen to provide its expertise in this sector on civil and social responsibility issues for an ethical and virtuous use of financing in strict compliance with the control and risk management procedures implemented by the Group in all its subsidiaries.

Ferdinand Ngon Kemoum, CEO of Oragroup commented on the transaction, "This financing confirms our commitment to the private sector and agriculture, which are two essential levers for the development of our economies, creating wealth and jobs". Dr Thomas Duve, Chairman of the Board of Directors of AATIF concluded, "We are very pleased with this partnership with Oragroup, which is being extended through this loan because we are convinced that the development of the agricultural sector requires better access to financing for private operators".

One of the highlights of the past year took place on 16 April 2019, the date of Oragroup's effective listing on the Regional Stock Exchange (BRVM – Bourse Régionale des Valeurs Mobilières), the largest IPO since the creation of the BRVM in 1998. Later in 2019, Emerging Capital Partners reached a deal to sell a portion of its stake to the General State Pension Fund of Ivory Coast, or CGRAE. On completion of the deal, CGRAE will hold a 61% stake in Oragroup. Other institutional investors in Oragroup, such as Proparco and West African Development Bank, will also sell a portion of their shares. Emerging Capital will remain an investor in Oragroup with a stake of almost 20%. West African Development Bank retains 40% of Oragroup's unit in Ivory Coast and its branches in Burkina Faso, Guinea-Bissau, Mali and Senegal.

Social and Environmental Review

Orabank is another new financial institution in AATIF's portfolio. When the bank joined in 2019, it already had a formal Social and Environmental Management System in place that incorporated S&E aspects in its credit appraisals. Throughout the year, the bank worked on improving the system,

particularly its application to the agricultural sector, where AATIF funding is deployed. As part thereof, the bank reached out to its clients, with a focus on the cocoa sector in Ivory Coast, and it now requests information related to sustainability policies and procedures, including related to their supply chains and working conditions, to better inform its credit committee in terms of S&E-related risks and impacts.

Orabank has a dedicated S&E officer and an S&E committee who are responsible for tracking the bank's Social and Environmental Action Plan. In addition, the bank publishes annual integrated reports following GRI standards. The integrated reports cover social and environmental themes such as workforce diversity, working conditions and training provided to employees, alongside financial topics. In 2020, the bank plans to increase its internal training related to S&E aspects as well as to the implementation of its Social and Environmental Management System.

Area of improvement as per loan agreement	Status
Integrate the recommendations of AATIF's S&E Assessment Report into the Social and Environmental Borrower Action Plan agreed with its shareholders	✓
At all times, maintain a qualified Sustainability Manager who shall be responsible for (i) overseeing the implementation, upgrading and reporting of the Orabank's Social and Environmental Management System as well as (ii) the sustainable banking working group set up within the Borrower	Ongoing
Develop a form for an annual social and environmental monitoring report to AATIF	In progress
Develop a mechanism to identify AATIF S&E Category A Project transactions among Orabank's S&E risk classification (A/B/C/D/E)	In progress
Develop and integrate into its performance appraisal system Social and Environmental Employee Performance Indicator which facilitate measuring the S&E performance of relevant employees	In progress
Develop and implement a dedicated Social and Environmental Capacity Building Strategy as part of its overall human capacity development efforts and ensure that all of its staff have received training on such strategy	In progress
Closely communicate with the AATIF's Compliance Advisor in overseeing the first three (3) transactions providing Sub-Loans to the Sub-Borrowers with AATIF funding	✓
At all times, maintain an effective and reliable procedure for receiving, recording and addressing and providing feedback on project-related grievances from external stakeholders	Ongoing
Employment	As of December 2019, Orabank had a total workforce of 2,015 employees, with 815 women (40%) and 1,200 men (60%)

Amsons

Amsons Industries (T) Limited is a family-owned business that was founded in 2012 in Tanzania in order to diversify Amsons Group, whose main business operations historically involved trading in petroleum products and transportation. The business initially focused only on cement production, but in 2014 the company diversified by providing wheat storage services to third parties, initially with four large silos with a total capacity of 8,000 MT each. The company later set up its own wheat mill with a total capacity of 150 MT/day, which started operations in October 2017. The company uses the brand “Camel Flour” for its wheat milling operations.

After one year of successful operation of its 150 MT/day wheat mill, the company decided to expand its milling capacity by setting up a second mill with a capacity of 350 MT/day, to address the growing demand for wheat flour in Tanzania and neighbouring countries. AATIF concluded financing facilities amounting to USD 15 m to finance the construction of the new wheat mill as well as to finance the increase in working capital needs of the company following the expansion. The new plant was completed and commissioned in February 2020, thereby increasing the total wheat milling capacity of Amsons to 500 MT/day.

The transaction represented AATIF's first direct investment in Tanzania apart from the indirect investment made through ETG. It is a strategic investment, which has helped to create job opportunities and local value addition. In addition, the new plant will provide a large off-take market for local wheat farmers while contributing toward strengthening food security in the region. AATIF is also working with the company on its ongoing initiative to source more local wheat and to support farmers to improve the quality of the local wheat crop.

Social and Environmental Review

When Amsons joined AATIF's portfolio of partner institutions, the company already had developed policies related to social, environmental, safety and health management, as part of its efforts to manage social and environmental risks and impacts appropriately. Moreover, Amsons has a Human Resource department that oversees the management of

employee relations, staff training and development, among other responsibilities. Furthermore, the company's Health, Safety, Security, Environment and Quality (HSSEQ) department is responsible for safeguarding occupational health and safety, as well as environmental performance across the respective Amsons businesses. However, the company was lacking a formal commitment to sustainability as a guiding principle across Amsons' business operations. This was healed immediately as part of fulfilling condition precedents of the AATIF agreement.

In 2019, Amsons obtained the Environmental Audit Certificate from Tanzania's National Environmental Management Council (NEMC) and developed a Social and Environmental Action Plan. The action plan will facilitate the implementation of a range of improvements suggested by NEMC as well as the AATIF Compliance Advisor.

The implementation of the Social and Environmental Action Plan started immediately. In the reporting period, Amsons developed a supplier's evaluation form to check occupational safety and health issues and working conditions (e. g. child labour) among its suppliers. The company also improved its HR management by including workers' consultation, communication and participation in the HR policy. Amsons also developed a procedure for recording complaints filed by employees, as well as remediating actions, and assigned responsibilities for keeping such records up to date. The Health, Safety, Security, Environment and Quality (HSSEQ) procedures were revised to include preventive and protective measures against leaks, spills and accidents. Finally, the company undertook an Occupational Safety and Health audit, including a hazard risk assessment and identification of preventive and protective measures to reduce risks inherent to its operations. The audit informed improvement areas including, among others, induction training on Health, Safety and Environment.

While the AATIF Technical Assistance Facility is supporting the development of an out-grower scheme in Tanzania, the Fund ensures that social and environmental aspects are integrated in the design of such schemes from the beginning.



Technical Assistance

In early 2020, the TA Facility launched a TA project to support Amsons subsidiary company Camel Flour with designing and developing a wheat outgrower scheme that will support Camel Flour to increase its local sourcing of wheat in Tanzania. While the expert consultant contracted for the assignment has identified a number of challenges, the overall indications are very positive that an outgrower scheme can be established.

Agro-climatic conditions for wheat growing are very good and wheat farming for smallholders is financially attractive. The TA project is estimated to be completed in June 2020 and will equip Camel Flour with a clear design and implementation plan for the outgrower scheme. The TA Facility is currently preparing a follow up TA project to co-finance and support the roll-out of the outgrower scheme.

Area of improvement as per loan agreement	Status
Formal commitment to integrate sustainability as guiding principle across business operations	✓
Prepare a Social and Environmental Action Plan integrating results from the initial Social and Environmental Audit, recommendations made in AATIF's Social and Environmental Assessment Report as well as any other conditions or requirements from the National Environmental Management Council and other authorities	✓
Complete the development of a Social and Environmental Management System within 18 (eighteen) months and thereafter maintain and regularly update the system including allocation of adequate resources	In progress
Within the frame of the Social and Environmental Management System, undertake regular social and environmental audits of all activities likely to have adverse social and environmental effects	Ongoing
Designate a staff member responsible for the management of environmental issues related to the operations of the Wheat Milling Plant, and a staff member responsible for the management of social matters that reach beyond employees' concerns	✓
Obtain all relevant permits and licenses including but not limited to those related to use of the borehole, effluent discharge, occupational health and safety and fire safety	Ongoing
Develop a grievance mechanism for workers and for affected communities and other stakeholders	In progress
Include clauses on the management of social and environmental issues in the Memorandum of Understanding (MOU) with out-growers, including labour and working conditions as well as sustainable agriculture practices and a commitment from the company to follow good practice with regards to responsible contract farming operations	In progress
Employment Impact	As of March 2020, the company employed 87 men and 8 women, in a total workforce of 95 people.
Outreach to smallholders	Amsons is in the process of designing an out-grower scheme with the aim of sourcing from over 2,000 smallholder farmers in the next season.



Amsons Industries is committed to increasing local production from farmers in Tanzania, rather than depending on imported wheat. Amsons Industries For its new wheat processing plant, which was partially financed by AATIF, the company seeks to source up to 50% of its wheat locally, reducing dependence on wheat from abroad. While Tanzania had a very vibrant wheat production sector several decades ago, this is no longer the case. The company requires a lot of effort to achieve this goal, but they remain committed. In its first season, Camel was able to source 19,000 MT from 35 smaller farmers (20 – 200 ha each) and two larger farmers (beyond 200 ha each). To date, the relationship with farmers was a contract farming model, whereby Camel guaranteed an off-take at an agreed price, partially supported in providing seeds and advice. Together with AATIF, Camel has undertaken a more in-depth look at the opportunity to develop a formal outgrower scheme. By engaging an external consultant, a design for a formal outgrower scheme which is able to meet the company's demands is currently being drafted for the next season.

Phoenix

In 2019 AATIF ventured into trade finance with Phoenix Commodities DMCC joining its portfolio. The transaction was closed on September 6, 2019 and entailed a EUR 20 m facility to be used for the local purchasing and export of cashew from Ivory Coast.

Phoenix is a global food and agri-business company operating along the value chain in production, procurement, processing, trading and distribution across five continents. Its activities are managed through 25+ offices that connect over 70 origin and destination markets. Its 2,500+ strong team manages 45+ supply chain assets and facilitates the production and/or trade of 12 m+ MT of essential commodities and goods, supplying over 4,000 customers worldwide.

Phoenix has been active in Africa since 2002, operating in 22 countries, mainly focusing on the import of foods to date. Since last year, the company has strategically started to expand its Africa operations by setting up/acquiring farming entities, developing plans to invest in processing units and finally increasing its export activities out of Africa focusing on cashew, beans and pulses.

AATIF's EUR 20 m loan with a tenor of 4 years was to be used for the purchasing and export of cashew nuts from Côte d'Ivoire. With the country being the world's largest producer of cashew nuts, increased exports would have benefited not only the larger economy, but also those working across this agricultural value chain. Cashew trees are grown by some 330,000 households (impacting more than 1.9 million people) in the poorer, northern half of Côte d'Ivoire, where the cashew crop has become the most important source of rural cash income. Cashew production clearly is a key source of growth in the North, where it can generate inclusive rural employment through farming and rural industrialization. The country would also benefit from the foreign exchange value of those exports, the use of by-products such as cashew nutshell liquid to produce natural chemicals, and the use of shell residues for energy in rural areas. To the extent that the government implements its strategy for removing constraints on competitiveness in the cashew value chain, the value of Ivorian cashew exports could grow by 15 percent annually over the next decade.

COVID-19 has taken its toll when it comes to traders, which is a reflection of the fact that trade in and around Africa is financed through trading companies' balance sheets, and less so by banks. As soon as markets started to dry out and

shipments got delayed or cancelled, traders began to be squeezed. The holding company of Phoenix filed for creditors protection and subsequently liquidation proceedings have been initiated. While the Investment Advisor is actively working on the case, management of the operating entity of Phoenix has been kept under control of the company, as liquidators deem chances for recoveries the highest with operations being continued to the degree possible. While public reports speculate on the cause of the failure of the company it is too early to assess the financial impact for most lenders into the group.

Social and Environmental Review

Large trading companies need a systematic approach towards social and environmental management. At the time of appraisal, Phoenix had a number of Social and Environmental Management System elements in place, including Human Resources Policy, Occupational Safety and Health Policy, Sustainability Policy, Grievance Procedures and Supplier' Code of Conduct, among others, plus an experienced sustainability manager at group level.

Following the engagement with AATIF, Phoenix developed a Social and Environmental Action Plan which foresaw activities addressing gaps identified at a Phoenix group level as well as at the country level (Côte d'Ivoire). The activities targeted at improving S&E management include working conditions, procurement policies and grievance mechanisms for internal and external stakeholders. However, the engagement is on hold.

Technical Assistance

The TA Facility has initiated a dialogue with Phoenix on the development and implementation of a traceability system for its cashew supply. The project is on hold.



Area of improvement as per loan agreement	
<p>Complete the development of an integrated social and environmental management system (SEMS) that covers all business activities and that allows the implementation and adaptation to each business unit in the company within the first 18 months after signing the facility agreement.</p>	
<p>Integrate the recommendations of AATIF's Social and Environmental Assessment Report into the existing S&E action plan and implement according to stipulated timelines:</p> <ul style="list-style-type: none"> • Upgrade Sustainability Policy • Translate S&E policies and related procedures into major national languages in countries of operations • Develop a Stakeholder Engagement Plan • Update employee contracts in Côte d'Ivoire according to provisions in local law and engage employees • Update procedures related to third party contractors in Côte d'Ivoire • Develop a training program on S&E risks and impacts for staff in Côte d'Ivoire 	
<p>Undertake an Environmental and Social Audit of the warehouses in Côte d'Ivoire and implement the resulting recommendations.</p>	
<p>Complete the development of an occupational safety and health management system within the first 12 months, including written procedures for implementation and improve reporting mechanisms of OSH matters.</p>	
<p>Develop an action plan in Côte d'Ivoire within the first 6 months that (i) identifies local buying agents, cooperatives, and farmers, (ii) establishes a timeline for reaching 40% of sourced volume from these types of operators and (iii) mentions the measures (staff/resources) to be used for reaching the objectives, and (iv) elaborates performance indicators of success.</p>	
<p>Conduct regular audits on the cashew nut supply chain and report the performance (e.g. labour and working conditions of production, number of farmers).</p>	
Employment	<p>Phoenix has 2,457 permanent employees worldwide (638 women). Across Africa, the company has 247 permanent employees (60 women), and specifically in Côte d'Ivoire, where AATIF proceeds are being initially used, the company has 42 permanent employees, of which 5 are women.</p>

NSIA



AATIF has concluded a EUR17.5 m senior debt facility with NSIA Banque Côte d'Ivoire ("NSIA"), one of the leading commercial banks in Ivory Coast. NSIA is a public limited liability company listed on the Bourse Régionale des Valeurs Mobilières in Abidjan since October 2017.

The group operates in 12 countries – Togo, Benin, Burkina Faso, Ivory Coast, Gabon, Guinea-Conakry, Guinea-Bissau, Mali, Mauritania, Niger, Chad and Senegal – and 4 monetary zones (West African Economic and Monetary Union, Central African Economic and Monetary Community, Guinea-Conakry and Mauritania). The loan is used to support agricultural campaigns in Senegal, Côte d'Ivoire, Burkina Faso, Guinea-Bissau, Mali and Niger. As of March 2020, around USD 500m were disbursed to companies along the agricultural value chain.

Following the AATIF loan disbursement, NSIA received additional funding from Proparco to be applied vis-à-vis small and medium-sized enterprises in Ivory Coast. Furthermore, NSIA managed to close the first ever receivables securitization in the region.

Social and Environmental Review

The year 2019 was a period of significant improvements in the way NSIA manages social and environmental matters. First and foremost, the Board of Directors approved NSIA's Social and Environmental Management System in December 2019 and the system is now fully operational. This was made

possible by assigning an S&E Manager to oversee the development of the system, by hiring an S&E officer and engaging a consultant to support the SEMS development and build the capacity of new S&E staff. The process was also facilitated by the AATIF Technical Assistance Facility and Compliance Advisor as well as an external expert who supported the skills and capacity improvement of the newly hired S&E officer. The individual training stretched from September 2019 and successfully concluded in February 2020.

The development of the system was accompanied by training sessions across the bank and the development of associated tools to be used by different departments (such as credit, HR, legal and procurement). Around 180 employees participated in 12 training sessions covering topics such as the structure and tools of the SEMS, IFC Performance Standards and the importance of S&E analysis in banking operations.

The bank has improved its credit appraisal process by adding a first S&E screening phase (conducted by the relationship officer) to verify if the client falls in the list of excluded activities and identify initial risks. Next, in a second stage, a full S&E analysis is conducted by a specialized analyst to assign the final S&E risk category, as well as S&E action plans, when necessary. The process then follows the approval procedure within the bank's structure and, lastly, S&E recommendations are included in the loan agreements signed with the clients.



Technical Assistance

The TA Facility has supported NSIA by co-financing a training programme for the Social & Environmental Coordinator. The training programme commenced in September 2019 and was successfully completed by February 2020. The training included components on strengthening skills in understanding how a bank may be exposed to social and environmental risks (credit, legal, and reputational risks), assessing S&E risk level of a particular credit, understanding how Environmental & Social Management Systems lead banks to develop and implement measures to manage S&E risks, as well as understanding the roles of an S&E Coordinator vis-à-vis a company's Board for S&E.

Area of improvement as per loan agreement	Status
Develop and implement a Social and Environmental Management System	✓ Developed (audit planned: 2020)
Closely communicate with the AATIF Compliance Advisor in overseeing the first transactions involving AATIF funding, and not using AATIF funding for transactions that are referenced in AATIF's Exclusion List, Classified as A (high-risk) according to AATIF S&E classification and that are not screened by NSIA staff against applicable national E&S laws	✓
Include in the existing S&E Action Plan all recommendations included in the AATIF S&E assessment report	✓
Maintain an effective and reliable procedure for receiving, recording and addressing and providing feedback on client/project-related grievances from external stakeholders	✓ Developed (audit planned: 2020)
Employment Impact	NSIA had a total of 1,016 employees at the end of 2019, of which 504 were men and 512 were women.

Sterling Bank

On 18 February 2019, AATIF disbursed a USD 15 m facility to Sterling Bank to grow its agricultural lending portfolio. Sterling Bank is a listed Nigerian mid-sized commercial and retail bank originally established in 1960 and licensed in 1969 as Nigeria's first merchant bank. The bank has grown to a network of 185 branches, > 3,000 cash centers, 3,000 employees, and 1.4 million customers. Sterling Bank has recently set a focus on Healthcare, Education, Agriculture, Renewable Energy and Transportation (the 'HEART' sectors), which has led them to review and expand their environmental and social risk sectorial coverage.

In line with its commitment to the sustainable growth and development of the agricultural sector, Sterling Bank, in conjunction with CBN/NIRSAL, has supported more than 20,000 local farmers (primary producers) with close to N5 billion to produce rice, maize, soya beans, poultry etc. and other value chain players (aggregators and processors) with over N50 billion in recent times.

Owing to its significant contributions to the transformation of the agricultural sector, Sterling Bank has won several awards. They include the Best Bank in Support of Agriculture Award at the Business Day Banking Awards held recently in Lagos in recognition of its support to the entire value chain in the agricultural sector of the economy. In addition, Sterling Bank is among the first commercial banks in the country to participate in the Central Bank of Nigeria's (CBN's) Anchor Borrowers Programme for Small Holder Farmers in Kebbi, Sokoto, Zamfara, Kaduna and Oyo states. The CBN has conferred Sterling Bank Plc with the Best Performing Bank Award under the Commercial Agriculture Credit Scheme (CACS).

Sterling Bank has also launched a radio service known as Nigeria's Farmers Radio, which provides small-scale farmers with information that will boost productivity and enhance the availability of their produce across the country. The introduction of the radio service became imperative because while many rural farmers have limited access to communication technologies, radio reaches at least 70 percent of rural households, adding that because small-scale farmers

are often located in widespread, hard-to-reach rural areas, it believes that radio is a key tool to reach them most cost-effectively. Covering 13 Northern states, the Sterling Bank's Nigeria's Farmers Radio is an instrument of mass sensitization and socialization combating poverty and food insecurity in the country through the promotion of agriculture and rural development. The product of partnerships with Federal Radio Corporation of Nigeria stations in Kaduna, Kano and Katsina, it has extended the reach of agricultural information, enhanced farmers' participation and given farming families a voice. The bank hopes that through its educational efforts, farmers will gain better knowledge of cost-effective farming techniques and be willing to invest in high yielding seeds and accurate application of fertilizers.

Apart from this, Sterling Bank has also partnered with the Nigerian Export Promotion Council (NEPC) to train exporters for the export market. Under the partnership, known as Zero to Export, the bank and NEPC would conduct a one-month training programme for people who have never participated in export business. Participants who can come up with the best plans at the end of the training would be financed by the bank to become exporters. Sterling Bank has trained 210 people so far through the partnership.

Sterling Bank is one of the founding partners of SABEX, the world's first end-to-end blockchain commodities trading and financing platform, to policy makers, players in the agriculture value chain, investors, international financiers and development agencies. The digital commodities trading platform, which is powered by Sterling Bank, Binkabi and AFEX Commodities Exchange, will provide real-time credit finance for farmers, secure storage and a ready market for both farmers and buyers to transact, thereby reducing post-harvest wastage of farm produce across the country. The bank's partnership with AFEX and Binkabi has created a viable and efficient agricultural blockchain commodities marketplace which will tackle challenges that include post harvest loss, inadequate finance and poor market linkage, among other challenges facing farmers, and it will further de-risk the agriculture sector, making farmers more qualified

for commercial lending. SABEX is an enabler that guarantees the average farmer improved access to finance for agricultural activities, movement of harvested crops to a storage facility without much loss and the ability to sell and earn immediate value, remarking that the platform will decentralize commodities trading and reduce inter-mediation in trade, while distributing profit more widely across the value chain.

Social and Environmental Review

As a regulated financial institution operating in Nigeria, Sterling Bank is required to comply with the Nigeria Sustainable Banking Principles which were issued by the Central Bank in 2012. The principles require banks to cover both their business activities as well as business operations in their sustainability approaches. In order to do so, Sterling Bank maintains a Sustainability Unit that is housed in the Enterprise Risk Management Department and a Sustainable Banking Working Group composed of representatives from all relevant departments/units. In addition, the bank has a set of S&E-related policies and procedures in place, covering identification, analysis, categorization, mitigation and monitoring stages, which are gradually rolled out across sectors. The bank is also a participant member of the United Nations Global Compact. As a result, Sterling integrates sustainability in its annual reports with an integrated approach.

In the reporting period, the bank improved the capacity of its workforce in S&E aspects with specific training for S&E officers and broader capacity building across the organization through 23 S&E e-learning and classroom sessions, reaching 1,169 employees. In addition, the bank hosted its 5th “Sterling Bank Sustainability Stakeholders Summit” in 2019, under the theme “A Business Case for Sustainability”. The summit focused on evaluating sustainability initiatives of the bank of the past year and discussing the sustainability initiatives for the year ahead.



Area of improvement as per loan agreement	Status
Improvement of Social and Environmental Management System, including expansion to address financial institutions as its own category and setting out specific risk management procedures and impact assessments for this category, as well as maintaining a qualified Sustainability Manager tasked with, among other responsibilities, overseeing the implementation, upgrading and reporting of the SEMS.	Ongoing
Develop a Social and Environmental Action Plan based on recommendations of the AATIF's Social and Environmental Assessment Report.	Pending
Develop a form for an annual social and environmental monitoring report to the AATIF, including SEMS, SEMS governance, capacity building, social and environmental portfolio statistics, human resources statistics, and stakeholder involvement including grievance reporting.	In progress
Develop a mechanism to identify AATIF Social and Environmental Category A transactions among the bank's S&E risk classification and integrate in the sub-loan reporting to AATIF.	Pending
Closely communicate with the AATIF compliance advisor in overseeing the first transaction involving AATIF funding.	In progress
Develop and integrate into the performance appraisal system Social and Environmental Employee Performance Indicators to measure performance of relevant staff.	Pending
Develop and implement a Social and Environmental Capacity Building Strategy and ensure that all staff have received training on such strategy.	In progress
Employment	As of December 2019, Sterling had a workforce of 4,112 people, with 1,952 women and 2,160 men.

Technical Assistance

The TA Facility Manager visited Sterling Bank in Lagos in February 2020 to discuss several ideas for potential TA support. It has been agreed that a focal area of cooperation with the TA Facility will be the expansion and professionalization of Sterling Bank's Farmers Radio channel into a country wide programme. For this the TA Facility Manager is currently developing a project proposal to hire an expert for a feasibility study and business plan development.

A second area of cooperation will be the development of a loan portfolio in the growing Nigerian dairy sector. This will include a full analysis of the dairy chain and a comprehensive exposure program for Sterling's agricultural lending officers with visits to European best practices dairy farms and processing plants.



Mount Meru Millers (Z) limited



On 28 February 2019, AATIF finalised a USD 5 m loan facility agreement for Mount Meru Millers, a leading edible oil producer in Zambia. Mount Meru Millers Zambia belongs to the larger group of Mount Meru companies in Southern and Eastern Africa active in the food processing, logistics, construction and petroleum sectors. The group of companies started as a family business in 1978 in Tanzania and has since expanded operations to twelve African countries. Mount Meru Millers in Zambia produces edible oils and feed cakes as well as several smaller by-products from soya, sunflower, cotton and palm oil. Products are sold in local and regional markets. Mt. Meru buys 95 % of the inputs from local commercial farmers and aggregators/traders while 5 % is sourced from smallholder farmers.

Through these activities, the company is contributing to the development of the agro processing sector in Zambia as well as import substitution by increasing access in the market of locally produced edible oil. Zambia imports at least 60 % of its edible oil. Mount Meru Millers currently accounts for about 20% of the market for edible oils. AATIF's loan of USD 5 m with a tenor of seven years was used to fund the expansion of the refinery capacity, (silo) storage capacity, processing capacity and packaging units in Zambia. The project was successfully completed with new capacity installed and commissioned in 2019. Mount Meru Millers Ltd has already achieved full capacity utilization of the new facilities within the first year. This has contributed to job creation, local value addition and import substitution for Zambia.

Furthermore, AATIF seeks to work with the company on its local sourcing strategy, increasing its engagement with smallholder farmers producing sunflower and cotton seeds for further processing at Mount Meru Millers. Already, local sourcing of seeds by Mount Meru Millers benefits over 500,000 farmers across Zambia, Tanzania, Malawi and Uganda. In the past seasons, Mount Meru worked with smallholder farmers in the soya sector and the company has also helped on setting up an out-grower scheme in the cotton sector. To date Mount Meru has signed off-take agreements and distributed inputs to several thousand cotton farmers. Their mission is to increase cotton production in Zambia, with a focus on youth and female farmers. Through the technical assistance facility, AATIF is exploring various ways to enhance the out-grower scheme by developing a training scheme on good agricultural practices for the farmers. Mount Meru achieved ISO 9001 and HACCP certification for its operations in Zambia as well as sister entities in four other countries



Social and Environmental Review

In 2019, Mount Meru developed a Social and Environmental Action Plan and integrated the recommendations of AATIF's S&E Assessment Report. The company is following through with the plan's implementation and has already improved several aspects, such as putting in place a clocking card system to record all the hours an employee works and to process both normal and overtime hours for payment. The company has also conducted air quality tests around the factory and improved abatement equipment in areas where limits were exceeded.

Mount Meru has continued the implementation of the supplementary resettlement action plan aiming to restore the livelihoods of project affected households in Katuba and Kanchibiya regions, in line with the requirements set by the AATIF Social and Environmental Policy and supported by the AATIF TA facility. Throughout the year, the company, supported by an expert consultant, held several meetings with the communities in both Katuba and Kanchibiya and engaged them in the implementation of the action plan. As part thereof, the company issued a disturbance allowance and fruit tree compensation, which were well received by the project affected households. In Katuba, the company is now in the final stages of acquiring land to be transferred to the project affected households in order to provide a sustainable source of income. In Kanchibiya, the company is building new houses for people affected by the project and expects to finalize the construction works in Q3 2020.

Moreover, the company has developed a tree planting program as part of its Corporate Social Responsibility initiatives. In the context of this 5-years program, Mount Meru

has already purchased 2,400 seedlings and distributed them to schools in the Chibombo district. The plan is to distribute 20,000 seedlings to contribute to environmental protection and encourage environmental stewardship in children.

Technical Assistance

The TAFM is currently finalizing a project for the design of a sustainable outgrower scheme for smallholder farmers who supply cotton to Mount Meru. Upon successful completion, this would then be followed by a second TA intervention that would support the implementation of the designed scheme.

Next to this, the TA Facility provides assistance for Mount Meru with the development of a formulation for production of a margarine based on Mount Meru's crude palm oil residues from its other business activities.

Since a Resettlement and Livelihood Restoration Audit (in line with National and IFC Performance Standards) was conducted with assistance of the TA Facility in early 2018, a consultant is continuously assisting Mount Meru to implement recommended activities for addressing the gaps identified during the Audit. At the same time "Project Affected People" (PAP) receives support to meet formal obligations for claiming their rights. The consultant commenced its work in October 2018 with a field visit to the two resettled communities. The project is expected to be completed during 2020, after having assisted both Mount Meru and the PAPs to find viable solutions to the outstanding resettlements issues (such as acquiring arable land for PAPs, constructing houses for relocated PAPs, and other forms of compensation).

Area of improvement as per loan agreement	Status
Develop an integrated Social and Environmental Management System within 18 months after signing the facility agreement.	In progress
Draft a time-bound action plan that incorporates all recommendations included in the AATIF S&E assessment report.	✓
Formalize its stakeholder engagement in order to improve and maintain good relationships with the nearby communities by drafting a Stakeholder Engagement Plan.	In progress
Implement improvements related to Working Conditions <ul style="list-style-type: none"> • Adapt HR Manual to the Zambian context • Track employee's overtime to ensure compliance with limits set by the Zambian employment law • Implement measures to improve occupational safety and health throughout the processing plant) 	In progress
Conduct regular maintenance of the Effluent Treatment Plant and assess the effects of expansion plans with regards to effluent generation and treatment	Ongoing
Draft and implement a waste management plan and ensure adequate disposal of solid waste generated through the operations	In progress (draft completed)
Put in place a driver safety program to ensure compliance with traffic rules and reducing risks of accidents	In progress
Implement the Supplementary Resettlement Action Plan to ensure that project affected people: i) receive additional compensation, in line with applicable national and international standards; ii) have their livelihoods and standards of living improved or at least restored; and iii) make all reasonable efforts to ensure that the project affected people have security of tenure over the land they inhabit.	In progress
Employment Impact	As of December 2019, Mount Meru employed 476 permanent employees (368 men and 108 women)
Outreach to smallholders	Through its out-grower scheme for cotton and its purchases of soya and sunflower, Mount Meru reached over 25,000 smallholder farmers in the 2018-2019 season.

Mount Meru has already taken its farmer engagement to another level. At the start of its business in 2012, Mount Meru sourced its oil crops for processing exclusively from medium to large scale commercial Zambian farmers. This strategy was changed as of the 2016/2017 season when the company commenced with additional sourcing from smallholder farmers. This was accompanied by training and capacity building measures to improve yields. Mount Meru considers smallholder farmers to be an increasingly important source of its raw material sourcing strategy and sees strategic value in expanding its smallholder sourcing network. The commitment of Mount Meru management to this strategic move is underlined by the rapid growth of their smallholder scheme: after initially working with 500 farmers in 2012, the number of out-growers rapidly grew to 14,000 farmers in the 2019/2020 season. To date the company's attempt to develop an outgrower scheme is characterized by an experimental trial and error approach. Setbacks like low recovery on seasonal input loans, side selling, and low yields through bad agricultural practices are lessons learned, which are being incorporated in amended approaches for the following season. At the same time, the scope of the scheme is growing rapidly and the company seeks to reach 60,000 farmers in the 2022/2023 season which would enable the company to source 50% of its crop requirements solely from smallholders. AATIF is actively engaging with Mount Meru to support in the future development of the outgrower scheme.



African Milling Limited



After a successful first season with African Milling Limited (“AML”) in 2018, AATIF renewed its collateral facility with AML for a second season in 2019. The facility provided by AATIF is a combination of USD 1m working capital and USD 10m in the form of a collateral management facility. The facility enables AML to purchase maize and wheat for its milling operations in Lusaka.

During 2019, AML achieved a critical milestone by completing the construction of its new maize mill and thus increasing its total maize milling capacity to 504 MT/day from 168 MT/day. The new maize mill was accompanied by a silo with a storage capacity of 85,000 MT. With that, AML became one of the largest maize processors in Zambia. The opening ceremony of the new mill was celebrated in December 2019 and the event was attended by honorable guests including the president of Zambia. AML further has a wheat milling capacity of 120 MT/day and a warehouse storage capacity of 35,000 MT.

AATIF’s financing will strongly support the utilization of the new mill by providing the additional liquidity required to purchase maize from local smallholder farmers. The investment has a notable developmental impact as AML acts as a key off-taker for local maize and wheat producers,

processing 100% of the raw material locally into basic food products consumed in the local and partially regional markets. During the past season, AML not only managed to expand its footprint in key retail markets, including Shoprite, but also managed to increase its direct sales to consumers in key urban areas through van sales.

The funding provided by AATIF has further supported AML by crowding in international financiers who have adopted the structure developed by AATIF and thus supporting AML to meet its growing working capital needs. Furthermore, the facility has allowed not only AATIF to build a strong partnership with its local agency bank UBA Zambia, but also encouraged other lenders to partner with local banks to provide financing to AML.



Social and Environmental Review

When AML joined the AATIF portfolio, the company did not have a formal system in place to systematically manage social and environmental matters. In order to develop such a Social and Environmental Management System, the first steps taken by the company were appointing an S&E coordinator, conducting a Social and Environmental audit of its activities and preparing a Social and Environmental Action Plan.

During the reporting period, the focus of AML's S&E activities was the implementation of the S&E Action Plan, according to recommendations from the audit and from AATIF's S&E Assessment Report. At the same time and in the context of significantly scaling up its operations, the company increased the team dedicated to S&E aspects with an Occupational Health & Safety Officer. AML intends to further expand the S&E team in 2020 along the increasing scale of its operations in the new mill.

In the reporting period, AML finalized its Occupational Safety and Health Policy and is now waiting for approval by its Board of Directors. The company also provided training to its workforce on Health and Safety, HIV Policy and Emergency Preparedness, and plans to expand the scope of its capacity building program to cover other S&E-related topics in 2020.

The company has also significantly increased its workforce, moving from 131 employees to 246 in March 2020 (88 % growth), as a result of the expansion in operations with its new processing plant, although women remain underrepresented in the composition of the workforce.

Technical Assistance

The TA Facility Manager visited AML during 2019 to discuss possible TA support. As a result of this visit, one TA project was launched in early 2020 that will assist AML in differentiating its maize flour based product line for business and retail customers. This project will enable AML to make full use of its expanded maize milling capacities (with a new maize mill commissioned by end-2019).

The TA Facility Manager is currently developing another TA project which aims to design a training and capacity building programme for smallholder farmers who regularly supply AML with maize.



Area of improvement as per loan agreement	Status
Review and integrate recommendations made in the Social and Environmental Audit Report and AATIF Social and Environmental Report, for the existing facilities and expansion plan, into the Social and Environmental Action Plan	✓
Recruit a social and environmental coordinator within 3 months of facility disbursement	✓
Develop a social and environmental management system within 18 months of facility disbursement. Thereafter maintain and regularly upgrade SEMS, including sufficient allocation of resources	In progress
Implement and regularly update the Social and Environmental Action Plan	Ongoing
Introduce training on social and environmental risk and impact management	In progress
Undertake social and environmental audits of all activities likely to have adverse social and environmental impacts	Ongoing
Develop and implement, together with workers and their representatives, an occupational safety and health policy, procedures and management system, that includes but is not limited to, periodic assessments and audits of occupational safety and health issues at the workplace, detailed accident reporting and investigation, training for employees on occupational safety and health issues (e.g. first aid, fire prevention, housekeeping), regular fire drills, and personal protective equipment.	In progress (OSH Policy draft completed; Board approval expected Q2 2020)
Introduce measures to control air and greenhouse emissions, such as controlling, measuring, monitoring dust and particulate matter, proper maintenance of generators to ensure efficiency.	Ongoing
Employment Impact	In March 2020, the company employed 228 people, with 195 on permanent contracts (4 women) and 33 on temporary contracts (13 women)
Outreach to smallholders	In the reporting period, the company reached over 20,000 smallholder farmers, mainly via intermediary agents in the maize value chain.

African Milling Limited is providing an off-take market for several thousand farmers across Zambia. Overall, Zambia has about 2.5 million smallholder farmers producing more than 80% of the maize production across the country. Majority of farmers are from self-sustained households producing on 0.25 to a maximum of 3 hectares. Very few farmers have plots beyond five hectares. Typically, yields seen range from 1.2 – 1.6 MT/ha, given also that access to mechanization and inputs is very low. Due to the vast spread of maize farmers and the competitiveness of the crop in Zambia, AML has a rather loose engagement with these farmers acting mainly as an off-taker. Roughly 50% of the maize in the past season was bought from a sister company of AML which has depots across the country where it can directly purchase from the farmers. The remaining crop is bought via agents who aggregate maize from the farmers and sell it to processors across the country. AATIF and AML are keen to explore in the coming season how the engagement with the farmers can be strengthened by exploring options of farmer training where direct access is possible through the sister company of AML.

Chobe Agrivision

The Chobe transaction has been AATIF's first investment which was closed on 26 October 2011. AATIF extended a facility of USD 10m to Agrivision Africa Mauritius, guaranteed by Agrivision Zambia (Chobe). The AATIF investment of USD 10m allowed Chobe to develop the Mkushi farm from about 400ha to 1,686ha. The farm development included the installation of irrigation. On 26 October 2015, Chobe Agrivision repaid a first tranche of the AATIF loan of USD 3m, reducing the AATIF exposure to USD 7m. In October 2016, the loan was extended by an additional 5 years. The first tranche and second tranche of the extended facility of USD 1.4m were repaid according to schedule in October 2017 and 2018 respectively.

Agrivision Zambia is a vertically integrated agribusiness focused on cultivating and processing staple food crops in Zambia. The company operates out of two hubs including Mkushi (Central Province) and Somawhe (Copperbelt Province). While the business started off as a pure grower of maize, wheat and soy, vertical integration is continuously pushed to reduce dependence on soft commodity price movements. In 2014 Chobe acquired the milling operation Mpongwe Milling situated in Kitwe, 180km from the Somawhe farm with an annual capacity of 70,000 tonnes of maize and 26,000 tonnes of wheat. Mpongwe processes the majority of the produce of both farming hubs as well as maize from smallholder farmers in the region

2019 was expected to be a more promising year following the difficult 2017 and 2018 seasons. Water availability at Mkushi was good after good summer rains and enabled Mkushi to plant a full winter crop. The heavy summer rains caused a lot of unwanted wash during the cultivation of the soya crop at Mkushi and resulted in a below average yield. A combination of low yields and drop in soya prices during the year, resulted in a lower profitability from the soya crop. The Zambian government continued border closures leading to profitable contracts with DRC off-takers not being realized and the mill not running at full capacity, putting pressure on the company.

Somawhe had a good soya and wheat yield for the year. At Somawhe farms, Agrivision cultivated 3,936ha of soya, 218ha of maize and 2,884ha of wheat. At Mkushi farms, Agrivision cultivated 2,302ha of soya, 155ha of commercial maize, 12ha of seed maize, 88ha of sorghum, 265ha of barley and 1,454ha of wheat. The hectareage of irrigated

wheat farmed in Mkushi increased from 594ha in 2018 to a full crop of 1,454ha as Mkushi was able to utilize all the available hectares under irrigation (max: 1,700ha). The rains, for the first time since 2014, allowed for sufficient runoff from the catchment area to the dams to enable normal irrigation in the dry season, therefore increasing wheat plantings for 2019.

Unfortunately severe power cuts towards the end of the season when grain fill takes place have affected the Mkushi yields negatively. Agrivision continues to take steps to improve water security for the Mkushi farms and move into more profitable crops with the most efficient use of the available water for irrigation. These include sorghum, barley and seed maize. 88ha of rainfed sorghum and 265ha of barley were grown for supply to the breweries in 2019. The results from the sorghum were a bit disappointing as the market is limited. While barley is a good crop, the securing of a decently priced contract remains a challenge.

At Mpongwe Milling, Agrivision was able to process 29,066t (2018: 29,552t) of maize and 24,000t (2018: 18,491t) of wheat. The maize mill results have been largely influenced by the government intervention in the maize market, with maize input prices up while off-take prices remained largely stable in Zambia and de-facto export bans not allowing the benefitting from profitable contracts closed with DRC maize meal importers. At the same time, the mill was not running at full capacity due to cash flow constraints and a shortage of maize in the market, requiring large sums of upfront payment to secure maize parcels. On the wheat mill, margins improved with Agrivision making progress on the biscuit mixes. The focus for the wheat mill is to leverage on biscuit mix which was introduced at end of 2016. While the demand was irregular in the beginning, it has since late 2017/early 2018 become steadier. In collaboration with ZNFU, Agrivision continues to source the majority of its maize for the mill from smallholder farmers in the region. In the last season Agrivision acted as off-taker for approximately 552 smallholders.

Social and Environmental Review

Following receipt of the Global Good Agricultural Practices (GlobalGAP) certification in 2018, the two Agrivision farms have consolidated all policies, procedures, risk assessments and environmental management reports. The company is now in the process of obtaining the FSSC 22000 certifica-

tion, a scheme for the auditing and certification of Food Safety Management Systems. As part of the process, audits were conducted by a certification body in 2019 and 2020. As a consequence of both certifications, the company is constantly improving areas related to working conditions (e.g. health and safety training), resource efficiency, food safety, waste and water management, among others.

The company continued to contribute to the health and education of its workforce, their families and the surrounding communities. The clinics attended to an average of 312 patients per month in Mkushi and 960 patients per month in Somawhe. Regarding education, 364 pupils attended the Somawhe schools in the reporting period and in Mkushi the company continued to support the transfer of pupils to and from the school.

As part of the company's activities towards conservation and forestry, Agrivision has planted a total of 5,000 gum trees at its farm in Mkushi. The trees were planted around critical areas prone to soil erosion. Furthermore, the company funded the Mpongwe Forestry department in expanding the local government tree nursery and the raising of 15,000 assorted trees which will be planted around public institutions and Agrivision's farms. The Tree Planting Program is scheduled for November 2020.

In addition, Agrivision improved waste management by enhancing the segregation of hazardous and non-hazardous waste, the record keeping of hazardous waste generated, and the handling of used oils and chemicals with the aim of reporting the number of spillages and quantities of adsorbents used. Lastly, the company introduced triple rinsing and puncturing of chemical containers and started incorporating the rinsates into the spray mixture.

A draft of a sub-lease agreement with the Kasambamanyambi community was prepared in the previous period. The company is working with stakeholders to sign the agreement under the guidance of the district commissioner.

Technical Assistance

For assessing AATIF's impact on Chobe Agrivision, an ex-post rapid appraisal report was completed in 2018 and a summary of the results is available on the AATIF website. The continuation of the rapid appraisal is planned for 2021, when end line data will be collected and a final report compiled.

Area of improvement as per loan agreement	Status
Apply minimum wage as per Zambia Employment Act to casual workers.	✓
Adjust registration forms for casual workers to ensure no underage workers are hired.	✓
Ensure that rat poison and mosquito spray is stored in a closed storage, indicating that its content is hazardous or in an area marked as hazardous.	✓
Set up and implement a system for managing occupational safety and health, which also includes active worker participation.	✓ Ongoing activity
Ensure that workers and their families are provided with one insecticide-treated mosquito net per household and that these are regularly insecticide-treated.	✓ (2011–2015) Discontinued as no longer receiving bed nets from government health centre
Ensure that children of families working at the Chobe Agrivision have access to at least primary school.	✓ (2015)

	As of February 2020	Somawhe and Mkushi	Mill	Total
Employment	Fixed-term	393 (37 women)	210 (11 women)	603 (48 women)
	Casuals	469 (142 women)	18	487 (142 women)
	Total	862 (179 women)	228 (11 women)	1090 (190 women)

Outreach to smallholders	In the reporting period, Agrivision's operations at the Mpongwe mill reached approximately 552 smallholder farmers.
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Cooper K-Brands



Cooper K-Brands Ltd (“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 ventured into crop protection products to expand its product offerings to farmers as well as capture more value from the markets it currently 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.

AATIF concluded a USD 4 m facility to enable CKL finance a new plant for minerals and nutritional supplements for livestock, thereby increasing local value addition. The new plant was completed and commissioned in July 2019, and that was later followed by an official launch in September 2019 with farmers and the AATIF Board in attendance. The investment has contributed toward job creation both during construction and now under operation. In addition, the new plant will help secure essential supplies for local farmers and reduce imports while also helping to mitigate against supply interruptions, which impacted the company’s sales in the past.

Currently, the company manufactures, imports and distributes a wide range of products under franchise and distribution arrangements with a number of global companies including MSD Animal Health (“Coopers” and “Bravecto” brands), Rotam and Sineria (both for crop protection) CRV

(for dairy genetics), Diamond Mills & Pancosma (for nutritional additives), Evonik Industries (Water Retention), etc. The company historically manufactured approximately 60% of its products in-house and another 20% through contract manufacturing arrangements with third parties. About 20% were imported as finished goods. After commissioning the new plant, the company is now producing over 80% of its final products in-house with the overall goal being to further reduce importation of finished products. The key markets for CKL are Kenya, Uganda, Rwanda, Burundi and Tanzania with the company exploring to expand into other markets such as Ethiopia.

The transaction is AATIF’s first investment into animal health and veterinary 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 East African region. AATIF considers the investment in CKL as a strategic partnership in enabling the objective of the fund in fostering local value addition, increasing farmers’ productivity and incomes which further contributes to reduction in poverty.

Social and Environmental Review

The main event for CKL in the reporting period was the completion of constructions and start of operations of its new production site in Kiambu. As part of achieving this major milestone, the company developed a plan for offering suitable positions in the currently plants for staff affected by shifting operations to the new production site.



With support from AATIF's TA Facility, CKL hired a Sustainability Coordination and Communications Manager with, among others, the following responsibilities: (i) facilitate the set-up and operation of an internal Sustainability Steering Committee that will develop and launch CKL's Sustainability Strategy; (ii) support the development and coordinate the implementation of a sustainability plan; (iii) measure and monitor progress against CKL's new Sustainability Strategy, objectives, and performance targets; and (iv) coordinate Environmental, Social and Sustainability reporting.

As part of shaping the company's new Sustainability Strategy, CKL hosted a workshop in September 2019 on the Sustainable Development Goals with its senior management and mapped opportunities for additional value creation to different stakeholders through CKL's operations.

In addition, in October 2019, CKL announced a joint venture with Tukulime Ltd to enhance agricultural productivity through the provision of on-farm technical and advisory services. The joint venture was formed through an investment in Tukulime by CKL's parent company, Kzanaka. Tukulime empowers individuals and self-help groups in Kenya by providing day-to-day farm management services that increase crop productivity and links farmers to local markets.

Finally, the company has drafted a Sustainability Policy for the whole group, which is expected to be approved by its Board of Directors before Q3 2020.

CKL's end-product users are small and medium sized farmers across East Africa, largely in the livestock sector, and the vision of the company is to build on its heritage of delivering high quality, effective products and solutions that boost farm productivity while also leveraging on partnerships to reach farmers with technical advice on their products and basic agricultural know-how to improve their productivity. To reach its farmers in Kenya specifically, CKL has developed an innovative model whereby it has built long-term relationships with 13 Strategic Business Partners (larger regional distributors) who receive products and training from CKL and then pass this on to over 6,000 stockists spread across the country. These stockists in turn provide the final products to thousands of farmer spread across the country. Through this model – CKL not only ensures access to qualitative inputs given it controls aspects such as storage, expiration, handling of its produce through the 13 partners, but also has the ability to build-up a relationship to its final consumers by strongly engaging their strategic business partners and their 6,000 stockists. Beyond the sale of the products, this includes training of the partners, joint organization of farmer training days, and production of a TV programme with farming experts to communicate farming know-how. It is estimated that the TV programme alone has reached around 10 million viewers weekly across East Africa and benefited more than 500,000 households.

Area of improvement as per loan agreement	Status
Complete ESIA for the new production project site at Kiambu Site in line with relevant regulations and Tatu City Limited SEA approved conditions and submissions of draft ESIA report.	✓
Obtain NEMA licence for the new production project site at Kiambu Site.	✓
Implement conditions attached to its NEMA license for the new production project at the Kiambu Site.	Ongoing
At all times, employ qualified personnel responsible for managing Safety, Health And Environment issues and Quality Assurance.	Ongoing
Follow Good International Industry Practice on Safety, Health and Environment, and Quality Assurance; and submit relevant documents to the lender, including, but not limited to, Safety Health and Environment committee minutes, internal and external Safety Health and Environment audit reports, and capacity building activities.	Ongoing
By no later than the indicated deadlines, address recommendations of the 2016 annual audit reports and each subsequent annual audit report in relation to safety, health and environmental matters.	Ongoing
By no later than 30 June 2018, update the human resources policy in relation to the role of the human resources manager and the grievance mechanisms, include a provision for union membership and collective bargaining, and increase details of employment conditions in either its human resources policy or employment contracts (e.g. through an annex).	✓
Address staff anxiety related to company relocation.	Ongoing
Apply for effluence disposal licence to the sewer line at the Kiambu Site where relevant	Ongoing
Observe the riparian reserve bordering the Kiambu Site.	✓
Immediately inform the AATIF of any land-related conflicts as soon as the same comes to the Borrower's knowledge, including, without limitation, unauthorised use of or trespass to the Kiambu Site by Maasai or other nomads or unplanned settlements arising on land bordering the Project Land	Not triggered
Employment	<p>As of March 2020, CKL had a total workforce of 167, among them 130 men and 37 women, with 76% of them on permanent contracts.</p> <p>In addition, CKL employed 32 casuals for short assignments and offered 4 placements for technical vocational education training.</p>
Outreach to smallholders	In the reporting period, CKL provided training in improvement of agricultural practices to more than 45,000 smallholder farmers.

Technical Assistance

In early 2019, a new permanent position of Group Sustainability Coordination and Communication Manager was established within CKL, and the successful candidate commenced her appointment with CKL in July 2019. The TA Facility supports CKL by co-financing the salary of this position for three years.

For a rapid appraisal of AATIF's impact on CKL, the baseline data collection took place in December 2018 and the final Baseline Report was delivered in early 2020 (currently under review).



Wienco



Wienco (Ghana) Ltd (“Wienco”) was established in 1979. It is an importer and distributor of agro-chemicals into Ghana, mainly for use in cocoa, cotton and maize production. Wienco supplies Ghana’s state-owned cocoa marketing board with inputs from Bayer and Syngenta: In addition, the company provides inputs on credit to 25,258 smallholder farmers and commercial farms across Ghana. Wienco organized the Cocoa Abrabopa Association (CAA), which operates in Dunkwa (4 h west of Accra) since December 2007. This was followed by the establishment of the maize association Masara N’arzuki (in Northern Ghana) in 2010 and the establishment of a cotton division within Wienco that is carrying out its smallholder business under a government concession after the Ghana Cotton Company in 2010 discontinued its operations. Since 2006, Wienco has been strategically moving up-stream in cocoa, maize and cotton through organizing and providing input on credit to out-grower schemes in all three crops.

In October 2013, AATIF disbursed USD 6m and EUR 9m senior loans to Wienco. AATIF’s financial support has enabled Wienco to significantly expand the scope of its smallholder operations. Funding provided by AATIF has also helped to finance the provision of inputs and off-take of cotton, maize and cocoa to and from the outgrower schemes of Wienco Ghana.

Wienco business is likely to benefit from COCOBOD’s initiatives to reduce the exportation of Ghana’s cocoa beans to the international market in its raw state. The agency wants a minimum of 50% of the cocoa beans to be processed locally by 2022. Currently, cocoa is the leading agricultural export for Ghana, generating approximately USD 2 billion in foreign exchange but there is a potential to generate even more foreign exchange if cocoa could be processed locally. Ghana is presently processing only 20% of its cocoa beans and exporting 80% of the raw beans to the international markets. COCOBOD’s moves, if successful, would boost local value addition, employment creation and secure market for local small holder farmers.

In addition, the governments of Ghana and Ivory Coast seeks to implement joint policy measures aimed at supporting cocoa price in order to protect incomes of small holder farmers. Both governments have agreed to set a price floor of USD 2600/MT for cocoa for 2020–2021 crop. If successful, these measures should ensure income stability of the local farmers and could further incentivize farmers to increase production, which would provide support for market for Wienco’s products.

Wienco Social and Environmental Review

In 2019, the production support for maize and seed cotton was taken over by Agricultural Labour Services Agency Limited (ALSA) and Wienco Cotton Ghana Limited (WCT), both subsidiaries of RMG Concept Limited. This step made Masara N’Arziki Farmers Association (MASARA) transition into an organisation focusing on linking farmers to a variety of government programs and NGO projects. This is done mainly for the ALSA and WCT farmers, but not limited to them.

The farmers enrolled in ALSA and WCT continue to have access to the same services that they had under MASARA:

- Quality agricultural inputs (fertilizers, hybrid seeds, herbicides, insecticides) on credit;
- Technical training in maize and cotton production, pesticide application and farm management;
- Guaranteed market for maize and cotton, which means farmers can always sell their produce; and
- Fixed minimum off-take price (possibility to adjust if the market price rises during the season).

Furthermore, Wienco continued to engage with the AATIF on the joint impact research efforts related to its engagement with cocoa and maize farmers. See section “Lessons learned on AATIF reaching out to smallholder farmers” (p.19) for details research results showing that the participation in smallholder farmer schemes does create positive impacts in farmers’ livelihoods.

Technical Assistance

AATIF's investment into WIENCO is subject to an extended in-depth impact assessment. For both the maize and the cocoa outgrower scheme, baseline studies have been undertaken and final reports compiled (a summary of the cocoa baseline findings can be found on the AATIF website, the maize baseline summary is expected to be available online soon).

The mid-term data collection for both the cocoa and maize outgrower schemes were completed in 2019. The draft reports have been submitted that are currently under review.

Area of improvement as per loan agreement		Status
Wienco to consolidate the existing Action Plans into one plan, add items reasonably requested by the Lender, update the status quo and propose a new timeline towards achieving milestones.		✓ Ongoing (Integrated into annual S&E reporting)
Wienco to ensure that any contract with staff contracted by the Cotton Out-Grower Scheme Wienco Cotton from third parties or employed directly by the Cotton Out-Grower Scheme Wienco Cotton complies with Ghanaian laws and provide evidence that such staff is employed lawfully.		✓
<p>Wienco shall, no later than after 18 months, develop and implement a social and environmental management system (including sufficient staffing and staff training) that allows the company to access and manage the social and environmental risks related to its operations.</p> <p>Among others, action items (for WIENCO and/or affiliates) shall address transformation of staff handbook into a human resources policy, ensuring anonymity of grievance mechanism, "no child labour" commitment and measures, occupational safety and health policy, waste handling policy, biodiversity policy. In addition, set up company-wide guidelines on elements that farmer contracts need to cover and ensure that these guidelines are implemented and support affiliates to engage in innovative risk sharing arrangements that go beyond group liability. All affiliates shall require farmers to provide information about their birthday/age in the group contracts and provide proof thereof by copy of ID card etc.</p>		<p>In progress</p> <p>✓ Company-wide guidelines on farmer contracts pending approval</p> <p>✓ Group OHS Guidelines shared with CAA and MASARA for incorporation in their own OHS Policy. Guidelines to be shared with ALSA and WCT.</p>
Employment	As of December 2019, Wienco and its associated companies had a workforce of 146 people, with 132 on permanent or fixed-term contracts (13 women) and 14 temporary workers (2 women)	
Outreach to smallholders	In the reporting period, Wienco and its associated companies reached 7,953 smallholder farmers producing maize and cotton, out of which 1,102 were women.	

GADCO

In June 2012, AATIF provided a loan to GADCO to finance a rice mill as a first step for GADCO to develop an integrated value chain. GADCO has a nucleus farm, which is surrounded by land used by smallholder farmers to grow rice. Traditionally, rice produced within Ghana suffered from the stigma of being considered low quality. Hence rice for retail use is largely imported. GADCO developed its brand under which rice from the nucleus farm and the community farmers is being sold in the local market.

Following operational challenges experienced in 2014 and early 2015, GADCO announced in July 2015 that it was acquired by RMG Concept Limited (“RMGC”), a strategic investor with operations across 17 countries in Western Africa (including Ghana) working in partnership with several thousands of smallholder farmers. Following the acquisition, operations resumed successfully under GADCO’s new management on the nucleus farm. The GADCO smallholder scheme (Copa Connect) was successfully merged with RMG’s smallholder scheme (Fievie Connect Program) for rice.

GADCO has cleared and developed over 1,100 hectares, dedicated for the cultivation of rice. The company continues to support smallholder farmers through programmes such as Copa Connect program, which provide input packages that enable them to improve their average domestic income and provide motivation to continue farming.

Social and Environmental Review

In 2019, GADCO sustained its efforts towards promoting environmental sustainability. This included the company recovering husks as combustible for the mill dryer, reusing waste sacks and selling part of the used oil generated to private collectors for its reuse. Furthermore, the company, with the support of the Ghana Forestry Commission, continued planting trees in the area, with 35 trees being added in November 2019. The survival rate of the trees planted since 2017 stands at 55%; thus, of the 1,220 trees planted, 672 trees were alive and growing in 2019.

Regarding social efforts, the company continued to provide an orientation training to new employees. This training informs staff about their rights and obligations, the occupational safety and health measures and procedures in place, potential hazards and emergencies as well as related risk minimization measures. As a result of such training, combined with the provision of adequate personal protection equipment to all employees, once again the company reported no workplace accidents during the year. As an additional measure towards workplace safety, the Ghana National Fire and Rescue Service confirmed fire extinguishers are available in the workshop, mill, filling station and office and verified all extinguishers in 2019. Furthermore, GADCO financed medical tests for those employees in contact with agrochemicals in the second quarter of 2019 and had, as it is annually done, all mill employees undergo a medical examination conducted by the South Tongu District Environmental and Health Department.

Despite the decrease in workforce in the period (from 91 to 62 employees) as a result of financial challenges faced by the company, GADCO continues to contribute to employment in a rural environment where formal employment is difficult to find. During 2019, around 60% of GADCO’s permanent employees came from nearby communities such as Fievie, Sogakope, Agorkpo or Teffle. In addition, all casual staff belong to the surrounding communities.

GADCO continued supporting the Copa Connect smallholder scheme. During the major season 2019, 582 farmers (175 women) participated in the scheme as did 165 (33 women) during the minor season. Unfortunately, both major and minor seasons were cancelled for the Fievie Connect programme as GADCO could not access the subsidized inputs offered by the Government and Fievie farmers were not in a position to pay for the full price of the inputs.

Technical Assistance

By end-2019, the TA Facility's co-financing of the salary of an experienced Workshop Manager to improve repair and maintenance processes and train staff came to an end. GADCO reports that the Workshop Manager has reorganized the workshop and introduced routine maintenance processes with a positive impact on reducing machine downtime and repair cost on farm machinery. RMG has reported to extend the contract of the senior Workshop Manager at its own costs until July 2020 with the option for renewal.

Two young mechanics have been hired by GADCO who are being trained by the senior Workshop Manager for his potential succession.

To assess the impact of the AATIF investment, a rapid appraisal was undertaken for which the end-line report was delivered in February 2020. This report is currently undergoing a final review.

Area of improvement as per loan agreement	Status
GADCO shall apply the daily minimum wage as approved by the Ghanaian government.	✓
GADCO shall ensure that employment contracts comply with national labour and employment law.	✓
International staff members are covered by a health insurance and national members of staff are covered by a health insurance and are in possession of health insurance cards.	✓
GADCO sets out in writing (A) its human resources policies, (B) a manual for the safety at work and (C) an emergency plan. All members of management and staff have been trained and are familiar with the procedures established in these three documents	✓ In progress, Gadco is still working on OSH policy. HR policies and emergency plan in place.
GADCO shall agree on and finalise a form of social and environmental reporting by 30 June 2015.	✓
The condition of the Environmental Protection Agency of Ghana on establishing an 'Environmental Management Plan' is extended to include social concerns. An integral 'Social and Environmental Management Plan' shall be shared by no later than the deadline of the Environmental Protection Agency of Ghana for the implementation of the 'Environmental Management Plan'	✓
GADCO shall ensure that measures to improve the safety of the community are implemented in line with the 'Social and Environmental Management Plan'	✓ Ongoing activity

Employment	In March 2020, GADCO employed 62 people (3 women).				
Outreach to smallholder farmers	Copa Connect	Sep 2018	Mar 2019	Sep 2019	Mar 2020
	Men	330 (69%)	64 (82%)	407 (70%)	64 (82%)
	Women	148 (31%)	14 (18%)	175 (30%)	14 (18%)
	Total	478	78	582	78
	Fievie Connect	Sep 2018	Mar 2019	Sep 2019	Mar 2020
	Men	–	39 (64%)	–	–
	Women	–	22 (36%)	–	–
	Total	–	61	–	–

BancABC



ABC Holdings Limited, registered in Botswana, is the parent company of a number of Sub-Saharan banks operating under the BancABC brand in Botswana, Mozambique, Tanzania, Zambia and Zimbabwe. The group is wholly owned by Atlas Mara Limited. BancABC offers a diverse range of financial services including personal, business, and corporate banking, as well as asset management, stockbroking, and treasury services. On December 24, 2018, AATIF signed a senior loan agreement with BancABC. The facility, secured with a guarantee from BancABC's parent Atlas Mara Limited, is replacing the prior risk sharing agreement signed in December 2013.

Increasing agricultural finance is one of Atlas Mara's strategic pillars and the company has increased its efforts in Zimbabwe because the country offers significant potential in terms of agri-lending demand. BancABC has built a solid agriculture team in Zimbabwe, which acts as a source of expertise and support for the entire BancABC group. The head of the agricultural lending activity, with more than 27 years of experience in agriculture lending across Southern and Eastern Africa and has led the Group's agricultural efforts since December 2017. Lending into the agricultural sector had been impacted in Zimbabwe by macro-economic developments including a spiking inflation rate as well as weather related events as a severe drought and overall availability of energy with power outages lasting up to 10 hours a day will weigh on the country. The lockdown announced on 19 April 2020 is expected to exacerbate this. In response to the crisis, the bank launched a virtual branch to service customers, as well as a new WhatsApp chatbot feature to provide basic banking services as well as COVID-19 information.

Despite the challenging economic situation faced in its key agricultural hub, BancABC continued its partnerships with Paperhole Investment Limited ('PHI'). BancABC, in partnership with PHI, provides medium term loans to farmers to finance the purchase of farming implements and short-term working capital. PHI recommends to the Bank, farmers eligible for loans. The proposed loan amounts are based on PHI's intimate knowledge of the farmer's performance. The facility

is secured by an underlying underwriting/guarantee by PHI against the scheme. Seed Co Limited: Seed Co Limited is a leading producer and marketer of certified crop seeds in Zimbabwe, with operations across 10 African countries and distribution networks across 15 African countries. Similar to the PHI scheme, Seed Co recommends to the Bank farmers who could be eligible for loans and put a 20% upfront deposit towards the financing.

Social and Environmental Review

Following the S&E mentoring of BancABC's sustainability specialist in previous years, the bank continued building its broader S&E management capacity during the reporting period. The bank now has 12 S&E champions driving the S&E analysis in the different countries where it operates. As a result, the bank now includes S&E conditions for approval in its credit appraisals when a significant risk is identified.

Although gathering comprehensive S&E and impact data from clients remains a challenge, in 2019 the bank continued to support, through its portfolio of loans made with AATIF funding, thousands of permanent and seasonal jobs in agriculture and various out-grower schemes in Zimbabwe and Mozambique.

Furthermore, BancABC finalized a draft grievance mechanism to respond to stakeholder concerns and seek resolution in a timely manner. The mechanism assigns responsibilities and defines a clear grievance-resolution process, including communication channels for internal and external stakeholders. The draft is expected to receive internal approval in 2020.

Technical Assistance

The TA Facility has supported BancABC with several TA projects in recent years. In 2019, the TA Facility launched a project to assist BancABC to establish an agri-finance "centre of excellence", specifically to elaborate an implementation plan (including, for example, value chain analyses, capacity development measures etc.) for future implementation by BancABC.

Area of improvement as per loan agreement	Status
BancABC to commit to sustainable development of its activities on a higher organizational level, i.e. in its vision or mission statement and clearly outline its commitment in strategic planning documents.	✓
BancABC to develop an action plan that clearly outlines the milestones and timeline for the implementation of a group-wide SEMs.	✓
BancABC to develop a group-wide Environmental and Social Policy. Such Policy needs to: <ul style="list-style-type: none"> • contain objectives of why the bank is engaging in environmental and social management, • outline the standards with which projects have to comply, • clarify responsibilities for policy implementation, and • propose an environmental and social training strategy for staff. 	✓
BancABC to elaborate the project classification that it uses to: <ul style="list-style-type: none"> • cover social along environmental impacts, • review the eligibility criteria and SEMs requirements in its project classification, and • adjust the tool based on staff feedback in order to make it respond to staff needs. 	✓
BancABC to develop an S&E capacity building strategy and have trained all relevant staff.	✓ Ongoing
BancABC to closely communicate with the AATIF Compliance Advisor in overseeing the first three investments involving AATIF funds.	✓ 2017 Since 2018: Summary S&E data submitted
BancABC not to extend AATIF funds to projects that are not assessed through BancABC's SEMs. Before on-lending AATIF funds to SMEs or within the microfinance sector, consult with the AATIF Compliance Advisor to extend the bank's SEMs to cover these business segments.	Ongoing
By no later than 31 March 2019, develop an impact reporting template and successfully test the effectiveness of such reporting template;	Ongoing
Develop Social and Environmental Employee Performance Indicators and integrate the same into the Borrower's performance appraisal system which will facilitate measuring the social and environmental performance of the Borrower's relevant employees	In progress
Maintain at all times, an effective and reliable procedure for receiving, recording and addressing and providing feedback on project-related grievances from external stakeholders	In progress
Employment	As of December 2019, BancABC had 3,821 employees, out of which 3,019 (79%) were men and 802 (21%) were women.
Outreach to smallholders	Through the different companies financed with AATIF funding, BancABC is benefitting more than 15,000 smallholder farmers in Zimbabwe.

Eastern and Southern African Trade and Development Bank known as Trade Development Bank (TDB) formerly known as PTA

TDB Investment update

Established in 1985, TDB provides mainly private sector related trade and project/infrastructure finance. Its mission is to be at the forefront of providing development capital in the region, through customer focused and innovative financing instruments backed by competitively priced funds. TDB operates out of four hubs: Headquarter Bujumbura, Burundi; Regional and Corporate Support Centre Nairobi, Kenya; Regional Office Harare, Zimbabwe and Mauritius.

The Trade and Development Bank repaid the third and last tranche of USD 10m on schedule. It ends a very successful partnership with one of the very first investments AATIF made. Over time, TD Bank supported a range of agricultural projects. We have enjoyed a constructive relationship during which AATIF could contribute to the development and build out of TD Bank's S&E system.

Social and Environmental Review

Although TDB already had a long history of S&E management when the partnership with AATIF started, the bank made significant improvements in recent years. The bank aligned its ESG policies with new developments and embarked on a process of reviewing its environmental and social management system, resulting in the approval of revised SEMS in 2015. This was accompanied by constantly building capacity of its staff across the years, as well as creating a full-time position of S&E specialist, and appointing an ESMS Manager and ESMS coordinator.

The most recent chapter of this trajectory, in 2019, is the new focus on impact. TDB embarked on a process of strengthening its capacity to better assess the developmental impact of its activities by developing an assessment policy framework that will enable the bank to define expected development



outcomes of each transaction and on-going measurement of such outcomes, as part of its organizational theory of change.

In its efforts to constantly improve its management of S&E aspects, in 2019 TDB provided training for more than 75 staff on S&E risk and Climate Change-related risks and opportunities as well as organized workshops and conferences. Moreover, the bank engaged a consultant to review its ESMS Manual and related procedures, as well as to review S&E aspects of some portfolio companies. The bank is now working on the identified areas of improvement which will continue to support the strong S&E structures of the institution in the future.

Technical Assistance

To assess the developmental impact of the AATIF loan to TD Bank, the TA Facility is undertaking a rapid appraisal study of a selected sub-loan (extended by TD Bank to the Tanganda Tea Company in Zimbabwe). The baseline report was delivered in 2016 (of which a summary is available on the AATIF website) and the draft endline study was delivered in the first quarter of 2020 (currently under review), after endline data was collected in March 2020.

Area of improvement as per loan agreement	Status
TDB shall include a commitment to sustainable development of all its activities on a higher organizational level, for example in its vision or mission statements or its new strategic plan for the years 2013 through 2017.	✓ (2012)
TDB shall further develop and implement a social and environmental management system (i) in accordance with chapter 1 of the AATIF S&E Guidelines (and more specifically paragraph 23 by 31 December 2013, and (ii) in accordance with additional requirements and milestones as mutually agreed between TDB and AATIF, such as amendments to TDB's operational guidelines for trade finance, and (iii) maintain and further improve the implemented social and environmental management system and conduct its business in accordance with the social and environmental management system.	✓ Ongoing activity
TDB shall (i) have introduced social and environmental procedures in all its relevant departments, and (ii) have trained all relevant staff on social and environmental risk assessments, no later than 30 June 2013.	✓ Ongoing activity
TDB shall closely communicate with AATIF (i) in overseeing the first two sub-loans and (ii) in general with respect to appropriate procedures when on-lending to the small and medium enterprise sector.	✓
Employment	As of December 2019, TDB had 145 permanent and 16 short-term employees, with a total number of 70 women in its workforce (43%).
Outreach to smallholders	Through different sub-loans deployed with AATIF Funding, TDB has financed operations that reached more than 11,000 farmers in Zimbabwe and Kenya.

Export Trading Group



Export Trading Group (ETG) is a diversified pan-African agribusiness conglomerate specializing in end-to-end agricultural supply-chain management, including procurement, warehousing, transport, agricultural processing and consumer products. ETG has offices across 40 countries in the world with significant presence across 26 African countries including more than 400 warehousing and distribution assets across the continent. The company buys crops directly from thousands of smallholder farmers ex-farm gate without intermediaries. ETG provides smallholder farmers with training, agricultural expertise, farming equipment and farming inputs. During the financial year 2019/2020, the proceeds of AATIF's facility have been used by ETG as long-term working capital for the export of crops sourced from smallholders in Africa, such as pulses, sesame seeds and coffee, and import of fertilizers, as well as the financing of capital expenditures

related to processing plants and warehouses. ETG has completed various investment projects on the continent including the acquisition of fertilizer assets in South Africa and a soybean crushing plant in Zambia.

ETG is currently constructing a cashew processing plant in Benin, which shall benefit the country by creating local employment, supporting farmers by marketing their produce and generating FX earnings. Another channel of directly engaging with farmers has been established in Tanzania where ETG sells fertilizers via 43 containers and seven vans. The company plans to roll out similar schemes in Malawi, Zambia and Kenya.

Social and Environmental Review

The reporting period was one of consolidation of sustainability practices at ETG. During the year, the company intensified its capacity building activities according to its Sustainability Capacity Building Strategy. The strategy sets the basis for three levels of training programs, from a basic awareness to a more advanced level. As a result of the different programs, including those related to sustainability, the group reached 10,000 hours of training provided to its employees. One highlight of the implementation of ETG's Sustainability Capacity Building Strategy was its Annual Sustainability Workshop, held in South Africa in November 2019. The workshop was attended by 21 ETG members of staff, including sustainability team members from different country operations. Workshop participants explored a number of sustainability themes, such as supply chain management, IFC performance standards and the impact of sustainability management on ETG's operations and stakeholders.

In addition to that, the company has upgraded the Environment and Quality ISO standards in several of its sites, while also initiating the journey to obtaining food safety certifications such as ISO 22000, FSSC 22000 and the BRC for its food processing facilities.

Finally, the company has created a template for tracking engagement with smallholder farmers from whom it purchases raw materials. The template allows for proper record-keeping of farmers' characteristics as well as of extension services provided, creating the opportunity for collecting more detailed information on changes in key indicators (e.g. farming yields) and track impact in the future.

Technical Assistance

The TA Facility Manager is currently working on a TA project to co-finance an S&E capacity development programme for ETG.

The TA Facility is undertaking a rapid appraisal of the social and developmental impact of the AATIF loan extended to ETG. The collection of baseline data took place in Malawi in late 2018, and the final baseline study report was delivered in early 2020 (currently under review).

Area of improvement as per loan agreement	Status
ETG shall procure that the country level social and environmental policies, procedures and templates of each member of the Group comply with all laws applicable in each jurisdiction in Africa in which each member of the Group conducts its business.	✓ Ongoing
ETG shall develop an internal social and environmental capacity building strategy for relevant members of the Group by 31 March 2016. The strategy shall guide the implementation of the following items: <ul style="list-style-type: none"> • strengthen Group's sustainability team • together with the IFC and the Lender, train each member of its board of directors and each country manager in each jurisdiction in Africa by 31 December 2016 • integrate social and environmental elements in the performance appraisal of the relevant staff of each member of the Group by 31 December 2016; 	✓
ETG shall immediately inform AATIF when any of the other lenders ceases their engagement with the company upon which ETG and AATIF shall review both the Social and Environmental Report and the undertakings.	Not triggered
Employment impact	As of March 2020, ETG provided employment to 5,035 people in Africa. Direct employees represented 1,214 people (24% of which were women) and contract employees represented 3,821 people (75% of which were women)
Outreach to smallholders	ETG has worked with 15,000 smallholder farmers via its out-grower schemes. In addition, ETG reaches farmers through seminars and purchases (at farmgate or through aggregators), estimating that nearly 1.6 million smallholder farmers benefitted from its operations in the reporting period.

Cape Concentrate

In the annual report 2016/2017, we reported on the stop of operations at the tomato plant, as no sufficient tomato supply could be secured. As no reasonable perspective for a restart of operations in the company could be identified, the company was put into liquidation on 12 January 2016. Subsequently, the tomato plant was sold to Famous Brands and AATIF has received USD 1.5 m from the liquidation proceeds. The plant had been used to produce tomato paste on a limited scale by Famous Brands, but the latest press releases indicate that Famous Brands has stopped their operations at the plant due to ongoing losses.

Chase Bank Kenya

Chase Bank (Kenya) Limited ('Chase Bank') started as a privately owned bank, incorporated in Kenya in 1996 and licensed and regulated by the Central Bank of Kenya. Its core focus was the financing of SME business, including agriculture, health care, education and transport in Kenya. AATIF provided in aggregate a loan of USD 10 m to Chase Bank from 2012 to 2013. In April 2016, completely unrelated to AATIF's loan, Chase Bank experienced a bank run following a divergence in views between auditors and management related to its 2015 financial statements. Due to this dispute, inaccurate social media reports appeared and two of the bank's directors resigned. These events drove depositors to withdraw funds and caused liquidity issues for Chase Bank. Consequently, the Bank was unable to meet its financial obligations. The Bank has since been under restructuring and the Bank was eventually split into a good bank and bad bank portion. The good bank portion was sold to the Mauritius owned banking group SBM. Due to a lack of assets, the claim of commercial lenders and some portions of the depositors' claims were assigned to the bad bank portion. The resolution of the bad bank is still ongoing and may take many years. While the outcome of the bad bank resolution is highly uncertain, AATIF will strive to ensure the maximum recovery of its loan to Chase Bank, working with the senior lenders group and other stakeholders including public authorities in Kenya.



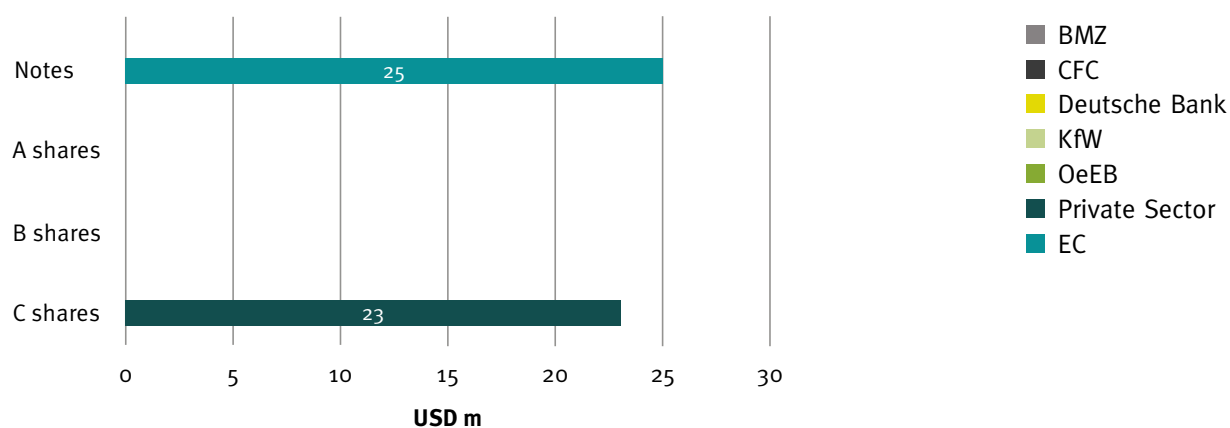


Activities Report: Funding

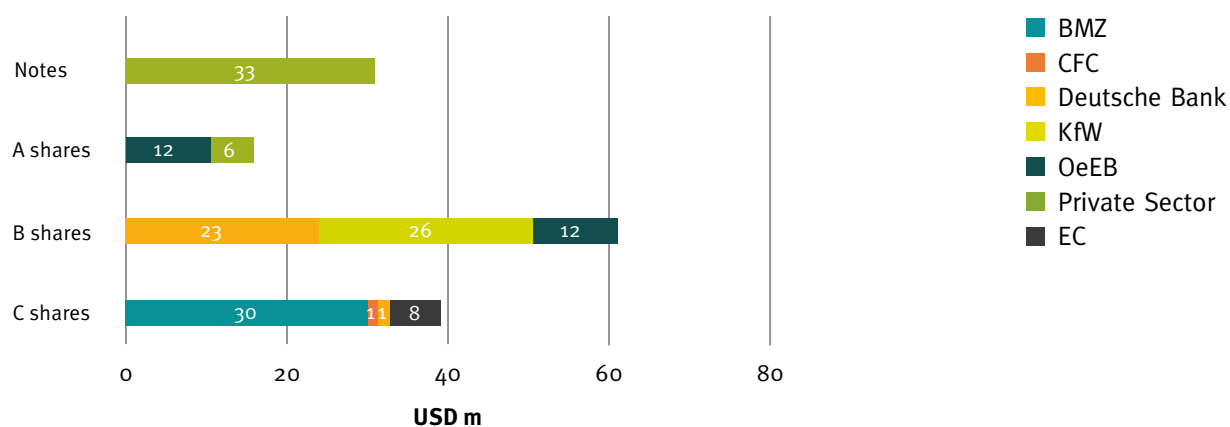
AATIF Funding Sources

Funding overview: During the financial year 2019/2020, AATIF had its first notes Issuance: While the AATIF until 2018 mostly attracted philanthropical investors, AATIF in 2019 for the first time succeeded in expanding its investor base by selling notes with a face-value of EUR 30m to insurances and pension funds

Undrawn Commitments



NAV as of 31/03/2019



Financial Statements





Financial Statements

Statement of financial position

USD	31 March 2020	31 March 2019
ASSETS		
Non-current assets		
Gross loans to Partner Institutions at amortised cost	100.919.077	96.837.723
Loan loss allowance	(24.594.483)	(1.300.139)
Loans to Partner Institutions at amortised cost	76.324.594	88,054,919
Financial assets at fair value through profit or loss	411.829	–
Current assets		
Gross loans to Partner Institutions at amortised cost	60.760.140	22.679.760
Loan loss allowance	(10.118.959)	(10.027.476)
Loans to Partner Institutions at amortised cost	50.641.181	12.652.284
Loans to Partner Institutions at fair value through profit and loss	–	–
Interest accruals on loans	1.761.384	1.029.027
Other receivables and prepayments	1.492.875	705.545
Cash at bank	22.487.833	40.174.027
Total assets	153.119.696	150.098.467
LIABILITIES		
Current liabilities		
Accrued expenses	1.611.924	1.308.110
Other payable	300.915	2.941
Redemption payable to holders of redeemable ordinary shares	–	9.705.103
Distribution to holders of redeemable ordinary shares payable	2.300.361	3.673.172
Total liabilities excluding net assets attributable to shareholders	4.213.200	14.689.326
Non-current liabilities		
Financial liabilities at fair value through profit or loss	–	215.839
Notes	32.627.111	–
Class A Shares – Tranche 1	2.868.960	2.868.960
Class A Shares – Tranche 3	2.000.000	2.000.000
Class A Shares – Tranche 4	12.376.240	12.376.240
Class A Shares – Tranche 6 ¹⁵	797.232	797.232
Class B Shares – Tranche 1	25.858.000	25.858.000
Class B Shares – Tranche 2	22.718.366	22.718.366

USD	31 March 2019	31 March 2018
Class B Shares – Tranche 3 ¹⁵	12.376.238	12.376.238
Net assets attributable to holders of redeemable shareholders	111.622.147	79.210.875
Total liabilities	115.835.347	93.900.201
EQUITY		
Class C Shares – Tranche 1		
Share capital	75.021.434	75.021.434
Profit/(loss) for the year	(13.822.870)	(11.942.196)
Retained earnings	(32.330.629)	(20.388.433)
Class C Shares – Tranche 2		
Share capital	1.980.198	1.980.198
Profit/(loss) for the year	(437.644)	(343.457)
Retained earnings	(692.139)	(348.682)
Class C Shares – Tranche 3		
Share capital	999.999	999.999
Profit/(loss) for the year	(280.411)	(191.854)
Retained earnings	(214.019)	(22.165)
Class C Shares – Tranche 4¹⁶		
Share capital	11.827.000	11.827.000
Profit/(loss) for the year	(4.372.992)	(393.578)
Retained earnings	(393.578)	–
Total equity	37.284.349	56.198.266
Total liabilities and equity	153.119.696	150.098.467

¹⁵ This tranche has been launched on 1 October 2018.

¹⁶ These tranches have been launched on 1 January 2019.

Statement of comprehensive income

USD	For the year ended 31 March 2020	For the year ended 31 March 2019
INCOME		
Interest income on loans	8.623.046	6.828.051
Interest income on cash at bank	223.375	456.833
Upfront management fees and success fees on loans	320.973	863.693
Change in unrealised gain on exchanges	1.171.515	–
Change in unrealised gain on financial assets/liabilities at fair value through profit or loss	627.668	–
Realised gain on exchanges	–	87.064
Other income	1.055.720	415.839
Total income	12.022.297	8.651.480
EXPENSE		
Interest expense on Notes	(752.495)	–
Direct operating expenses	(1.584.931)	(1.786.605)
Investment management fees	(1.551.890)	(1.088.806)
Performance fees	–	(325.559)
Change in unrealised loss on exchanges	(1.526.931)	(1.258.894)
Change in unrealised loss on financial liabilities at fair value through profit or loss	–	(215.839)
Realised loss on loans	(402.570)	–
Loan loss allowance	(22.188.651)	(13.119.362)
Other expenses	(628.385)	(54.328)
Total expense	(28.635.853)	(17.849.393)
Operating loss	(16.613.556)	(9.197.913)
Finance costs (excluding change in net assets attributable to shareholders)		
Distribution to holders of redeemable ordinary shares	(2.300.361)	(3.673.172)
Loss for the year	(18.913.917)	(12.871.085)
Other comprehensive income	–	–
Total comprehensive income for the year	(18.913.917)	(12.871.085)

Statement of changes in net assets attributable to holders of redeemable ordinary shares

USD	Net assets attributable to shareholders
As at 31 March 2018	73,107,442
Issue of redeemable shares (Class A)	3,273,472
Redemption of redeemable shares (Class A)	(9,762,116)
Issue of redeemable shares (Class B)	12,376,238
Redemption of redeemable shares (Class B)	–
Increase in net assets attributable to shareholders from transactions in shares	5,887,594
Change in net assets attributable to shareholders from operations	–
As at 31 March 2019	78,995,036
Issue of redeemable shares (Class A)	–
Redemption of redeemable shares (Class A)	–
Issue of redeemable shares (Class B)	–
Redemption of redeemable shares (Class B)	–
Increase in net assets attributable to shareholders from transactions in shares	–
Change in net assets attributable to shareholders from operations	–
As at 31 March 2020	78,995,036

Statement of changes in equity

USD	Net assets attributable to shareholders
As at 31 March 2018	57,097,135
Issue of non redeemable ordinary shares (Class C)	11,972,216
Redemption of non redeemable ordinary shares (Class C)	–
Increase in equity attributable to shareholders from transactions in shares	11,972,216
Decrease in equity attributable to shareholders from operations	(12,871,085)
As at 31 March 2019	56,198,266
Issue of non redeemable ordinary shares (Class C)	–
Redemption of non redeemable ordinary shares (Class C)	–
Increase in equity attributable to shareholders from transactions in shares	–
Decrease in equity attributable to shareholders from operations	(18,913,917)
As at 31 March 2020	37,284,349

Supplementary information

USD	31 March 2020	31 March 2019	31 March 2018
Net asset value per share (USD)¹⁸			
Class A Shares – Tranche 1 (redeemable shares)	40,000.00	40,000.00	40,000.00
Class A Shares – Tranche 3 (redeemable shares)	40,000.00	40,000.00	40,000.00
Class A Shares – Tranche 4 (redeemable shares)	40,000.00	40,000.00	40,000.00
Class A Shares – Tranche 6 (redeemable shares) ¹⁸	40,000.00	40,000.00	–
Class B Shares – Tranche 1 (redeemable shares)	20,000.00	20,000.00	20,000.00
Class B Shares – Tranche 2 (redeemable shares)	20,000.00	20,000.00	20,000.00
Class B Shares – Tranche 3 (redeemable shares) ¹⁸	20,000.00	20,000.00	–
Class C Shares – Tranche 1 (non-redeemable shares)	3,720,15	5,501,48	7,040,44
Class C Shares – Tranche 2 (non-redeemable shares)	4,294,60	6,504,70	8,239,16
Class C Shares – Tranche 3 (non-redeemable shares)	4,844,07	7,530,81	9,740,70
Class C Shares – Tranche 4 (non-redeemable shares) ¹⁹	5,969,76	9,667,22	–
Number of shares			
Class A Shares – Tranche 1 (redeemable shares)	71,7240	71,7240	315,7769
Class A Shares – Tranche 3 (redeemable shares)	50,0000	50,0000	50,0000
Class A Shares – Tranche 4 (redeemable shares)	309,4060	309,4060	247,5000
Class A Shares – Tranche 6 (redeemable shares) ¹⁷	19,9308	19,9308	–
Class B Shares – Tranche 1 (redeemable shares)	1,292,9000	1,292,9000	1,292,9000
Class B Shares – Tranche 2 (redeemable shares)	1,135,9183	1,135,9183	1,135,9183
Class B Shares – Tranche 3 (redeemable shares) ¹⁸	618,8119	618,8119	–
Class C Shares – Tranche 1 (non-redeemable shares)	7,759,8804	7,759,8804	7,759,8804
Class C Shares – Tranche 2 (non-redeemable shares)	198,0198	198,0198	198,0198
Class C Shares – Tranche 3 (non-redeemable shares)	104,3687	104,3687	85,4783
Class C Shares – Tranche 4 (non-redeemable shares) ¹⁹	1,182,7000	1,182,7000	–

¹⁷ Calculated in accordance with the provisions of the Issue Document.

¹⁸ This tranche has been launched on 1 October 2018.

¹⁹ These tranches have been launched on 1 January 2019.

Statement of cash flow

USD	For the year ended 31 March 20	For the year ended 31 March 19
Operating loss before tax	(18,913,917)	(12,871,085)
Adjustments for non cash items		
Non cash items related to unrealised foreign exchange ²⁰	819,748	1,474,735
Loan loss allowance	22,188,651	13,119,362
Interest income	(8,846,421)	(7,284,884)
Upfront management fees on loans to be amortised	256,642	–
Operating profit after adjustments for non cash items	(4,495,297)	(5,561,872)
Net changes in operating assets and liabilities		
Net (increase)/decrease in other receivables and prepayments	(707,815)	(241,329)
Net increase/(decrease) in accrued expenses and accounts payable	601,788	(49,793)
Net cash flow used in operating activities	(106,027)	(291,122)
Cash flow from investing activities		
Cash paid on loans to Partner Institutions granted	(68,139,819)	(44,750,384)
Cash received on loans to Partner Institutions matured/restructured	25,391,688	31,400,000
Interests received	8,114,064	7,640,490
Net cash flow from investing activities	(34,634,067)	(5,709,894)
Cash flow from financing activities		
Notes issued	32,627,111	–
Proceeds from issue Class A Shares	–	3,273,472
Payments from redemption of Class A Shares	(9,705,103)	(12,681,713)
Proceeds from issue of Class B Shares	–	12,376,238
Proceeds from issue of Class C Shares	–	11,972,216
Payments for distributions	(1,372,811)	376,781
Net cash flow provided by financing activities	21,549,197	15,316,994
Net increase in cash and cash equivalents	(17,686,194)	3,754,106
Cash and cash equivalents at beginning of the year	40,174,027	36,419,921
Cash and cash equivalents at end of year	22,487,833	40,174,027

²⁰ includes the unrealised variation on swaps.

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Funded by:



KFW



Compliance Advisor:



TA Facility Manager:



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