aatif
Africa Agriculture and Trade Investment Fund

Increasing Income. Improving Food Security.

AATIF Annual Report 2020/21

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Abbreviations

AATIF	Africa Agriculture and Trade Investment Fund
BMZ	German Federal Ministry for Economic Cooperation and Development
CAA	Cocoa Abrabopa Association
CBN/NIRSAL	Central Bank of Nigeria/Nigeria Incentive-Based Risk Management System for Agricultural Lending
CFC	Common Fund for Commodities
CMA	Collateral Management Agreement
COCOBOD	Ghana Cocoa Board
CPI	Consumer Price Index
DIC	Direct Investment Company
ESG	Environmental, Social and Governance
ESIA	Environmental and Social Impact Assessment
ETG	Export Trading Group
EUR	Euro
FI	Financial Institution
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.) Dutch development bank
FX	Foreign Currency
GADCO	Global Agri-Development Company
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
GAP	Good Agricultural Practice
GRI	Global Reporting Initiative

HACCP	Hazard Analysis and Critical control Points
IA	Investment Advisor
IC	Investment Committee
IFC	International Finance Cooperation
ILO	International Labour Organization
ISO	International Organization for Standardization
KfW	Kreditanstalt für Wiederaufbau
m	Million
MT	Metric Tons
OHS	Occupational Health and Safety
PAP	Project Affected People
PIs	Partner Institutions
S&E/E&S	Social and Environmental
SEMS/ESMS	Social and Environmental Management System
SME	Small and medium enterprises
TA Facility	Technical Assistance Facility
TAFM	Technical Assistance Facility Manager
TCX	The Currency Exchange Fund
TDB	Trade Development Bank
TND	Tunisian Dinar
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,

When writing our annual letter, we reflect on the progress our projects have made and the challenges and setbacks we had to experience. This year, the challenges outweighed the opportunities; a pattern that holds true for most market participants that are active in the same markets as AATIF is. With livelihoods and agricultural value chains heavily affected by the consequences of the pandemic, our responsibility to our shareholders, partner institutions and the individuals impacted at every level has been brought to the fore now more than ever.

It was our obligation to quickly assess the immediate and potential impact COVID-19 would have on our investees, all of whom are active in various value chains across multiple countries affected differently by the pandemic, and try to develop a supporting framework adapted to the local context. The need to learn and adapt, as AATIF and as a people, has scarcely been greater. As an investment fund, we reacted in line with market trends, taking stock of the evolving global context to determine the best course of action.

Though 2020 saw overall investment activity slow down, this was not for long. As we expect demand to pick up again, and while other financiers remain justifiably cautious, the need for AATIF financing is growing. Investment activity has also been bolstered by subscriptions to additional C-Shares in Q4 2020.

Therefore, we would like to use this annual report to highlight a few of these achievements. As this report will detail, we remain optimistic in the level of support AATIF is able to provide now when it is needed most.

Highlights within the financial year 2020/2021:

- AATIF closed 2 transactions with a committed volume of USD 7.5 m.
- AATIF renewed two short-term facilities with a volume of USD 11 m and USD 2 m respectively.
- AATIF issued additional C-Shares in an amount of USD 72.6 m that were funded by the German Ministry for Economic Cooperation and Development (BMZ) and the European Commission.
- AATIF partner institutions together, employed almost 20,000 women and men
- The Agricultural Leasing Company Zambia Limited funded through the AATIF Innovation Facility – continued its expansion and, as of 31 March 2021, has 217 contracts for tractors and other agricultural implements outstanding.
- Since 10 March 2021, the sustainable finance disclosure regulation (SFDR) came into effect, imposing mandatory ESG disclosure requirements. AATIF categorized itself as an impact investment fund in accordance with Article 9.

Investment Portfolio

Despite the challenging environment, AATIF concluded two transactions, including a loan to SAF Ingrédients, an onion processing project in northern Senegal, and a trade finance facility with Vantage, an organic soybeans processor and trader. For SAF Ingrédients, AATIF alongside the IFC, is to provide a EUR 13 m CAPEX financing. The EUR 13 m investment is composed of AATIF's EUR 6 m IFC's, EUR 7m loan. The unique transaction involves financing capital expenditures for an onion dehydration plant to be installed in St. Louis in northern Senegal. Support from AATIF and IFC will help SAF Ingrédients develop a 760-hectare onion farm and establish an out-grower network of onion farmers.

On the other hand, Vantage, with the leverage of the initially USD 1.5 m AATIF facility, is to connect Nigerian, Beninese and Tanzanian organic soybean and sunflower smallholders to international markets, primarily in Europe and the US. This will initially be only as raw produce, but in the future will also be in the form of processed goods from Africa and Europe.

Financials

As of 31 March 2021, the interest income from the investment portfolio reduced to USD 6.0 m (USD 8.6 m, 2020) as a function of the reduced interest rate environment as well as the amortization of net invested capital. Deducting direct operating expenses and management fees, the net result of the investment activities resulted in a surplus of USD 2.5 m (USD 5.5 m, 2020) before provision.

Within the financial year, AATIF received recoveries from a non-performing asset, also having to increase provisions for potential losses of one investment. On a net basis,

AATIF's results turned negative. The Fund also saw significant redemptions of cash from existing investments. These were not immediately reinvested given the lack of certainty on the Fund's capitalization, uncertain markets and the need for liquidity of AATIF during 2021. Within the first half 2021, AATIF had maturing liabilities in an amount of more than USD 50 m that had to be considered.

Investor commitment

During the course of Q4, AATIF issued additional C-Shares in an amount of USD 72.6 m which were funded by the German Ministry for Economic Cooperation and Development (BMZ) and the European Commission. The increase in capital provided by the European Commission followed the satisfactory review of the conditions for AATIF to draw the 2nd tranche under the existing commitment of EUR 30 m. The BMZ, on the other side, provided an additional USD 61 m to be employed towards strengthening AATIF's existing and pipeline investees to cope with the changes induced by COVID-19 as well as taking a dedicated investment focus on Compact with Africa countries. Both capital contributions laid the basis for allowing AATIF to grow its investment activity again.

The year ahead

The AATIF Board believes that it will remain crucial to continue to jointly support and promote the functioning of local agricultural value chains. The past year has shown that companies with limited dependencies on import markets have remained and will remain more flexible to adapt to the new environment. The reshaping of our environment shows the importance of patient capital, which AATIF could mobilise. Funding the agricultural value chain in Africa requires investors that are in a position to accept the increased risk profile of companies with less certainty on future cash flows, as well as funding concepts helping to close the funding gap. And truer than ever, public and private sector alike must define the role they want to take in this new world. For the year ahead we still see demand in both financial aggregators requiring liquidity to continue on-lending into the agri sector, as well as agri-processing companies. We believe AATIF remains a powerful vehicle in our common aspiration to enhance responsible agricultural lending and trade in Africa.

We hope you will enjoy reading the report.

Your AATIF Board

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

Letter from the Investment Manager

Dear Reader,

The existing portfolio of investments had to be managed such that AATIF could maintain a high cash rate. Further, uncertainty has caused a very cautious approach to underwriting new investments. Both factors led to a high cash balance throughout the financial year. The interest-earning asset base was shrinking respectively and income available to AATIF reduced compared to the last financial year.

Shareholders unanimously supported AATIF in this period of stress. The Investment Advisor could use the support as a strong basis to extend this support to AATIF's investment companies where warranted. We observed that AATIF's investees adapted to the new environment relatively well. Corporate resilience against negative external factors is a strength of African companies that are embedded into the local societies and value chains. At the same time, companies are acting very cautiously in considering when to expand their activities again. The latter is one of the reasons why new investment activity remains slow.

On an international macro level, central banks are keeping base rates close to zero or negative. International investors are forced to increase risk acceptance to maintain a minimum of return to the benefit of their beneficiaries. The African market, in contrast, is, from our viewpoint, detached in this regard. Investment companies of AATIF as well as pipeline companies are embedded in value chains that are seeing real growth annually driven by increased demand and growing economic activity. With all the challenges that exist, the fundamental basis in many African countries has not been subject to influences from central banks or governments increasing the spending, and we believe that valuations are not inflated from the magnitude of liquidity supply by central banks.

Modus Operandi

The need to identify ways to efficiently and effectively undertake and monitor investments where travelling is and may remain restricted has been a primary objective throughout the course of the last year. Two main cornerstones have become essential: (i) Investing where possible together with international like-minded lenders to reduce information asymmetry which investees may like to benefit from, and (ii) engaging our local network to undertake background and technology checks on new and existing portfolio investments. In any case, the new setup will survive the easing of the restrictions that have caused the uncertainties.

Investment structures

The Investment Advisor has been able to increase the number of investees only very cautiously and disbursements are still to follow. From Q1 2021 onwards, the Investment Advisor pursued new opportunities and those that were put on hold during 2020. Cost structures of companies have been highly affected by the volatility in markets alongside broken logistical chains. These are key reasons for the slow deployment of capital by AATIF.

In the banking sector, the Investment Advisor saw the best match between risks and opportunities in jurisdictions with an effective regulatory supervision, institutions with strong government backing or tier 1 financial institutions. Small to midsize agri-specialized financial institutions as key market participants serving companies in the agricultural value chains are ranking second. The Investment Advisor pursued opportunities from both clusters to create a balanced portfolio.

[1] African Development Bank (12/03/2021): Africa Economic Outlook 2021

On the real sector investments, the Investment Advisor focused on structures where AATIF has strong visibility of the use of funds and the cash production of the investee. Included are CMA facilities similar to that with African Milling Zambia (AML), which continued to prove resilient. AATIF renewed the annual CMA facility in 2021. The same structure has been replicated with an investment into Seba Foods Zambia Limited (260 Brands) shortly after the financial year end of AATIF to facilitate the sourcing of maize and soybeans in Zambia.

AATIF's investments into CMA structures remain a major step in finding a suitable structure with local partners that overcomes structural challenges, while the CMA became an important product in AATIF's offering.

The year ahead

The market demand for patient capital to close the funding gap is expected to dramatically increase going forward. While the GDP for Africa contracted by 2.1 percent in 2020, it is projected to grow by 3.4 percent in 2021 according to the African Development Bank1. The pandemic's economic impact varies across countries. Tourism-dependent economies are projected to recover from an 11.5 percent decline in 2020 to grow 6.2 percent in 2021; oil exporting countries, from a 1.5 percent decline to grow 3.1 percent; other resource-intensive economies, from a 4.7 percent decline to grow 3.1 percent; and non-resource-intensive countries, from a 0.9 percent decline to grow 4.1 percent. Africa's macroeconomic fundamentals have been weakened by the pandemic. Fiscal deficits are estimated to have doubled in 2020 to a historical high of 8.4 percent of GDP. Debt burdens are likely to rise by 10 to 15 percentage points in the short to medium term. Exchange rate fluctuations have been elevated, and inflation has inched up, with external financial inflows heavily disrupted. COVID–19 effects could reverse hard-won gains in poverty reduction over the past two decades. Revised estimates show that up to 38.7 million more Africans could slide into extreme poverty in 2020–21, pushing up the total to 465.3 million people, or 34.4 percent of the African population, in 2021. The estimated cost of bringing their income up to at least the poverty line is about USD 7.8bn in 2020 and USD 4.5bn in 2021. Job creation, onshore value-added production and investing in companies that are linking African businesses to international value chains are important contributions to this target.

Africa's rich agricultural resources can be very much accomplished with improving basic infrastructure and efficiency, and agro-processing capacity. African businesses already embrace the digital age and – compared to other continents – very easily adopt more and more digital technologies for both production and services such as banking, retailing, and learning as well as public services. AATIF's investment activity is set along these trends and supports these developments.

As Investment Advisor, we welcome your interest in AATIF and remain at your disposal in case of any questions. We very much appreciated having served AATIF during the previous year alongside all of the Fund's collaboration partners, and remain committed to addressing the challenges in front of us..

Your DWS Team

Letter from the Compliance Advisor

Dear Reader,

The last 12 months have passed with us living through a global emergency, first and foremost caused by the COVID-19 pandemic but also fuelled by worsening climate change effects in some geographies. What started as a health emergency, quickly turned into a deep socio-economic crisis that shook up the investment world. It was the sustainable investing community, which is driven by AATIF and its likes, that stood up, and while the crunch continued, reconfirmed their strong commitment to addressing core issues like employment, health, access to health care, food security, women's empowerment, and keeping businesses afloat by continuing financing and revisiting non-financial support through technical assistance as emergency response. Living through this challenging year, the AATIF and its partner institutions embraced the new realities, driven by the conviction that the recovery needs to elevate sustainability to the frontline, now and in the future.

COVID-19

On a constant basis, we reached out to all AATIF investee companies to learn how they continued being affected by COVID-19, what measures they put in place, and with what effects on the companies, their workers, and their families. The companies with stronger social and environmental management acted from the outset of the pandemic, building on their healthy relations with their employees, suppliers, surrounding communities, clients, and industry networks. One and a half years into the pandemic, among waves going up and down, and illness caused by the virus not spearing the workforce of partner institutions, we can summarise some COVID-19 lessons, learnt across AATIF investee companies including financial institutions, agricultural producers, and other value chain actors:

- Business continuity plans were immediately activated and response teams composed with representatives from across operations, including human resources and occupational safety and health officers;
- All partners welcomed national Covid-19 guidance which was followed;
- No staff lay-offs;
- On-site measures, including hygiene and social distancing as well as temperature checks, applied to staff but also third party workers;
- Constant communication (helpdesks, mailing) with internal and external stakeholders including partners along the value chain to address anxiety and concerns;
- Developed staff counselling services;
- Adapted business operations and embraced innovations, such as:
  - Incentivizing digital payments,
  - Using alternate working arrangements like telework/part-time work/reallocating staff to different tasks/using leave,
  - Accelerating teleworking policy design and implementation plus ensuring that adequate equipment and stable internet connection are provided to staff,
  - Transforming training for staff and clients into digital formats all allow management, staff, and clients to stay in touch and continue business;
- Implemented Corporate Social Responsibility actions, supporting government and communities in their efforts to fight COVID-19.

Furthermore, the AATIF Technical Assistance Facility Manager and the AATIF Compliance Advisor commissioned a study on the effects of COVID-19 on the livelihoods of smallholder farmers in value chains where AATIF is invested. In addition to generating recommendations for smallholder TA interventions, investee companies active in these value chains suggested possible areas where AATIF could provide support to further assist managing COVID-19 risks. These activities ranged from operational support of provision of sanitary equipment and consumables required to control the spread of the virus (face masks, sanitizers, handwashing equipment) and provision of COVID-19 tests, to vaccine procurement for staff and local communities. The responses underline that in face of a global pandemic, a whole range of stakeholders needs to each play their role, involving private and public entities, from the North as well the South.

Capacity building for sustainability management

Following its bi-annual revision schedule, the Fund's Social and Environmental Capacity Building Strategy was updated in September 2020. Despite operational challenges, several AATIF team members attended training courses including members of the compliance advisor team focussing on agri-specificities.

AATIF impact measurement

Build on lessons learnt measuring impact of AATIF investment activities, we overhauled the Fund's development impact statement and elaborated a set of impact dimensions with related impact indicators and new templates for analysing self-reported data of investees companies.

We now distinguish the impact of direct and indirect investee companies in seven dimensions relevant for investments along the agricultural value chain: (i) primary agricultural production, (ii) outreach to producers; (iii) local processing; (iv) trade; (v) employment; (vi) environment and (vii) social and environmental management.

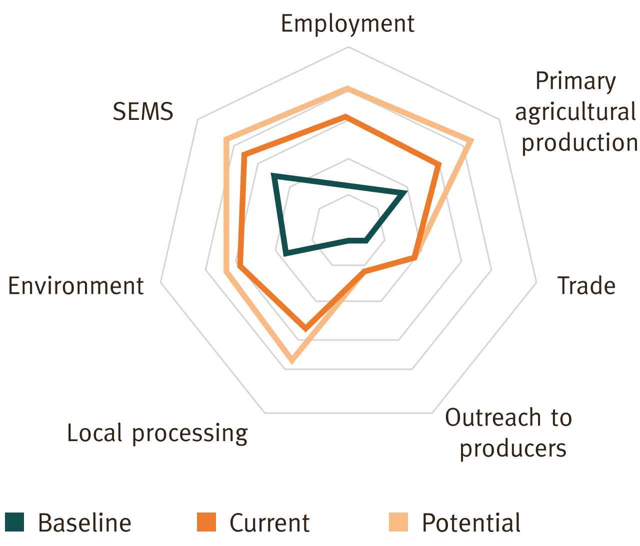
For investments in financial institutions, we measure impact along five dimensions, (i) agricultural portfolio, (ii) innovative financial and non-financial services, (iii) environment, (iv) social and environmental management system, and (v) employment.

Going forward, the analysis will allow AATIF to assess actual and potential areas of impact with more precision, as well as to provide comparability across different investments and reporting periods. See an example of such "impact spider" for a direct investee company in Figure 1. These new tools will facilitate mission-driven decision making by AATIF's Investment Committee and the Board of Directors. We have applied this new framework, for the first time, in this Annual Report and you will find several "impact spiders" in the investee company descriptions.

The AATIF continued conducting rapid appraisals on several investments, including Amsons, Mount Meru Millers, Africa Milling, and, with Oragroup, for the first time on a financial institution. While the editing deadline for the annual report does not allow including the results, they will be soon available in four new Impact Briefs easily accessible on the AATIF website.

Lastly, two AATIF investee companies participated in employment effects studies. The case studies focused on the cashew value chain in Tanzania and a financial institution supporting smallholder schemes in Zimbabwe. The analyses concludes that the investments triggered not only an increase in employment numbers, but also improved the skills of the labour force, management systems of the investee companies, and labour practices. The findings have been discussed with the investee companies and within the AATIF for determining consequences on business operations and investment strategy. The findings are also geared at informing the development of the EU's External Investment Plan and can be found on the website of the International Labour Organisation that conducted the assessment.

AATIF impact spider



AATIF Impact

1 NO POVERTY

USD 331 m

invested and more than 18 countries impacted

Zambia:
AATIF PI reaching out to maize smallholders of whom

47 %

are living under 1.9 USD/person/day

AATIF PI reaching out to cotton smallholders of whom

64 % are living under 1.9USD/person/day

Tanzania:
AATIF PI reaching out to wheat farmers of whom

11 % (medium-scale) and **17 %** (small-scale)

are living under 1.9USD/person/day

5 GENDER EQUALITY

Workforce of AATIF PIs is composed of

41 % women

15 LIFE ON LAND

All AATIF

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

8 DECENT WORK AND ECONOMIC GROWTH

AATIF PIs employ almost

20,000 people

100 %

of AATIF PIs have Occupational Safety and Health policies

2 ZERO HUNGER

› 340,000 MT

of food and food related products produced and delivered by AATIF direct investees alone (including maize, wheat, soya, rice, cotton, and sunflower seeds)

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

› 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

AATIF Highlights

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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, Côte d'Ivoire).

340,000 MT

of food and food related products produced and delivered by AATIF direct investees alone (including maize, wheat, soya, rice, cotton, and sunflower seeds)

USD 331 m

Disbursed since fund inception

Thereof into FIs for on-lending into the agricultural sector USD 173 m. Thereof to Intermediary and Direct Investee Companies USD 160 m.

75

approved Technical Assistance Projects in total since inception:

The projects have benefitted 27 AATIF Partner Institutions with ultimate beneficiaries across 12 African countries.

~ 20,000

Number of employees of AATIF partner institutions almost reached the 20,000 mark.

10

Rapid Appraisals since inception

Thereof 2 endline rapid appraisals and 2 baseline rapid appraisals initiated in 2020 and 3 rapid appraisals completed in 2020.

› 250,000

smallholders reached by our investees

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 laborers 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.

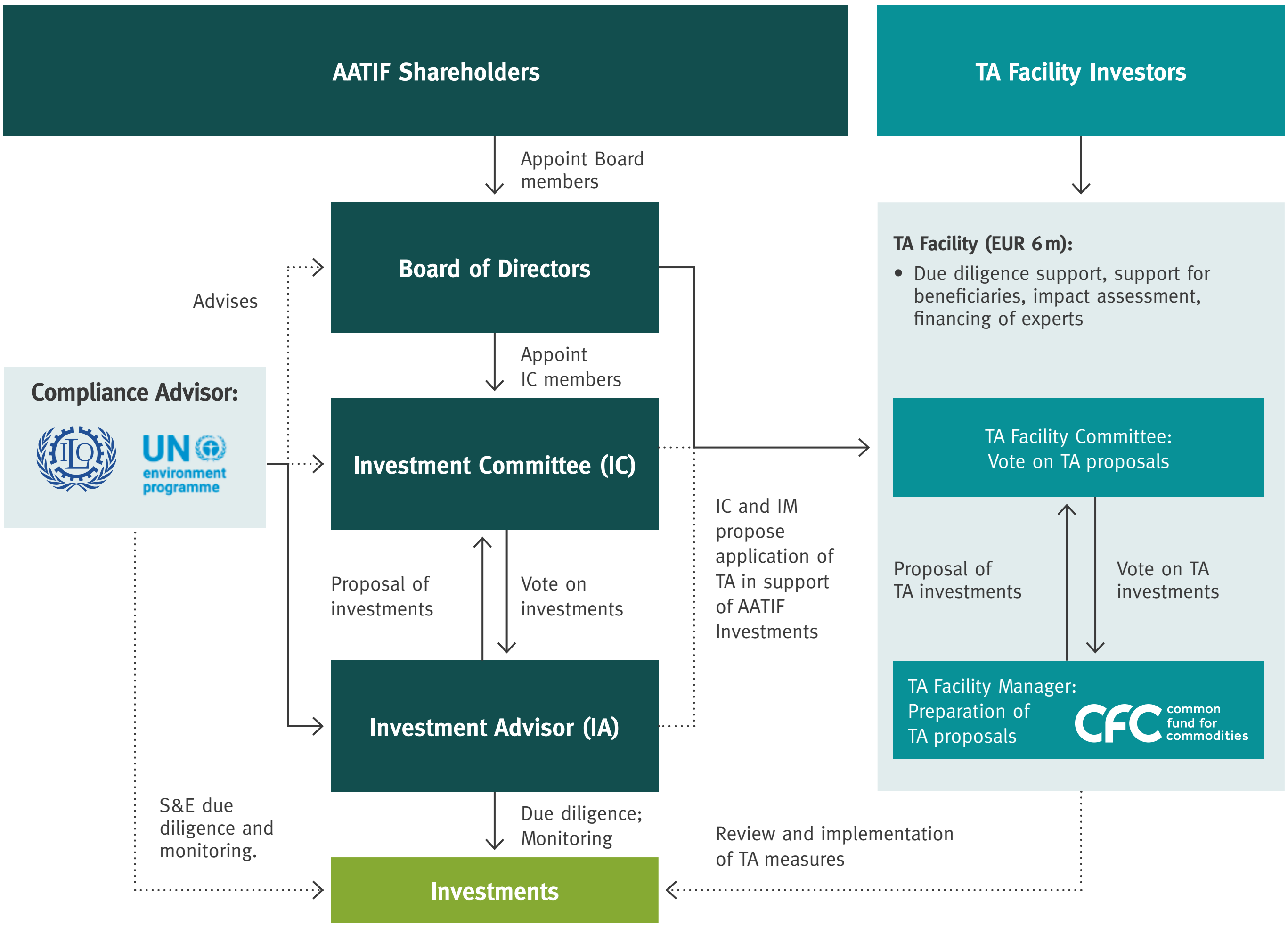
The Board of Directors appoints the Investment Committee, which approves or rejects investment proposals brought forward by the Investment Advisor and monitors the activities of the Investment Advisor.

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 and 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 matters 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 agricultural 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.

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 7 m. 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. Since the AATIF Innovation Facility does not use AATIF's funding and liquidity, it has to raise itself funds from donors in order to implement specific projects.

Progress to date

Following the establishment of Agricultural Leasing Company Zambia Limtied ("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 and smaller equipment supplied by companies such as SARO and AFGRI to farmers in Zambia. As of March 2021, the company offered Zambian Kwacha currency leases with a maximum tenor of 48 months at fixed interest rates and had a portfolio of 217 leases (thereof 35 % of lessees were women). Out of Zambia's ten provinces, all except for one (Northern Province) were covered by the company's local staff. The team included nine individuals, including eight Zambian nationals and one British national.

For the year 2021/2022, the company aims to expand further in terms of (i) collaboration with other equipment suppliers, (ii) geography first in Zambia, thereafter outside of Zambia, and (iii) product offering by including harvest storage and agricultural services.

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 Safeguard Guidelines. Additionally, the TA Facility conducts standard impact assessments 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.

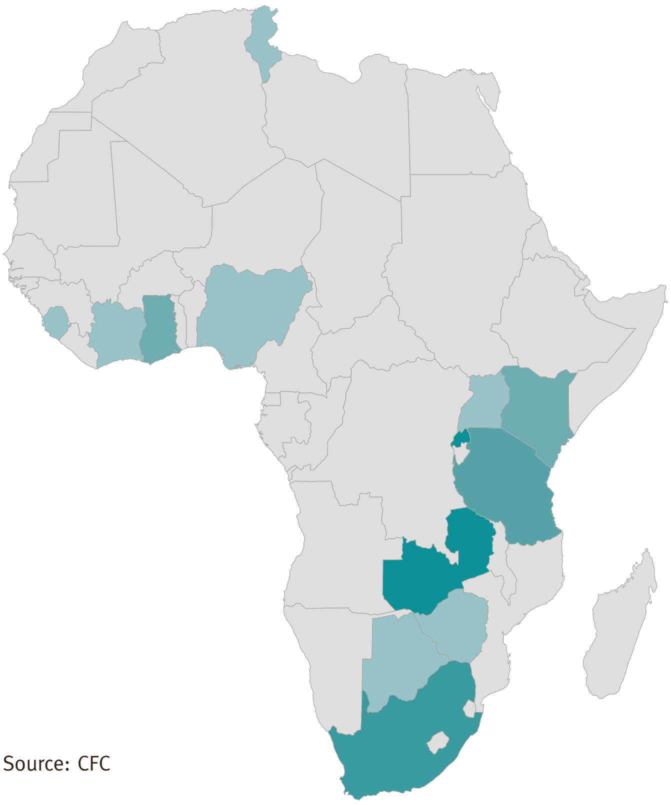
Four CFC staff members are dedicated to the identification, development, and management of AATIF TA Facility interventions. The CFC TA Facility team comprises expertise in tropical agriculture, project management, impact assessment and ESG risk management, as well as financial and administrative support.

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 Manager and Compliance Advisor, new projects are approved, the ongoing portfolio of activities is being discussed and progress monitored.

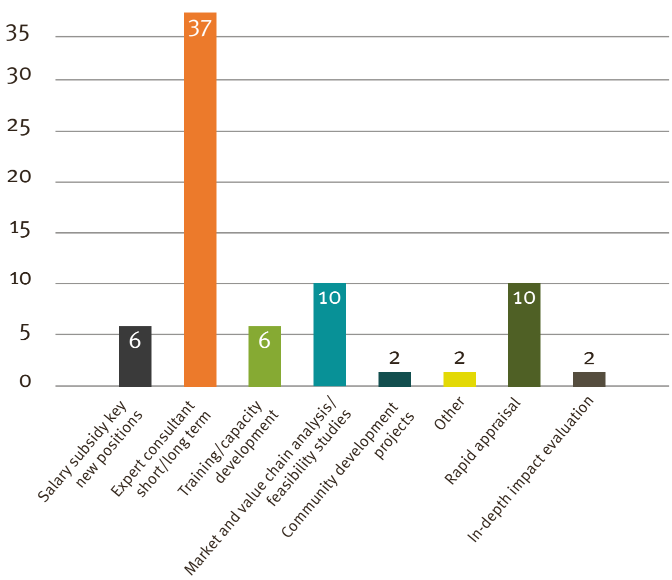
The AATIF TA Facility is financed with a total contribution of EUR 12m provided by the German Ministry for Cooperation and Development (BMZ). Besides donor funds, the AATIF Board can decide to allocate income of AATIF to the TA Facility when needed.

African countries where TA Facility support has been provided



Source: CFC

Scope of TA projects, 2012-Q1/2021



Performance since inception

In its eight years of existence, the AATIF TA Facility Committee has approved 75 technical assistance projects with a total budget of EUR 4.38 m. By 31 March 2021, 38 projects have been completed, 26 interventions are currently under implementation, and 11 have ultimately been cancelled. TA Facility projects have benefitted 27 AATIF Partner Institutions with ultimate beneficiaries across 12 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 the initial co-financing of the salary for the new position of a Sustainability Officer within some AATIF investee companies, or an expert assessment and development of a smallholder outgrower scheme for a wheat mill in Tanzania, which 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 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 2020 alone, eighteen new TA interventions have been approved by the TA Facility Committee which is over double the number of approved projects in the previous year. For 2021 this number is expected to further increase.

Outlook 2021

In 2021, 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 also by the TA Facility. The TA Facility Manager's approach to the ongoing pandemic is to remain attentive and flexible whilst advocating innovative solutions to problems that arise in close dialogue with all stakeholders in AATIF and with all its partners. One specific TA project that was developed in response to the COVID-19 crisis is a study to monitor and assess the impact of the pandemic on smallholder farmers in specific value chains across Zambia, Côte d'Ivoire, and Kenya. The results of this study show that farmers have remained overall resilient throughout the last year and that value chains have been impacted less than anticipated. Nevertheless, the TA Facility continues to work diligently to adapt to the ongoing and post-COVID-19 pandemic by continuing to focus on providing technical support to companies that 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. The TA Facility Manager endeavors to support the development of these outgrower schemes in order to increase outreach to smallholder farmers as well as enhancing the quality and the quantity of the sourced crops.

Feasibility study for nationwide agricultural radio programme, Nigeria

Implemented by: n/a

TA Project: One of the major barriers to improving smallholder farmer livelihoods is lack of access to information on agriculture related topics such as weather forecasts, crop prices and access to financial services. As radio remains the most widely used and effective medium to reach people in rural areas, Sterling Bank decided to launch a pilot radio programme for an innovative and agricultural radio programme in 2019. The programme has since been broadcasted in three regions in Northern Nigeria and has reach an estimated 8 million people. Due to the success of the pilot, Sterling Bank have reached out to the TA Facility to evaluate the implementation and achievements of a radio project to assess the requirements for setting up a fully-fledged agricultural radio station, specifically for broadcasting on a national scale. The project is anticipated to commence in 2021 and is expected to be followed-up by further TA support during the implementation phase.

Expert consultant for wheat outgrower scheme, Tanzania

Implemented by: Aidenvironment

TA Project: Camel Flour Mills in Tanzania is 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. It is anticipated that the project will reach closure by July 2021. The TAFM is also expecting to further assist the company in a follow-up project by providing financing for a team of expert consultants to support the development of the outgrower scheme in the first four years of implementation.

Scenario planning in the context of COVID-19 and its impact, Kenya

Implemented by: Ernst & Young

TA Project: Under this project, the TA Facility financed an independent operational and financial assessment of CKL Africa Ltd. (CKL) to provide scenario analyses to enable the company to assess the impact of the COVID-19 pandemic. The contracted consultant conducted a diagnostic assessment on the current business and based on that, has submitted a draft financial model and report in December 2020.

Expert consultant for the design of a sustainable smallholder cotton outgrower extension scheme, Zambia

Implemented by: Agova

TA Project: AATIF partner institution Mount Meru Millers 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. This commitment is shown by the rapid growth of their smallholder cotton outgrower scheme: after initially working with 500 farmers this number has increased to 14,000 farmers in the 2019/20 season. Despite the success of growing the outgrower scheme, Mount Meru have suffered setbacks such as low yields and side selling. In order to address these issues, the company reached out to the AATIF TA Facility to assist them to identify an efficient best practice design and plan for the implementation of a sustainable large-scale outgrower extension scheme for smallholder farmers who reliably supply Mount Meru with crops on a cotton-based rotation scheme. By May 2021, the specialised consultant had submitted the final implementation plan to the TAFM for review.

Study on the effects of the COVID-19 pandemic on the livelihoods of smallholder farmers, Kenya, Côte d’Ivoire, and Zambia

Implemented by: The Dutch Royal Tropical Institute (KIT)

TA Project: In response to the COVID-19 pandemic that hit globally in early-2020, the TA Facility has financed a study to better understand the (potential) impact of the ongoing pandemic on selected value chains with a specific focus on smallholder farmer income in Kenya, Côte d’Ivoire, and Zambia. The study commenced in September 2020 and has resulted in actionable recommendations for practical TA interventions aimed at supporting smallholder farmers as part of post-COVID-19 recovery. The TAFM is currently assessing practical TA support for AATIF Partner Institutions based on the recommendations provided.

Refining a strategy for sourcing from smallholder maize farmers, Zambia

Implemented by: Agova

TA Project: In October 2019, African Milling Ltd. (AML) commissioned a new maize mill which has doubled the company’s output capacity on the maize milling side. Due to increased demand and milling capacity, AML seek to increase their efforts to source maize from smallholder farmers in Zambia. To assist the company, the AATIF TA Facility has financed an expert consultant to design a sustainable sourcing strategy that enables AML to increase its purchase from smallholders and to ensure that purchased maize is produced in a sustainable manner. As a result, the company will have an upgraded sourcing strategy at hand for maize produced by smallholder farmers and be able to position itself as a competitive miller. The project began in March 2021 and is expected to reach completion in July 2021. The expert consultant has been working closely with the company to ensure the sourcing strategy is tailored to their needs whilst simultaneously benefitting the large number of smallholder farmers from whom they source maize.

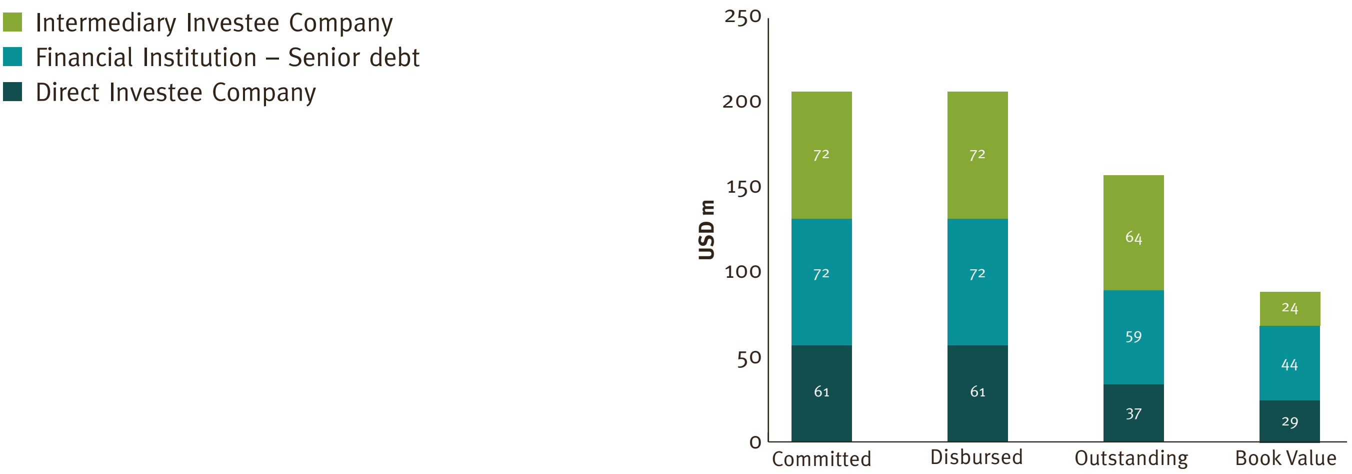
2020/2021 AATIF Activities Report: Investments

AATIF Investment Portfolio 31 March 2021

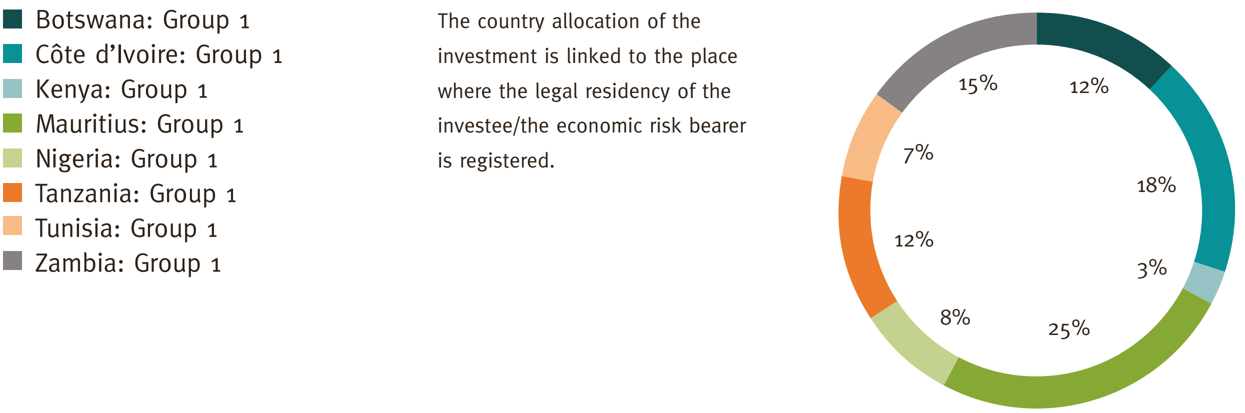
At the end of the financial year, AATIF's investment portfolio encompassed 6 direct investments in agricultural companies, 4 indirect investments in local and regional banks and microfinance institutions and 3 indirect investments in agribusiness intermediary companies who act as aggregators for smallholder farmers.

During the financial year, AATIF concluded transactions with 2 new Partner Institutions (USD 7.5 m) and also renewed financings worth USD 11 m with AML and USD 2 m with Amsons. The balance of net loans outstanding educed to USD 96.5 m (USD 127 m, 2020), following regular repayments. Oragroup repaid its EUR 20 m short-term facility on June 30, 2020 in accordance with the facility agreement. The financing was used towards funding agricultural campaigns and supported the Group's efforts to overall enhance the bank's offer of financing the agricultural sector. AATIF and Oragroup are in on-going discussions on continuing their partnership.

Portfolio by Type of Investee



Portfolio Composition by Country



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

Vantage

In 2020, AATIF established a partnership with Vantage Netherlands B.V. – a processor and trader of organic soybean and sunflower seeds. The concluded USD/EUR 1.5 m senior secured trade finance will be used to enhance the company's activities in sourcing produce directly from these organic farmers.

Vantage Organic Foods Pvt Ltd, India – the parent company of Vantage Netherlands – started off as a pure trader of organic soybeans out of India. Over the years, the company has developed into an integrated agri-business with 8 crushing machines of 20 MT/day crushing capacity, sourcing soybeans locally from more than 30,000 organically certified smallholder farmers.

Having seen continuous demand for its products, the company was met with the opportunity to increase and diversify its sourcing base. The company heavily invested in Africa in 2014 by developing a sourcing base over the years consisting of over 40,000 farmers in Benin, Nigeria and Tanzania in partnership with two local NGOs. Through outreach to farmers in remote regions of their 3 countries of operation, Vantage is one of the largest outreach companies AATIF has worked with. It also established a subsidiary in the Netherlands to facilitate access to customers in the European market.

Presently, Vantage has worked to ensure that all farmers they work with have been organically certified and are, in principle, ready to provide organic soybean from Benin and Nigeria, and organic sunflower seeds from Tanzania. By leveraging the AATIF facility, the company will be able to connect these organic smallholders to international markets, primarily Europe and the US.

Vantage, despite national lockdown measures necessitated by the spread of the pandemic, was able to continue with its business operations. However, COVID-19 restrictions are taking their toll, evidenced by increasingly limited availability of containers, which form the basis for the company's trade activities.

Social and Environmental Review

Operating in different geographies enables Vantage to leverage its established social and environmental policies and procedures in India across other operations. In Africa, Vantage has just started this journey and started adapting policies and procedures to the African context and implementing a formal Social and Environmental Management System. The company is eager to further build capacities of staff on social and environmental topics.

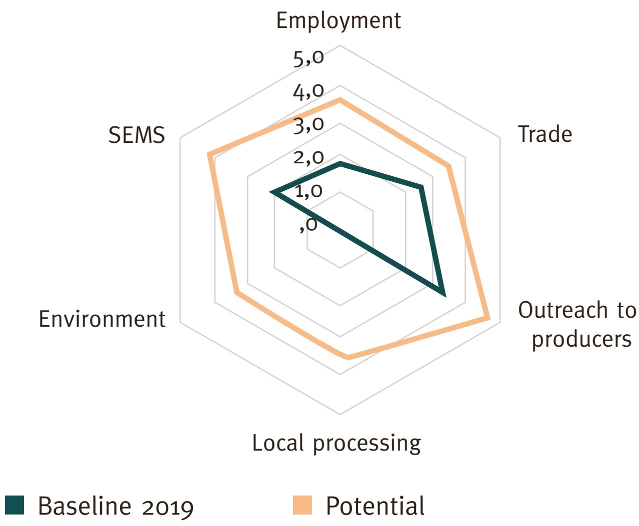
Working with local NGOs enabled the company to create a network of ~470 field officers and coordinators across the three countries. The field officers and coordinators are farmers themselves and provide training to more than 40,000 farmers in their respective networks. The support that Vantage is providing to the NGOs for farmer training focusses on preserving and improving their seeds, pest and disease management, nutrition management, post-harvest management, among others. So far, the training has translated into improved farming practices by applying organic principles and following a zero-budget farming concept. Previously, farmers incurred costs for buying synthetic fertilizers and pesticides. Following the adoption of organic farming, they are using naturally occurring plants and organic matter in crop cultivation. As a result, expenditures for synthetic inputs went down, while more labour input is required. The farming system is mostly self-sufficient. Vantage projects to reach out to 65,000 farmers in the next few years.

Vantage

Area of improvement as per loan agreement	Status
Develop safety guidelines and obtain approval from the Ministry of Education for the school farming programme in Nigeria.	✓
Develop an Action Plan for implementing and monitoring S&E management measures indicated in the assessment report. The Action plan to include performance indicators, resources, and responsibilities for implementation.	Not started
Develop and implement a Social and Environmental Management System, including a methodological approach to managing environmental and social risks and impacts as well as roles and responsibilities, within 18 months.	Not started
Develop and implement HR policies and procedures for operations in Benin, Nigeria and Tanzania aligned to AATIF's S&E Policy and national laws.	Not started
Develop a grievance mechanism for affected communities and other stakeholders, including one specifically for farmers to express concerns and complaints, and keep records of complaints and resolutions.	Not started
Develop and implement a service provider policy, addressing S&E matters that providers should comply with, and designate roles, responsibilities and a budget for the implementation, within 6 months.	Not started
Keep records of NGO field staff.	Not started
Support improvements in the contracts of NGO field coordinators/officers, including the mention of the responsibilities/activities to fulfil, fair remuneration, and health coverage.	Not started
Support the creation of a training module that addresses child labour and raises awareness on the use of child labour.	Not started
Monitor farmer outreach activities and actively ensure that (i) no child labour is used and (ii) land conversion is not emerging, for example by using geolocation of farms.	Not started

Impact Review

As a new investment, Vantage is still to show how AATIF can achieve impact through its activities. We expect that AATIF support will contribute to several impact dimensions, as illustrated in the accompanying graphic. Most remarkably, Vantage buys 100 % of the products from smallholder farmers in Benin, Nigeria and Tanzania. During 2019 (crop season 2018), the company purchased 1,350 MT of organic soybeans from 870 farmers (40 % women) in Benin. These farmers benefitted from training on good agricultural practices offered by the company. For the future, Vantage is exploring possibilities of improving the engagement with smallholders (TA support).



TA measures

The TA Facility has initiated a dialogue with Vantage management on areas for TA support which will focus on increasing their smallholder supplier network.

Dijon Céréales

Dijon Céréales

In 2020, Société Africaine d'Ingrédients initiated a unique onion dehydration project in northern Senegal – the first of its kind in sub-Saharan Africa – with support from AATIF and the IFC. The EUR 13 m CAPEX financing will be used by the company to develop a 760-ha onion farm, as well as establish an outgrower network of onion farmers. The project also involves decommissioning an existing onion dehydration plant (built in 2003 and closed in 2014) near Dijon, France, and relocating it to St. Louis in northern Senegal.

SAF Ingrédients is a French-Senegalese joint venture created in 2019 between Dijon Céréales (a French co-operative in Dijon, France) and the "Club des Investisseurs Sénégalais" ("CIS"). Owned by 3,800 farmers and employing 515 professionals, Dijon Céréales is a large French agricultural co-operative from Franche-Comté created in July 1990 out of the fusion of 13 co-operatives. It remains one of the largest agri-business groups in the Bourgogne-Franche-Comté region in France. CIS is a Club of 75 Senegalese entrepreneurs that promotes a strong national private sector in Senegal by pooling their investment capacities and encouraging co-investments with other domestic and foreign investors.

The EUR 13 m investment is composed of AATIF's EUR 6 m senior loan, IFC's "A" loan of up to EUR 3.5 m from IFC's own account, and a concessional loan from the IDA Private Sector Window Blended Finance Facility of up to EUR 3.5 m. The IDA Private Sector Window was launched to catalyse private sector investment in places where it is needed most.

Social and Environmental Review

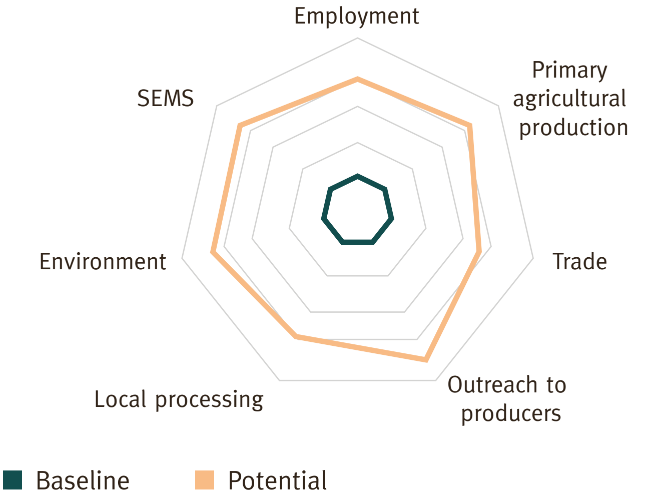
During the still ongoing initial project stage, SAF Ingrédients' focus was on obtaining the required licenses for the set-up and operations of the onion dehydration project. This included working with a consultant to prepare an Environmental and Social Impact Assessment. While such work is being performed by the joint-venture founders, SAF Ingrédients will hire its own staff in 2021, which will include staff dedicated to health and safety and other social and environmental management aspects of its operations.

AATIF worked with IFC to develop a comprehensive Social and Environmental Action Plan addressing the project's different stages (decommissioning of existing facility in France, construction works, land preparation and operations in Senegal). The action plan includes conditions precedent to any disbursement (mostly related to the construction works and organizational set up) as well as conditions subsequent, which will allow SAF Ingrédients to develop an Environmental, health and security, food safety and social management system. A biodiversity assessment and engagement with local communities are to be undertaken before any on-the-ground work starts.

Area of improvement as per loan agreement	Status
Conditions Precedent related to, among others, (i) contractual clauses on labour and community health and safety measures in EPC contracts, (ii) assessment of biodiversity impacts (with development of action and monitoring plans if required) and (iii) obtaining the environmental license from the Direction de l'Environnement et des Etablissements Classés (DEEC)	In progress
Designation of staff with oversight of stakeholder engagement activities. Development and implementation of stakeholder engagement plan and community grievances procedure.	Ongoing
Development of an Environmental, health and security, food safety and social management system	Not started
Recruitment of a suitably qualified EHS manager and establishment of an EHSS function within the company	Not started
Development of a human resources management policy and procedure in compliance with the national Labour Code, which includes procedures related to occupational health and safety and handling of grievances for all workers.	Not started
Development and implementation of supply chain management system including a responsible sourcing policy reflecting the company's commitment to sound S&E practices	Not started
Implement sustainable agricultural practices and obtain Global GAP certification for the nucleus farm	Not started

Impact Review

As a new investment, SAF Ingrédients is still to show how AATIF can achieve impact through its activities. We expect that AATIF support will contribute to several impact dimensions, as illustrated in the graphic below.



TA measures

The TA Facility has initiated a dialogue with Dijon Céréales management on potential areas for TA support. This will focus on the organization of smallholder farmers for the supply of onions.

Enda Tamweel

In March 2020, AATIF as part of a syndication arranged by FMO, entered into a loan agreement with Enda Tamweel. As of 31 March 2021, AATIF has extended an equivalent of EUR 7m to Enda Tamweel. The AATIF loan supports Enda Tamweel in providing necessary financing to farmers, women, young people from disadvantaged areas, and people in need of improved education and housing conditions. It also allows the microfinance institution to enhance its capacity to extend financing to vulnerable populations, to increase the size of its active customer base, and given the current COVID-19 context, this loan also helps Enda Tamweel to offer better support to those impacted by the pandemic.

Enda Tamweel is a microfinance institution (MFI) created by the NGO Enda inter-arabe in late 2015 and based in Tunisia. A leader in the microfinance sector in Tunisia, the MFI has a client base of 400,000 active clients, and an outstanding portfolio of over 938 m Tunisian Dinars. Through a vast network of 103 brick-and-mortar branches, the MFI maintains its accessibility to its customers, while also operating mobile branches that are able to reach the most isolated and remote areas in the country.

Having started agricultural lending 14 years ago in 2007, Enda operated with an initial focus on supporting livestock farming activities (cattle, sheep and goat farming) and cereal farming, with a special focus on gender-inclusive lending. Today, Enda offers different microfinance products related to food production or rural activities to mostly very small farmers and micro-enterprises.

After containment measures resulted in a near halt in Q2 2020, the MFI's lending activities picked up again in Q3 2020. Enda continued to disburse loans towards the agricultural sector, with the majority of loans benefitting livestock and dairy farmers and the remainder being granted to olive tree and wheat/maize farmers.

Social and Environmental Review

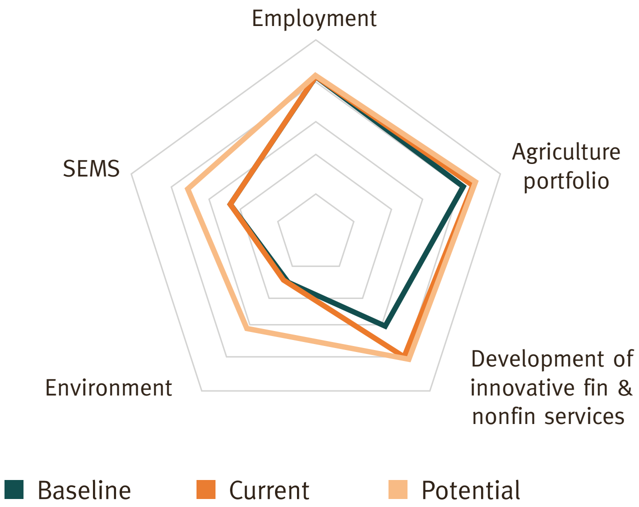
In the reporting period, Enda obtained the SMART Campaign certificate and thus fulfilled one of the requirements of AATIF financing. The certification is a reference for the institution to be adhering to acknowledged client protection standards in microfinance operations. It was conducted by an external certified auditor and included a streamlined document review of policies and procedures as well as interviews with the staff and group discussions with clients. Recently, the SMART Campaign closed and handed over the continuous development of the client protection standards to the Social Performance Task Force who had already integrated them into the Universal Standards for Social Performance Management (USSPM). Enda is continuing its journey towards improving its Social Performance Management and is expected to obtain a social rating covering the USSPM within the next reporting period. We acknowledge that COVID-19 restrictions have the potential to delay the process but are encouraged by Enda's determination to take it forward.

As part of putting into practice its environmental policy, Enda has implemented activities focused on energy efficiency and renewable energy and has revisited its approach to finance the waste recycling sector.

Area of improvement as per loan agreement	Status
Obtain a valid certification confirming compliance with the SMART campaign	✓
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	Not started
Finalise its environmental and social policies and obtain approval thereof from its Environmental and Social Committee.	✓

Impact Review

Despite being only one year into financing Enda and the challenges created by the COVID-19 pandemic, AATIF is observing impact from its first local currency facility in Tunisian Dinars. Enda's agriculture portfolio increased around 20% since AATIF's investment, reaching nearly USD 100m at the end of 2020 (nearly a third of its total portfolio). In the period, Enda's Eco-lending product, focused on environmentally friendly business (e.g. organic fertilizer production) had the highest growth rate in its agricultural portfolio. The below graphic illustrates progress and remaining potential for further impact:



TA measures

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

Orabank

AATIF funded the Pan-African banking group Oragroup with a EUR 20m 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 including Côte d'Ivoire, Burkina Faso, Guinea Bissau, Mali, Niger and Senegal.

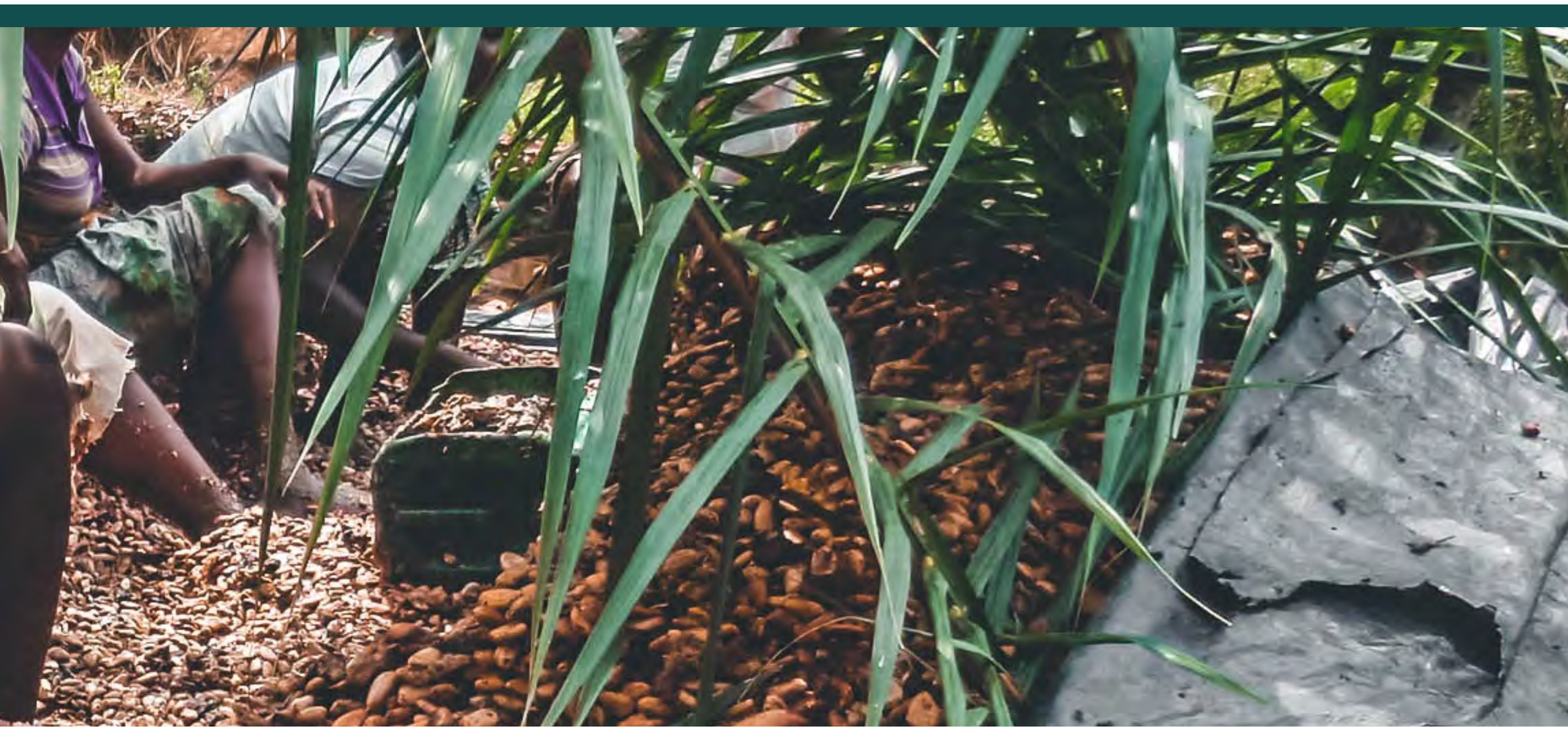
The financing of agricultural campaigns is a strong commitment from Oragroup in its willingness to participate in the financing of the real economy while supporting sectors that have an impact on the development of economies. This financing also supports the Group's efforts. The group created in 2018 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.

Oragroup repaid AATIF's loan on June 30, 2020, in accordance with the facility agreement. The financing was used towards funding agricultural campaigns and supported the Group's efforts to overall enhance the banks offer of financing the agricultural sector. AATIF and Oragroup are in ongoing discussions on continuing their partnership.

Social and Environmental Review

When Orabank joined AATIF's portfolio in 2019, it already had a formal Social and Environmental Management System in place and considered S&E aspects in its credit appraisals. The bank worked continuously on improving the system and over the last year focussed on its application to the agricultural sector, where AATIF's financing is deployed. In particular, the bank reached out to its clients, with a focus on the cocoa sector in Côte d'Ivoire, requesting 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 maintained 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 latest integrated report covered social and environmental themes such as workforce diversity, working conditions and training provided to employees, alongside financial topics. Further developments expected in Orabank's S&E management beyond 2020 include increasing its internal training related to S&E aspects.



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 S&E 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 S&E committee set up within the bank	Ongoing
Develop an internal form for annual social and environmental monitoring to AATIF	✓
Develop a mechanism to identify AATIF S&E Category A Project transactions among Orabank's S&E risk classification (A/B/C/D/E)	✓
Develop and integrate into its performance appraisal system social and environmental employee performance indicators 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 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 loans with AATIF funding	✓
Maintain an effective and reliable procedure for receiving, recording and addressing and providing feedback on project-related grievances from external stakeholders	✓

Impact Review

The AATIF conducted a rapid appraisal on its investment in Oragroup, the results of which will soon be available on the AATIF website as Oragroup Impact Brief.

TA measures

For a rapid appraisal of AATIF's impact on Orabank, the endline data collection took place in November 2020 and the final endline Report is expected in mid-2021.

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. Having started with a sole focus on cement production, the company eventually diversified in 2014 to provide wheat storage services to third parties, initially offering four large silos with a storage capacity of 8,000 MT each. Later, in October 2017, the company set up its own wheat mill with a total capacity of 150 MT/day, using the brand name "Camel Flour" for its wheat milling operations. Demand for wheat flour in Tanzania and other neighbouring countries increased steadily over the years, creating an opportunity in the market for the company to grow its operations.

Spurred by a successful year of milling operations, AATIF concluded financing facilities amounting to USD 15 m in 2019 to finance the construction of an additional wheat mill with a capacity of 350 MT/day, as well as an accompanying working capital line. As AATIF's first direct investment in Tanzania, funding provided has been used to help create job opportunities and promote local value addition. Through continued cooperation with AATIF, the company has been able to continue with its ongoing initiative of sourcing more local wheat and to support farmers in improving the quality of the local wheat crop.

The outbreak of the coronavirus pandemic impacted the pace of ramping up to the new wheat mill, resulting in the need for AATIF to postpone the first principal repayment from 30 September 2020 to 31 March 2021. The business managed to rebound in line with global economic recovery and made its first principal repayment on 31 March 2021. More importantly, Amsons managed to procure about 6,740 MT in locally grown wheat during 2019 and has committed to engage local farmers to create an outgrower scheme through which the company will be able to support local farmers with inputs in order to increase local production.

Social and Environmental Review

Amsons has been systematically addressing gaps of its Social and Environmental Management System (SEMS) that were identified during AATIF's social and environmental due diligence process. The basis for these improvements are the company's Social and Environmental Action Plan which is consistently updated. In 2020, Amsons conducted the Annual Environmental Audit and duly submitted the report to the National Environment Management Council (NEMC) and also conducted its internal annual safety, health, and environment audit.

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 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	✓ (Borehole permit obtained) 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 with outgrowers, 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

During the reporting period, Amsons complemented policies related to the management of labour and working conditions. Among those was a newly drafted manual for managing and monitoring labour and working conditions of third-party employers.

The company hired an additional Occupational Health and Safety Officer in 2020. To further enhance capacity of social and environmental management within the company, a total of 42 workers were trained on social and environmental related topics. Topics covered include first aid, health and safety, use of fire-fighting equipment as well as fire safety and rescue procedures.

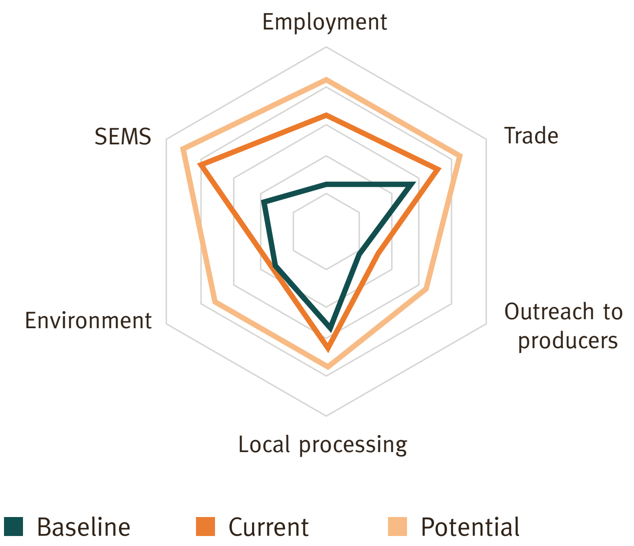
In the reporting period, Amsons commissioned eight depots and warehouses across Tanzania with a capacity of over 3,800 square meters. These facilities created employment opportunities for an additional 43 workers. Furthermore, Amsons leased about 1,000 acres in the Basutu region to be used as demonstration plots to local farmers on good agricultural practices for wheat farming. In the demonstration plots, 21 workers were employed of whom 12 were temporary.

Impact Review

Two years into financing, AATIF has been observing positive impact achievements of its investment in Amsons, notably in the employment and SEMS dimensions as illustrated in the graphic below. Camel Flour notably increased its workforce, especially the female representation among permanent staff, from 55 (3 women) in 2019 to 108 people (28 women) in 2020. Since AATIF's investment, the company improved employee training on occupational safety, health and environment and transitioned more casual labourers and trainees to full time employees.

In 2020, the company imported 21,000 MT of wheat and sourced 6,740 MT of wheat locally. As planned, the company exported about 10% of its wheat products and sold 90% in the local market. AATIF's financing allowed Camel Flour to commission its new milling plant, increasing local processing capacity from 150 MT/day to 450 MT/day. In 2020, the company processed 25,740 MT of wheat in its new mill.

Camel Flour segregates its waste using different waste containers for bio-degradable and recyclable waste. The company developed waste management procedures in 2019. Air pollution control measures are in place in both mills and the company reported regularly replacing filters within the plant machinery. These and more changes, as well as remaining impact potential in the future are summarised in the graphic below.



Furthermore, AATIF conducted a rapid appraisal on its investment in Amsons, the results of which will soon be available on the AATIF website as Amsons Impact Brief.

TA measures

In early 2020, the TA Facility launched a project to support Amsons' food brand Camel Flour by financing an expert consultant to design and develop an implementation plan for a wheat outgrower scheme that will support the company to increase its local sourcing of wheat in Tanzania. The consultant has identified several challenges to be overcome but the overall indications are very positive that an outgrower scheme can be established. It is anticipated that the TA Facility will support Camel Flour Mills in a follow-up TA project by financing a team of expert consultants to assist in the establishment of the outgrower scheme over the first four years.

For a rapid appraisal of AATIF's impact on Amsons, the baseline data collection took place in September 2020 and the final Baseline Report was delivered in early 2021 and is currently under review.

NSIA

In 2018, AATIF entered into a USD 20 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, namely, Togo, Benin, Burkina Faso, Côte d'Ivoire, Gabon, Guinea Conakry, Guinea Bissau, Mali, Mauritania, Niger, Senegal and Chad, and 4 monetary zones (West African Economic and Monetary Union, Central African Economic and Monetary Community). The loan is used to support agricultural campaigns in Côte d'Ivoire, Senegal, Benin, Guinea and Togo.

Following the AATIF loan disbursement, NSIA received additional funding and technical assistance from IFC as part of its global COVID-19 fast-track support to be applied vis-à-vis small- and medium-sized enterprises in Côte d'Ivoire. Furthermore, NSIA managed to close the first ever receivables securitization in the region.

In a generally difficult context, NSIA Banque CI conducted its activities in a resilient manner and posted satisfactory performance at the end of the first half of 2021, compared to fiscal year 2020.

Different measures show the Bank's new SME orientation, a. o. the deployment of a new support policy for SMEs through capacitation of their managers, particularly on the optimal commercial and financial management in times of crisis.

Social and Environmental Review

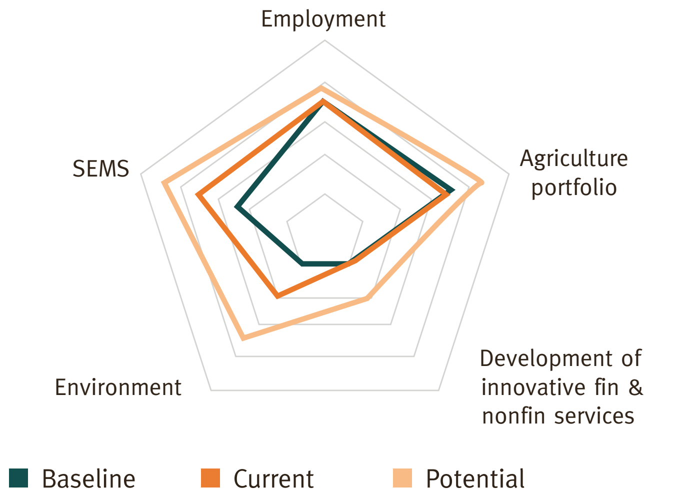
2020 was the first full year in which NSIA's Social and Environmental Management System (SEMS) was operational, following the development of the system and related capacity building activities implemented in the previous year with support of the AATIF Technical Assistance Facility. In 2020, the bank reviewed S&E aspects of nearly 200 credit appraisals in different sectors (among which, agriculture, transportation, health, manufacturing and others) and for different client profiles (large enterprises and SMEs). The bank also provided training on basic aspects of S&E management to nearly 200 staff from different departments, with the aim of familiarising employees with NSIA's SEMS, the S&E performance standards adopted by the bank and the practical tools available for their implementation. Moreover, NSIA developed a template for a specific report on S&E-related activities during the year, to be shared with the bank's management and other stakeholders, including key performance indicators for S&E management.

For 2021, NSIA plans to roll out its SEMS to include more sectors and work with staff across its branch network to improve the processes of S&E screening and analysis. These plans follow from an assessment of the bank's SEMS conducted by a third-party and by the bank's S&E department after the first year of full SEMS operation. The challenges identified include difficulties in communicating to clients the scope and relevance of the S&E analysis, how to adapt the bank's S&E procedures and tools to different contexts and time spent by different departments on S&E analysis. One additional challenge, resulting from the COVID-19 pandemic, were client visits, which in their majority could not take place given the movement restrictions and safety measures aimed at controlling the pandemic.

Area of improvement as per loan agreement	Status
Develop and implement a Social and Environmental Management System	✓ Implementation ongoing
Closely communicate with the AATIF Compliance Advisor in overseeing the first transactions involving AATIF financing	✓
Include in the existing S&E Action Plan all recommendations from 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	✓

Impact Review

Two years into financing, AATIF has been observing positive impact achievements of its investment in NSIA, notably in the environment and SEMS dimensions. The bank achieved a good level of SEMS development, which started to be implemented in 2019. This process had the support of AATIF's TA Facility, particularly on building the capacity of dedicated staff in S&E management. During the SEMS implementation, the bank improved its procedures and tools to incorporate S&E analysis in its credit process. Moreover, in 2020, NSIA started tracking several environmental indicators, such as energy consumption and waste production. The below graphic illustrates overall progress towards achieving impact to date and remaining potential for future impact.



TA measures

The TA Facility has previously supported NSIA by co-financing a training program for the Social & Environmental Coordinator. The training program 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 (SEMS) 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.

CKL Africa

Cooper K-Brands Ltd, now CKL Africa Ltd, is a leading animal health and agricultural inputs company in East and Central Africa.

In January 2018, AATIF concluded a USD 4 m facility to enable CKL Africa Ltd to finance a new processing plant for minerals and nutritional supplements used in the livestock sector, thereby increasing the company's local value addition. CKL Africa Ltd ("CKL") is a family-run company set-up in 1906, which over several generations has become a leading animal health and agricultural inputs company. CKL remains one of the oldest standing local companies in Kenya's well-established livestock sector providing critical inputs, know-how and R&D assistance to farmers.

CKL has continued to experience good financial and operational performance despite COVID-19-related challenges, with the key drivers for the performance being sustained demand for products and proactive cost management by the business. However, the company has continued to face risks related to increased inventory, largely driven by the need for the company to maintain high inventories to mitigate against shortages of inputs due to global COVID-19-related supply interruptions. The management, however, remains vigilant and proactive in its management of inventories in order to ensure that the company retains a healthy balance in order not to stifle cash flow and, hence, growth.

The company is classified as an essential player in the Kenyan market, and hence continues to benefit from exemptions on COVID-19-related restrictions on movement, which has ensured that it is able to supply its product across the country and into export markets with minimal disruption. CKL also continues to enhance its digital presence in the market through virtual trainings, increased social media activity, and listing of products on leading e-commerce sites in Kenya, to complement traditional marketing channels.

Social and Environmental Review

CKL continued demonstrating its strong commitment to integrate sustainability in its operations throughout the last year. One exemplary commitment was the launch of CKL's sustainability committee in March 2021 which is constituted by all the heads of department and a representative of the Occupational Safety and Health committee.

Furthermore, CKL developed additional internal policies and procedures related to advanced social and environmental management. The policies and procedures include the Occupational Safety and Health management procedures, emergency preparedness and response procedures, draft Corporate Social investment policy and sustainability principles.

To support the company's management of social and environmental risks and impacts, CKL conducted several annual audits including a safety and health audit, a fire and risk audit as well as an environmental audit. A total of 52 employees (41 male and 11 female) were trained on occupational health and safety, fire marshal training and first aid.

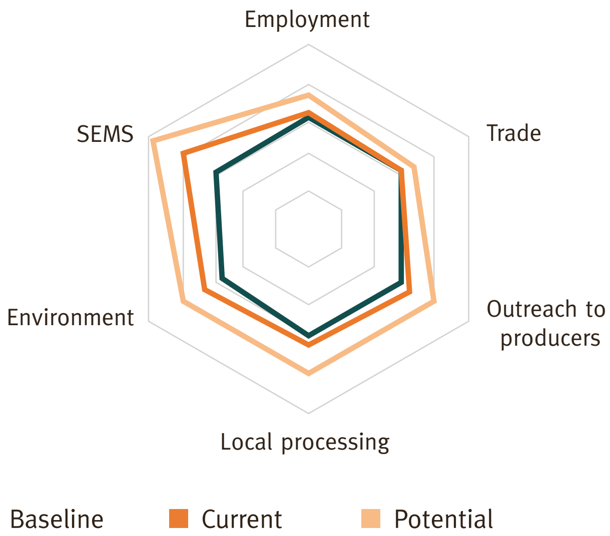
In efforts to support sustainability reporting, CKL is developing sustainability indicators for respective departments that the company will be tracking and reporting. The company started tracking indicators on waste, water and energy use in its facilities.

The building designs for the proposed expansion of CKL's manufacturing facilities have integrated elements of sustainability. The designs include green building concepts, use of solar energy, and rainwater harvesting. Already at the design stage, the company has taken into consideration aspects of environmental health and safety, fire safety and effluent treatment.

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 as well as quality assurance.	Ongoing
Follow good international industry practice on safety, health and environment, and quality assurance; and submit relevant documentation to the AATIF Compliance Advisor, including committee meeting minutes, 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

Impact Review

Three years into financing, AATIF has been observing positive impact achievements of its investment in CKL, notably in the SEMS, environment and processing dimensions. In the past year, there was a 74 % increase in the volumes of final products processed from 4,154 MT to 7,435 MT. This was coupled with an increase in utilization capacity by 8 % in the processing plant which follows Good Manufacturing Practices guidelines. For the Environment dimension, the company started using renewable energy by installing a solar energy system which is saving energy costs by up to 20 % in a month. To strengthen engagement of stakeholders along its supply chain, the company plans to recruit the Head of supply chain management. The below graphic illustrates overall progress towards achieving impact to date and remaining potential for future impact.



AATIF conducted a rapid appraisal on its investment in CKL, the results of which are available on the AATIF website as CKL Impact Brief.

TA measures

In November 2020, the TA Facility financed an independent diagnostic assessment to provide scenario analyses to enable CKL to assess the operational and financial impact of the COVID-19 pandemic on the company. The outcome of the TA project was to provide CKL with different options of how to cope with the situation during and post-COVID-19. In early-2021, the contracted consultant submitted a final report and financial model that included an assessment on the business model, financing structure and general operational aspects.

Additionally, CKL approached the TA Facility to assist in financing the design and development of architectural/engineering plans for two new state-of-the-art production facilities for manufacturing veterinary pharmaceuticals and agricultural pest control products. An expert consultant was contracted by CKL in end-2020 and the final designs are expected in early-2021.

For a rapid appraisal of AATIF's impact on CKL, the final Baseline report was approved by the TAFM in September 2020 and an Impact Brief with an overview of the findings is now available on the AATIF website.

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 a network of 185 branches, over 3,000 cash centers, 3,000 employees, and 1.4 million customers. Sterling Bank has 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. On the agricultural sector side, Sterling, just to highlight a few, has made progress on the following initiatives in the course of 2020:

1. Sterling Women and Youth Agriculture Finance fund: The Sterling Women and Youth Agriculture Finance (SWAY AgFin) fund is a single interest rate product dedicated to financing the small and medium-scale farmers of Nigeria's agriculture sector. The fund was initiated towards the end of 2020, with disbursement of the loan beginning in February 2021. Currently, the project is working closely with the MasterCard Foundation, the International Institute of Tropical Agriculture (IITA) and some insurance companies. The project has generated immense impact through the onboarding of smallholder farmers and SMEs across the various agricultural value chains. The project targets youth and women within the agribusiness sector, aiming to onboard 109,000 small-scale businesses. Thus far, over 1000 businesses nationwide have been on-boarded and financed under this product across the various value chains.

2. SABEX II financial module digital platform: The SABEX financial module is a commodity trading platform that leverages on block chain technology to store information, thereby increasing transparency and immutability. The goal of the project is to onboard a minimum of 1000 agro dealers, providing a platform for transactions worth N10 bn within the year 2021. So far, 254 commodity traders have been onboarded and over 1550 MT of commodities worth over N300 m have been traded on the platform. Recently, the platform has been modified to avail loans to commodity traders such as agro dealers and input suppliers. Funding is required to expand the frontier of financing beyond the current state. More so to develop the SABEX hub and onboard SABEX agents across the country. Sterling hopes to set up 5 SABEX hubs across the country which will cost about N50 m each..

3. Agric Online Hub: A knowledge-based sharing platform to enhance stakeholders' understanding of the agricultural sector and the bank's activites in financing businesses within the sector. The hub provides real-time information on developments in the sector to equip customers with useful information for their daily business activities. The goal of the project is to reach out to 10,000 agribusinesses. Currently, the project has received views from over 2,000 audience members, with this number steadily rising.

Further, Sterling is implementing new structures to crowd in other financiers:

1. Strategic Partnerships with agtech companies such as Thrive Agric, Trotor, Farm Crowdy, Zowasol, AFEX and Meadow Foods. Through ongoing engagement with agtech companies Sterling Bank plans to provide optimization for their digital platforms, offering banking and financial solutions to the smallholder farmers they work with.

1. Strategic Partnerships with DFIs and technical partners such as Mercy Corp, IITA, AGRA, GIZ, USAID Feed the Future and Trade Hub. Sterling Bank has also partnered with development financial institutions, research organizations and technical partners to provide grants, concessionary funds and technical assistance to enhance financing and help service the needs of players within the agricultural sector. These partnerships have already yielded notable successes, such as the establishment of the farmers' radio project, the agric summit africa program, and co-creation of multiple products.

Social and Environmental Review

Sterling Bank has a Social and Environmental Management System in place, which builds, among others, on the Nigerian Sustainable Banking Principles. By adopting these principles, the bank not only committed to assessing social and environmental risks and impacts of its operations and its clients, but also to regularly report on such assessments to the Central Bank of Nigeria. In 2020, the bank reports having screened and assessed over 100 transactions for S&E risks, which represent around 50 % of its portfolio (only transactions above a specific threshold are assessed).

Moreover, as a crucial part of a robust SEMS implementation, Sterling continued its efforts to build S&E capacity within its workforce: 3,399 members of staff had completed the Sustainable Banking E-learning programme of the Nigeria Sustainable Banking Principles on the Bank's Flex Learning Management System platform as of December 2020. Furthermore, 187 staff have been trained on Environmental and Social Risk during the Bank's Onboarding Programme, and 24 Relationship Managers were trained in Environmental and Social Risk Management and Monitoring. These activities are part of Sterling's undertakings as part of the AATIF loan, which require the bank to develop and implement a capacity building strategy.

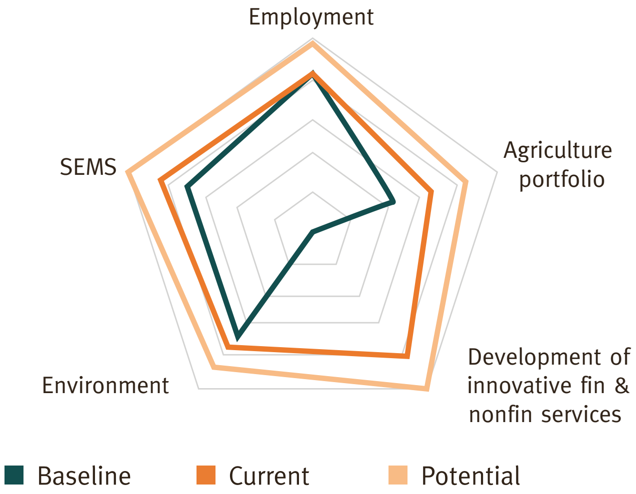
In the context of the COVID-19 pandemic, Sterling took several measures to mitigate the negative impacts and support workers and the community, including:

- Regular communication to sensitize and create awareness on the virus and safety protocols in all workplaces, including headquarters, branches and in staff transportation vehicles. Communications included guidance on hand washing, use of nose masks/face shields and maintaining physical distancing, among others.
- Introduction of a remote work policy and use of flexible work models, allowing staff to work at locations closer to their homes.
- Support provided to workers, their families and communities, through tests, treatment materials and access to telemedicine.

Area of improvement as per loan agreement	Status
Improve 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 to, among other responsibilities, oversee the implementation, upgrading and reporting of the SEMS.	Ongoing
Develop an Social and Environmental Action Plan based on recommendations of the AATIF Social and Environmental Assessment Report	Ongoing
Develop an internal form for annual social and environmental monitoring to the AATIF, including SEMS, SEMS governance, capacity building, social and environmental portfolio statistics, human resources statistics, and stakeholder involvement including grievance reporting.	✓
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	✓
Closely communicate with the AATIF Compliance Advisor in overseeing the first transaction involving AATIF financing	✓
Develop and integrate into the performance appraisal system social and environmental employee performance indicators to measure performance of relevant staff	✓
Develop and implement a social and environmental capacity building strategy and ensure that all staff have received training on such strategy	Ongoing

Impact Review

The AATIF investment in Sterling is aimed at enabling the bank to expand its agricultural portfolio, a goal which is slowly but gradually being achieved and supported by the development of innovative services, as illustrated in the adjacent graphic. As part of its HEART strategy, Sterling has been increasing its operations in the agricultural sectors. The share of the sector in its portfolio increased from 4 % to 9 % since 2018, reaching approximately USD 135 m in 2020. Sterling is recognized as an innovator in the Nigerian financial sector. The bank has recently launched a digital trading platform for commodities (SABEX) and a dedicated credit line for women and youth clients in the agricultural sector (SWAY-AgFIN). Additional plans for innovative services include a nation-wide radio farm program, to be implemented with support from AATIF's TA facility. The graph on the right side summarises overall impact achieved to date and shows remaining potential for future impact.



TA measures

The TA Facility is currently assisting Sterling Bank to design and develop a plan for the establishment of a nationwide agricultural radio channel to enable smallholder farmers to access key agriculture-related information and increase financial inclusion. The TA measure aims to evaluate the implementation and achievements of a radio pilot project undertaken by Sterling Bank and assess the requirements for setting up a fully-fledged agricultural radio station. The TA project is expected to commence in early 2021.

Chobe Agrivision

The Chobe transaction is AATIF's first and longest running investment, which was closed on 26 October 2011. AATIF extended a facility of USD 10 m to Agrivision Africa Mauritius, guaranteed by Agrivision Zambia (Chobe). The AATIF investment of USD 10 m allowed Chobe to develop its Mkushi farm from about 400 ha to 1,686 ha. The farm development also included the installation of irrigation systems. On October 26, 2015, Chobe Agrivision repaid the first tranche of the AATIF loan of USD 3 m, reducing the AATIF exposure to USD 7 m. In October 2016, the loan was extended by an additional 5 years. The first and second tranches of the extended facility of USD 1.4 m were repaid on schedule in October 2017 and 2018, respectively. However, in 2019, the remaining facility (USD 4.2 m) was restructured again and principal repayments were postponed, resuming in October 2021.

Agrivision Zambia is a vertically integrated agribusiness focused on cultivating and processing staple food crops in Zambia. The company operates out of two hubs, namely 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 Mpongwe Milling, a milling operation situated in Kitwe, 180 km from the Somawhe farm with an annual capacity of 70,000 MT of maize and 26,000 MT of wheat. Mpongwe has the capacity to processes the majority of the produce of both farming hubs as well as maize from smallholder farmers in the region.

2020 was a challenging year for everyone due to the outbreak of the COVID-19 pandemic. Agrivision was in the fortunate position of operating in the essential food service sector and could operate with limited constraints and experienced no infections of the disease during the 2020/21 season. The main impact on the farming operations was on the logistics involved in getting inputs to the farms on time. These were mitigated by good planning and anticipation, ensuring that all inputs were received on time. Soya bean prices declined slightly on the back of reduced global demand, while the rest of the commodities saw little impact to their prices. The mill on the other hand was affected due to a drop in demand for its main product- biscuit flour as a result of school closures and a reduced demand for lunchbox biscuits.

2020 saw a significant devaluation of the Kwacha against the US Dollar – as much as 51.2 % – from USD 1=ZMW 13.9937 to USD 1=ZMW 21.1600. This had a major impact on Mpongwe Milling, whose funding and commodity purchases are denominated in USD, but sells in Kwacha, resulting in a significant exchange impact. Despite the sufficient water for the 2019 winter crop, the 2019/20 rain season did not provide sufficient water for a full winter crop at Mkushi. At Mkushi farms, Agrivision cultivated 1,830 ha of soya, 711 ha of commercial maize, 73 ha of seed maize and 763 ha of wheat. The hectarage of irrigated wheat farmed in Mkushi decreased from a full crop of 1,454 ha in 2019 down to 763 ha (max: 1,700ha). Opportunities to improve the Mkushi water situation are constantly being reviewed, but are very limited at this stage. In contrast, Somawhe had a good maize and wheat yield for the year. At Somawhe farms, Agrivision cultivated 3,153 ha of soya, 951 ha of maize and 2,875 ha of wheat.

Social and Environmental Review

The receipt of the Global Good Agricultural Practices (GlobalGAP) certification triggered the Agrivision farms to consolidate all policies, procedures, risk assessments and environmental management reports. This process was successfully completed in 2020. The company is now in the process of obtaining the FSSC 22000 certification, a scheme for the auditing and certification of Food Safety Management Systems. The certification body has already conducted relevant audits in the past year. As a result of Agrivision's certification efforts, 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.

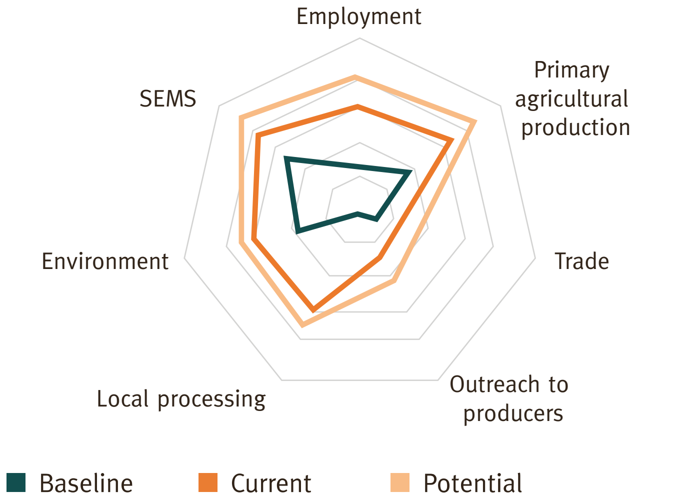
The company continued to contribute to the health and education of its workforce, their families and the surrounding communities. Regarding education, more than 350 pupils attended the Somawhe schools. In Mkushi, the company continued to support the transfer of pupils to and from the school. Furthermore, in order to support a feeding program reaching approximately 700 children, the company assisted the construction of a kitchen for the school.

Regarding environmental aspects of its operations, Agrivision continued its efforts to reuse materials, particularly those used for packaging, as well as selling damaged bags to recyclers. In order to reduce its carbon footprint, the company is in the process of installing solar geysers in all employee residences. Moreover, Agrivision concluded its support to Mpongwe Forestry department, which enabled the expansion of its forest nursery with the raising of about 15,000 tree seedlings. The seedlings were mostly donated to public schools, farmers and to the Ministry of Agriculture.

The company has reported not having suffered major disruptions at the workplace during the COVID-19 pandemic. Early on, it implemented a series of mitigating measures, such as training/sensitization of employees, provision of handwashing stations and masks, disinfection of vehicles and body temperature checks for all employees and visitors, among others.

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. Investigate the correctness of and if necessary adjust the mosquito spraying schedules.	✓ (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)

Impact Review
The AATIF investment in Agrivision has achieved impact across all expected dimensions, and has contributed to the company significantly expanding employment, local production and processing, thus supporting local food security in Zambia, as illustrated in the below graphic. In the period since AATIF invested (2011), Agrivision significantly expanded its farmed area, which, in addition to the use of good agricultural practices, has led the company to increase volumes and yields of its main crops produced, reaching 30,526 MT of wheat, 16,781 MT of maize and 15,402 MT of soya in 2020. Moreover, following AATIF's investment, Agrivision acquired the Mpongwe mill, which processed 30,176 MT of maize and 17,667 MT of wheat in the last reporting period.



AATIF conducted a rapid appraisal on its investment in Chobe Agrivision, the results of which are available on the AATIF website Agrivision Impact Brief.

TA measures
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.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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.

Despite the onset of the COVID-19 pandemic, Mount Meru's revenues continued to increase in the first few months, as the company benefitted from its status as an agricultural company that provided basic products in the country. They were exempt from restrictions while demand for produce remained strong – more so as imports into the country were temporarily unavailable.

As markets began to open again, the high growth rates subdued a bit but the company continued to show positive performance. The key challenge bought about by the pandemic is the devaluation of the Zambian Kwacha, resulting in the company switching most of its facilities from USD to the local currency.

A key highlight in AATIF's relationship with Mount Meru in the past year was a joint agreement to introduce a "robin hood fee" – an agreement that would see Mount Meru benefit from an interest rate reduction on AATIF's facility should it achieve certain S&E and impact goals within a certain timeframe. In line with these requirements, Mount Meru has set up a formal outgrower scheme.

Further in 2021, Mount Meru Group took a big step in promoting clean and sustainable energy production by setting up a 212 kWp rooftop solar plant in Kayonza district, Rwanda as part of their plan to incorporate green energy in all operations in the coming years. The project is estimated to offset emissions by 5,636 tons of avoided CO_2 over 20 years, nearly equivalent to the effect of planting 1500 trees.

Social and Environmental Review

Mount Meru continued implementing its Social and Environmental Action Plan, addressing gaps identified in the AATIF S&E assessment report. The company made progress by updating its emergency response plan to reflect the recent changes in the company's operations. In addition, the company implemented recommendations of a recent audit of the Zambia Environmental Management Agency (ZEMA), which lead to improved waste water management and use of treated water for gardening purposes in the company's premises.

The company has made considerable progress in 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. As part of the action plan some of the project affected households received cash compensation that some have used for building new houses. The families residing in Katuba obtained the land titles of the parcels where they live and the company purchased an additional piece of land to be transferred to the project affected households to be used as farming land and guarantee their livelihoods. The project affected households in Kanchibiya will soon receive their finished houses and are being supported to obtain the title deeds of the land they currently live in.

Furthermore, Mount Meru has been supporting communities in neighbouring areas from its premises in Katuba. The company sponsors a School Feeding Program involving 6,800 pupils in eight schools and is also participating in and sponsoring the Keep Zambia Clean Campaign and Keep Chibombo Clean Initiatives every last weekend of the month. In its efforts to contain the COVID-19 pandemic, Mount Meru has donated PPE and food items to front line officers in the Ministry of Health in Katuba.

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 • 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 ✓ Tracking employees working time
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

Impact Review

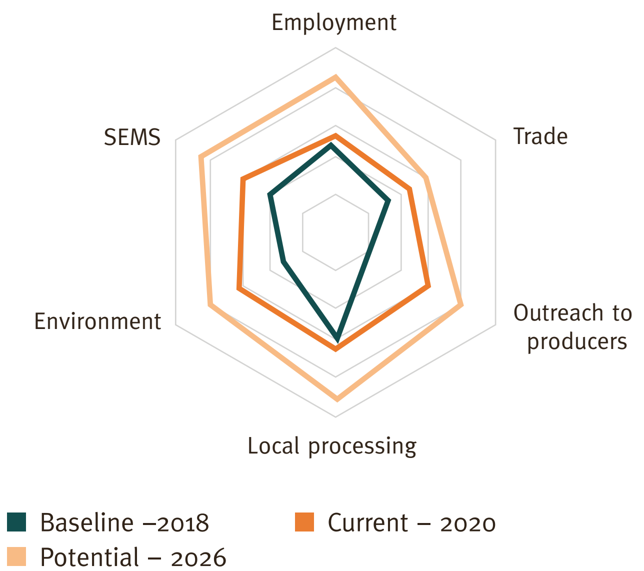
Two years into financing, AATIF has been observing some impact achievements of its investment in Mount Meru Millers, notably in the company's outreach to producers and environment dimensions.

The company increased its outreach to producers to 38,000 smallholder farmers (14,400 women) in 2020 compared to 22,000 in 2019. In addition, it is now recording gender-disaggregated numbers of farmers. The company has improved its water management practices, has commissioned a (coal-fired) boiler with increased thermal efficiency (reducing energy needs), and is upcycling a considerable number of by-products.

Furthermore, the total production of edible oil significantly increased to 51,700 MT in 2020 compared to 40,000 MT in 2019, mainly due to the increase of imported raw oil further refined by the company.

The company's labour force increased by 50 FTE over the last year and reached 680 FTE in 2020, with a slight decrease in numbers of female workers (23 % to 21 %). The company still faces an elevated number of accidents and related days lost. Mount Meru is working on addressing these aspects by, for example, obtaining ISO 45001 certification (OSH).

The graphic below summarises overall impact achieved to date and shows remaining potential for future impact.



AATIF conducted a rapid appraisal on its investment in Mount Meru Millers, the results of which will soon be available on the AATIF website as Mount Meru Impact Brief.

TA measures

The TA Facility is currently supporting Mount Meru to extend their cotton outgrower scheme. An expert consultant has been contracted to design a sustainable outgrower extension scheme that will assist the company to increase their sourcing from smallholder farmers.

Next to this, the TA Facility is planning to provide assistance for Mount Meru with the development of a formulation for production of a margarine based on Mount Meru's crude oil residues from its other business activities. However, due to the COVID-19 pandemic, this project has been put on hold.

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 2021, 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).

For a rapid appraisal of AATIF's impact on Mount Meru, the baseline data collection took place in September 2020 and the final Baseline Report is expected in mid-2021.

African Milling Limited

After a successful second season with African Milling Limited ("AML") in 2019, AATIF renewed its collateral facility for another 2 years, prompted by AML's good performance during the past year.

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.

In 2020, AML continued to show strong performance during the first few months of the onset of COVID-19 in the region, with sales still increasing. Similar to other AATIF investees, the company benefited from being active in the food and agri value chain and hence being exempt from many COVID-19 restrictions. Further, its key product is a necessity product and thus consumption was hardly affected in the early months. It is only in recent months that the impact of the pandemic has trickled down to AML's final clients, affecting demand as they divert from AMLs high quality – and thus slightly more expensive – product, to the cheapest alternative on the market. In addition, during this time, the Zambian government introduced an export ban on maize products to secure local demand, subsequently impacting market prices and sales. AML has, however, been able to secure an export permit, which will allow the company to export 20% of its produce.

While the overall performance of the company is still good and it is coping well with the new challenges, it is also exploring opportunities to diversify its product base in the future. One initial strategy that the company has embarked on is setting up its own bakery. A small bakery pilot will commence its operations in June 2021.

Social and Environmental Review

In the reporting period, AML continued to improve the management of social and environmental aspects of its operations. In addition to the S&E coordinator hired in the first year following the engagement with AATIF, the company increased the S&E-dedicated team by hiring an environmental assistant. AML is still in the process of setting up a Social and Environmental Management System, and the increase in the S&E-dedicated staff is a crucial step towards that goal.

The S&E officer, working in conjunction with the company's Human Resources department, also supported the implementation of measures to reduce the risks posed by the COVID-19 pandemic. These included, among others, (i) providing face masks, gloves and hand washing equipment at various locations of the plant and offices, (ii) temperature checks of employees and external visitors, (ii) ensuring social distancing and frequently sanitizing surfaces, and (iv) providing information, aligned with guidance from the Ministry of Health and the World Health Organization.

In 2020, the company also obtained approval from its Board of Directors for its recently developed Occupational Health & Safety policy. As part of the implementation of such policy, AML provided trainings to its workforce on first aid and HIV awareness, as well as performed fire drills and emergency evacuation exercises, supported by external parties, including the Zambian Fire Brigade, consultants and external trainers.

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.	Ongoing
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

TA measures

The TA Facility is currently supporting AML to design a sustainable sourcing strategy that enables the company to increase its purchase from smallholders and ensure that purchased maize is produced in a sustainable manner by smallholder farmers that increase their yields and apply sustainable farming practises. It is anticipated that as a result of this project the TA Facility will support AML in a follow-up project to establish and integrate the new sourcing model.

Next to this, in early 2020 the TA Facility financed a market study for AML to allow for informed maize flour product differentiation by AML management and to propose viable new marketing strategies and products that will enable AML to make full use of its new maize mill all year round and increase its product range. In December 2020, the contracted consultant delivered a market study and analysis report as well as additional branding strategy for fortified maize products. AML have shown commitment to move forward with the consultant's recommendations and are conducting final lab tests with the intention to launch the new fortified maize product in 2021.

For a rapid appraisal of AATIF's impact on AML, the baseline data collection took place in September 2020 and the final Baseline Report is expected in mid-2021.

Impact Review

Two years into financing, AATIF has been observing some impact achievements of its investment in Africa Milling, notably in the local processing, employment and SEMS dimensions as illustrated in the adjacent graphic. With the new maize mill commissioned at the end of 2019, AML tripled its maize processing capacity. In 2020, with the support of the CMA facility provided by AATIF, the company processed around 108,000 MT of maize and 23,000 MT of wheat and was able to operate with a capacity utilization of around 75 % during the year. The company also increased its permanent workforce by 56 % since AATIF's investment, to 206 workers. While we did not expect many changes in AML's international trading activities, we observed a steep contraction due to increased focus on the local market which contributed to food security in the country and as such has been a positive development.

Finally, with support from AATIF, AML undertook an S&E audit to identify main S&E risks of its operations. In 2018, a senior S&E officer was hired. Following that hiring, the company developed and approved an HIV policy and an OSH policy in 2020.

It is noteworthy to mention that since the beginning of its relationship with AML, AATIF has worked in close partnership with a local bank and over time has enabled the bank to build sufficient confidence in the CMA structure so that the local bank is now joining the facility with its own funds.

AATIF conducted a rapid appraisal on its investment in AML, the results of which are available on the AATIF website as AML Impact Brief.

Export Trading Group (Pan-Africa)

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 a 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 at farm gate without intermediaries. ETG provides smallholder farmers with training, agricultural expertise, farming equipment and farming inputs.

During the financial year 2020/2021, 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.

AATIF has extended the original facility agreement due on November 2020 until September 2021, to join a subsequent IFC-syndicated 3-year working capital facility. The use of AATIF's funds will be dedicated to the purchase of cashews, pulses and sesame in Tanzania, Malawi and Mozambique (potentially Burkina Faso after undertaking due diligence).

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

During 2020, ETG had to quickly respond to the new COVID-19 measures and adapt its business to the situation. The company issued a COVID-19 Protection Guidance Procedure to be followed by ETG's operating facilities. Each operating facility developed and implemented a tailored action plan, also reflecting the local situation under the supervision and support of the Sustainability Team. The company had to reduce operations for a certain period to guarantee social distancing, however it did not lay off workers. Acknowledging the company is part of the community, ETG participated with local agencies in awareness raising of COVID-19 preventive measures. The company donated ~USD 1 m to support COVID-19 responses in the communities it operates in.

Responding to the need of keeping the famers connected during the pandemic, the company upgraded its mobile app, "ETG One Stop Solution". The app has ~1,300 users including farmers and agro-dealers in 8 countries: Tanzania, Malawi, Mozambique, Kenya, Zambia, Rwanda, Uganda and Ghana. The upgrades included the addition of a "live chat" function to allow farmers to talk to agronomists on issues concerning their crops and notifications on pests or offers, among others. The company expects to expand the outreach of the app, add new features (e. g. EHS issues in crop production, correct use of products) and include new countries in the next years.

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: • 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

Impact Review

During the COVID-19 pandemic, ETG increased its attention to adapting services to the farmers the company is sourcing from and improved internal processes toward impact measurement.

ETG reported a total of 7,238 employees (43 % women), with 41 % direct workers and 59 % contracted workers in 2020. The company increased the traded volumes of grain and oil seeds from 2 million MT (2019) to 2.9 million MT in 2020. Similarly, the volume of cashews traded by ETG was close to 250K compared to 170K in the previous year. The company augmented the trade quantities of other crops significantly, including pulses, rice and sesame, among others.

As of the editorial deadline of the AATIF Annual Report, ETG was still compiling detailed impact data across the countries in which AATIF financing is being deployed.

At the individual country level, ETG participated in an employment effects study that focussed on the cashew supply chain in Tanzania. The study found that cashew processing is a labour intensive activity and that ETG Tanzania is creating decent employment (~1,900 jobs) in remote areas where opportunities are limited, especially for women (87 % of the labour force). ETG is the off-taker of 20 to 30 % of the raw cashew nut in the country, indirectly reaching 23,000 smallholders and 10,400 FTE of waged labour input on those farms. In addition to informing ETG and AATIF, the findings are also geared at informing the development of the EU's External Investment Plan and can be found on the website of the International Labour Organisation that conducted the assessment.

AATIF conducted a rapid appraisal on its investment in ETG using the country operations in Malawi. The results of this appraisal are available on the AATIF website as ETG Malawi Impact Brief.

TA measures

The TAFM has initiated a dialogue with ETG management on potential areas for TA support.

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 (an Impact Brief highlighting an overview of the findings is now available on the AATIF website).

BancABC

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. In 2019 the Board of Atlas Mara Limited ("AML") commenced a review of strategic options. This included a review of each banking operation, and potentially partnering in or exiting markets. As part of this review the Company evaluated indications of interest from a number of potential partners and transaction counterparties. In parallel, the Company was also engaged in a strategic fundraising initiative targeting both debt and equity.

As the year 2020 progressed, neither the strategic transaction nor the strategic fundraising and repositioning of the balance sheet moved forward under the COVID-19 circumstances. The Board made the difficult decision to undertake a formal restructuring of the Group's holding company debt. At the same time, the Board broadened its review of strategic options to ensure that all possible alternatives to preserve value would be considered. This included selling BancABC Mozambique and BancABC Botswana to Access Bank Plc (Nigeria) and BancPopulaire Rwanda and BancABC Tanzania to KCB Group Plc (Kenya).

At the moment the restructuring discussion are still ongoing with ATMA Group and the economic outcome for AATIF is uncertain.

Social and Environmental Review

In the reporting period, BancABC's Social and Environmental Management System ensured that S&E aspects were part of the credit risk assessment and were considered by all staff members involved in the credit process, from origination all the way to approving committees. Such a process is supported by a group of 22 people across country operations with S&E management responsibilities, including a Group Sustainability Specialist, In-Country specialists, Account Relationship Managers and Officers. In 2021, the Bank intends to strengthen the capacity of its staff by introducing S&E online courses. Moreover, in 2020, the bank prepared a biannual sustainability report, initially covering its operations in Zimbabwe, which could be further expanded to include other countries.

The holding company of the group, Atlas Mara, set up a COVID-19 committee to monitor the situation in the different countries of operations, as well as coordinate actions taken by subsidiaries. Such actions included psychological support, incentives to work from home, conduct meetings virtually and avoid travel, as well as frequently cleaning the workplaces. Customers were also encouraged to use digital channels and only visit the branch when absolutely necessary.

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: • 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: • 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 financing.	✓
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;	✓ (partially)
Develop Social and Environmental employee performance indicators and integrate into the bank's performance appraisal system which will facilitate measuring the social and environmental performance of 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

Impact Review

While restructuring, BancABC has been able to offer much needed financial services across its remaining country operations. However, impact reporting has been affected and as of the editorial deadline of the AATIF Annual Report data for some entities was still outstanding.

Despite the ongoing restructuring, BancABC Zimbabwe participated in an employment effects study of two AATIF investments. The Zimbabwe case study focused on BancABC's efforts supporting smallholder schemes in the country. The analysis concluded that the investment triggered not only an increase in employment numbers, but also improved the skills of the labour force, management systems of the investee companies, and labour practices. In addition to informing BancABC and the AATIF, the findings are also geared at informing the development of the EU's External Investment Plan and can be found on the website of the International Labour Organisation that conducted the assessment.

TA measures

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.

Wienco

Wienco (Ghana) Ltd ("Wienco") was established in 1979. It is an importer and distributer of agro-chemicals in Ghana, mainly for use in cocoa, cotton and maize production.

In October 2013, AATIF disbursed USD 6 m and EUR 9 m senior loans to Wienco. AATIF's financial support has enabled Wienco to expand the scope of its smallholder operations.

Wienco Social and Environmental Review
Wienco (now RMG Commodities Ltd), prepared and submitted its Annual Social and Environmental Report 2020 and continues to implement and update the company's Social and Environmental Action Plan.

The outgrower schemes are supported by subsidiaries of RMG: Agricultural Labour Services Agency Limited (ALSA) and RMG Cotton Ghana Limited (RCT). Farmers enrolled in 2020 benefited from access to agricultural inputs on credit. Inputs provided included fertilizers, hybrid seeds, herbicides and insecticides. The farmers were also provided with a market for maize and cotton seed.

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 Outgrower 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.	✓
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. 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.	✓ Company-wide guidelines on farmer contracts pending approval ✓ All the Group subsidiaries and the linked associations received the Group OSH Guidelines (and translated into French, for the franco-phone subsidiaries).

Impact Review

During the period of AATIF financing, Wienco has undergone several deep organizational changes which also reflected on the company's impact achievements. As of Dec 2020, the different Wienco/RMG entities employed 129 people, of which 16 were women.

Through its subsidiaries, Agricultural Labour Services Agency Limited (ALSA) and RMG Cotton Ghana Limited (RCT), the company engaged a total of 7,506 farmers (398 women). These included: i) 3,436 maize farmers (3,196 men and 240 women) through ALSA who planted 9,520 hectares and supplied to ALSA a total of 7,240 metric tons of maize, and ii) 4,070 cotton farmers (3,912 men and 158 women) through RCT who planted 3,118 hectares and supplied to RCT a total of 1,565 metric tons of cotton seed. While the farmers continued to have access to agricultural inputs on a credit basis and were provided a market for maize and cotton seed, no training could be provided in 2020.

AATIF conducted an in-depth impact evaluation on its investment in Wienco. While the results of the baseline studies are readily available on the AATIF website, the final evaluation report will soon be uploaded.

GADCO

The outstanding balance against GADCO was fully recovered in Q4 2020 and the investment is closed. The loan had been extended to finance the construction of a rice mill, which, as of today, processes rice from local farmers for nationwide distribution in Ghana.

Social and Environmental Review
GADCO prepared and submitted its Annual Social and Environmental Report 2020 and continued to implement and update the company's Social and Environmental Action Plan until the end of 2020 when the facility with AATIF was closed.

Area of improvement as per loan agreement	Status
GADCO shall apply the daily minimum wage as approved by the Ghanian 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	✓
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

Impact Review
During the period of AATIF financing, GADCO has undergone several deep organizational changes, which also reflected on the company's impact achievements. In 2020, GADCO increased the area under cultivation of its nucleus farms from 202 to 418 ha. The volumes produced from the company's nucleus farms increased to 1,602 MT (from 618 MT) of paddy rice which represents a 30% increase from the 2019 harvest of 618 MT.

Following suspension of the Fievie Connect Program, GADCO continued supporting the Copa Connect smallholder scheme. A total of 1,069 MT of paddy rice was sourced from the smallholder farmers, which was a decline from volumes purchased in 2019 despite an increase in the total land area cultivated by the smallholders to 1,297 ha from 808 ha. In total, the company engaged 719 farmers (176 female and 543 male) in both the major (598 farmers) and minor (121 farmers) seasons. GADCO provided the smallholder farmers with extension services as well as farm inputs which included seeds, fertilizer and agro-chemicals.

The total amount of milled rice sold in the local market in Ghana was 1,571 MT of milled Rice and 229 MT of rice-by products.

In terms of employment, the number of permanent workers reduced from 61 to 44 people where 41 men and 3 women were employed by the company in 2020 on permanent or fixed term contracts. In 2020, GADCO employed 21 seasonal workers, which was an increase from 7 employed in the previous year.

AATIF conducted a rapid appraisal on its investment in GADCO, the results of which are available on the AATIF website as Gadco Impact Brief.

Phoenix

In 2019 AATIF extended a loan to Phoenix Commodities DMCC. Phoenix Group is a global food and agri-business company which has been active in Africa since 2002. The transaction was closed on September 6, 2019, and a EUR 20 m facility with a tenor of 4 years was designated for the local purchasing and export of cashew from Côte d'Ivoire. Unfortunately, due to financial irregularities Phoenix Group had to file for insolvency with liquidation proceedings. Deloitte Touche was installed as a joint liquidator of Phoenix Group and asset recovery procedures have started in Q2 2020. At this moment it is too early to assess the financial impact for most lenders into Phoenix Group. The loan has been fully provisioned.

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, in Kenya. AATIF provided in aggregate a loan of USD 10 m to Chase Bank from 2012 to 2013. In April 2016, Chase Bank experienced a bank run following a divergence in views between auditors and management related to its 2015 financial statements. 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 bad bank has now officially been put into liquidation. While the economic outcome of the bad bank liquidation is highly uncertain, AATIF will strive to recover the maximum possible of its loan to Chase Bank.

Cape Concentrate

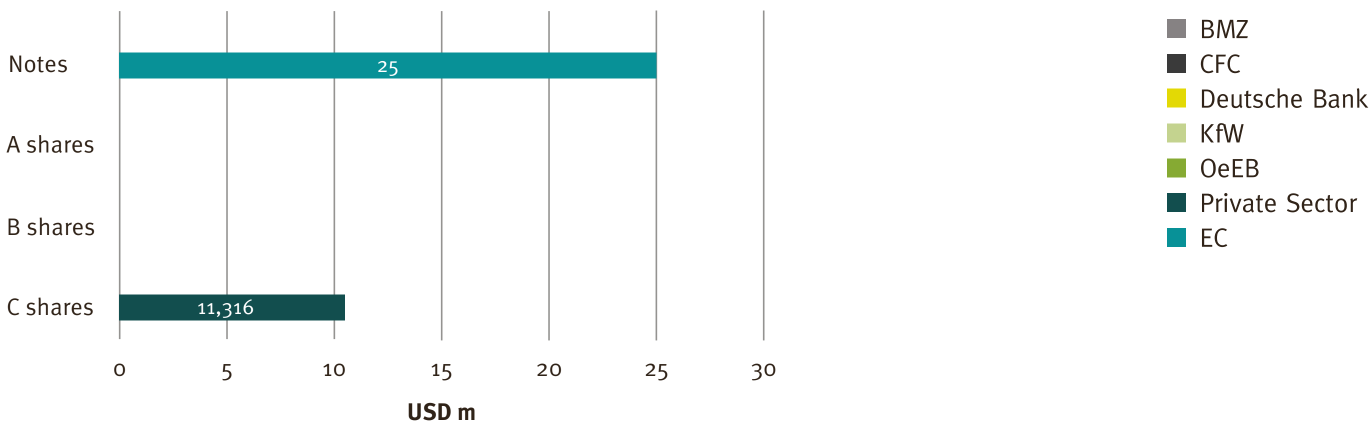
In the annual report 2016/2017, we reported on the stop of operations at the tomato plant, as no sufficient tomato supply could be secured. As no reasonable perspective for a restart of operations in the company could be identified, the company was put into liquidation on 12 January 2016. Subsequently, 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. AATIF still works on recovering parts of the outstanding amount.

Activities Report: Funding

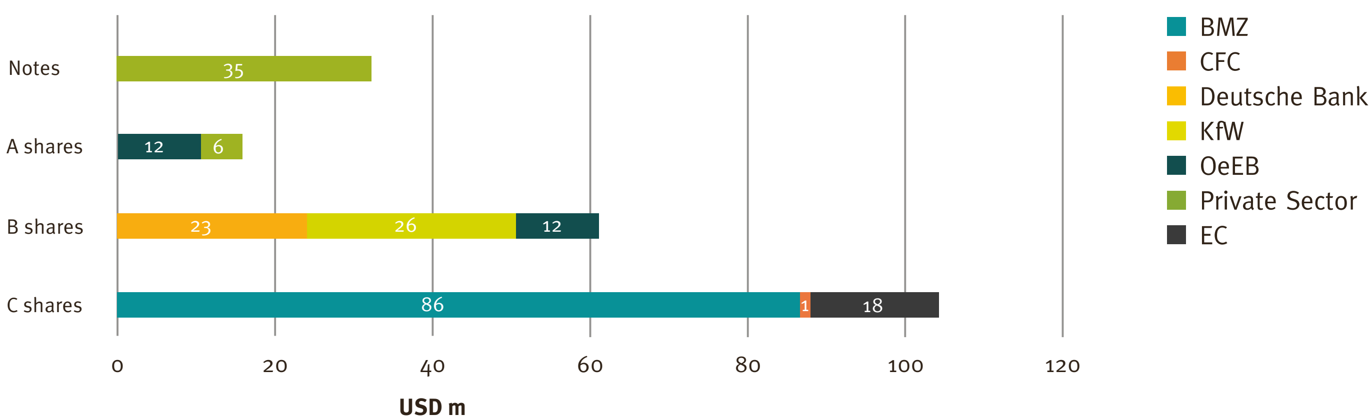
AATIF Funding Sources

Funding overview: During the financial year 2020/2021, AATIF issued additional C-Shares in an amount of USD 72.6 m that were funded by the German Ministry for Economic Cooperation and Development (BMZ) and the European Commission.

Undrawn Commitments



NAV as of 31/03/2021



Financial Statements

Financial Statements

Statement of financial position

USD	31 March 2021	31 March 2020
ASSETS		
Non-current assets		
Gross loans to Partner Institutions at amortised cost	100.152.718	100.919.077
Loan loss allowance	(29.603.465)	(24.594.483)
Loans to Partner Institutions at amortised cost	70.549.253	76.324.594
Financial assets at fair value through profit or loss	9.820	411.829
Current assets		
Gross loans to Partner Institutions at amortised cost	36.000.000	60.760.140
Loan loss allowance	(10.028.287)	(10.118.959)
Loans to Partner Institutions at amortised cost	25.971.713	50.641.181
Loans to Partner Institutions at fair value through profit and loss	–	–
Interest accruals on loans	521.317	1.761.384
Other receivables and prepayments	2.241.142	1.492.875
Cash at bank	126.295.172	22.487.833
Total assets	**225.588.417**	**153.119.696**
LIABILITIES		
Current liabilities		
Accrued expenses	3.190.255	1.611.924
Other payable	108.683	300.915
Distribution to holders of redeemable ordinary shares payable	1.362.738	2.300.361
Class A Shares – Tranche 3	2.000.000	–
Class B Shares – Tranche 1	25.858.000	–
Class B Shares – Tranche 2	22.718.366	–
Class B Shares – Tranche 3	12.376.238	–
Total liabilities excluding net assets attributable to shareholders	**67.614.280**	**4.213.200**
Non-current liabilities		
Financial liabilities at fair value through profit or loss	1.129.227	–
Notes	35.031.990	32.627.111
Class A Shares – Tranche 1	2.868.960	2.868.960
Class A Shares – Tranche 3	–	2.000.000
Class A Shares – Tranche 4	12.376.240	12.376.240

USD	31 March 2021	31 March 2020
Class A Shares – Tranche 6	797.232	797.232
Class B Shares – Tranche 1	–	25.858.000
Class B Shares – Tranche 2	–	22.718.366
Class B Shares – Tranche 3	–	12.376.238
Net assets attributable to holders of redeemable shareholders	**52.203.649**	**111.622.147**
Total liabilities	**119.817.929**	**115.835.347**
EQUITY		
Class C Shares – Tranche 1		
Share capital	75.021.434	75.021.434
Profit/(loss) for the year	(1.085.560)	(13.822.870)
Retained earnings	(46.153.499)	(32.330.629)
Class C Shares – Tranche 2		
Share capital	1.980.198	1.980.198
Profit/(loss) for the year	(31.061)	(437.644)
Retained earnings	(1.129.783)	(692.139)
Class C Shares – Tranche 3		
Share capital	999.999	999.999
Profit/(loss) for the year	(19.034)	(280.411)
Retained earnings	(494.430)	(214.019)
Class C Shares – Tranche 4		
Share capital	23.529.000	11.827.000
Profit/(loss) for the year	(767.579)	(4.372.992)
Retained earnings	(4.766.570)	(393.578)
Class C Shares – Tranche 5		
Share capital	60.959.135	–
Profit/(loss) for the year	(2.271.762)	–
Retained earnings	–	–
Total equity	**105.770.488**	**37.284.349**
Total liabilities and equity	**225.588.417**	**153.119.696**

Statement of comprehensive income

USD	For the year ended 31 March 2021	For the year ended 31 March 2020
INCOME		
Interest income on loans	6.035.421	8.623.046
Interest income on cash at bank	–	223.375
Upfront management fees and success fees on loans	136.772	320.973
Change in unrealised gain on exchanges	4.232.223	1.171.515
Change in unrealised gain on financial assets/liabilities at fair value through profit or loss	–	627.668
Realised gain on foreign exchange	1.203.972	–
Other income	1.181.800	1.055.720
Total income	**12.790.188**	**12.022.297**
EXPENSE		
Direct operating expenses	(1.858.841)	(1.584.931)
Investment advisory fees	(1.635.520)	(1.551.890)
Change in unrealised loss on foreign exchange	(2.526.165)	(1.526.931)
Change in unrealised loss on financial asset/liabilities at fair value through profit or loss	(1.531.237)	–
Realised loss on foreign exchange	–	(402.570)
Realised loss on financial asset/liabilities at fair value through profit or loss	(267.750)	–
Net change in loan loss allowance	(5.286.040)	(22.188.651)
Other expenses	(1.553.620)	(628.385)
Total expense	**(14.659.173)**	**(27.883.358)**
Operating gain / (loss)	**(1.868.985)**	**(15.861.061)**
Finance costs (excluding change in net assets attributable to shareholders)		
Interest expense on Notes*	(943.273)	(752.495)
Distribution to holders of redeemable ordinary shares	(1.362.738)	(2.300.361)
Gain / (Loss) for the year	**(4.174.996)**	**(18.913.917)**
Other comprehensive income	–	–
Total comprehensive income for the year	**(4.174.996)**	**(18.913.917)**

* Interest expense on Notes have been reclassified from the expense section to the finance cost section in the statement of comprehensive income with no impact on the Fund's financial position or performance.

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

USD	Net assets
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**
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 2021	**78.995.036**

Statement of changes in equity

USD	Total net assets	Share capital	Retained earnings	Comprehensive income for the year
As at 31 March 2019	**56.198.266**	**89.828.631**	**(20.759.280)**	**(12.871.085)**
Increase/(Decrease) in equity attributable to share capital	–	–	–	–
Increase/(Decrease) in equity attributable to retained earnings	–	–	(12.871.085)	12.871.085
Increase/(Decrease) in equity attributable to comprehensive income	(18.913.917)	–	–	(18.913.917)
As at 31 March 2020	**37.284.349**	**89.828.631**	**(33.630.365)**	**(18.913.917)**
Increase/(Decrease) in equity attributable to share capital	72.661.135	72.661.135	–	–
Increase/(Decrease) in equity attributable to retained earnings	–	–	(18.913.917)	18.913.917
Increase/(Decrease) in equity attributable to comprehensive income	**(4.174.996)**	**–**	**–**	**(4.174.996)**
As at 31 March 2021	**105.770.488**	**162.489.766**	**(52.544.282)**	**(4.174.996)**

Supplementary information

USD	31 March 2021	31 Mach 2020	31 March 2019
Net asset value per share (USD)*			
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)	40.000,00	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)	20.000,00	20.000,00	20.000,00
Class C Shares – Tranche 1 (non-redeemable shares)	3.580,26	3.720,15	5.501,48
Class C Shares – Tranche 2 (non-redeemable shares)	4.137,74	4.294,60	6.504,70
Class C Shares – Tranche 3 (non-redeemable shares)	4.661,69	4.844,07	7.530,81
Class C Shares – Tranche 4 (non-redeemable shares)[19]	5.710,63	5.969,76	9.667,22
Class C Shares – Tranche 5 (non-redeemable shares)	9.627,33	–	–
Number of shares			
Class A Shares – Tranche 1 (redeemable shares)	71,7240	71,7240	71,7240
Class A Shares – Tranche 3 (redeemable shares)	50,0000	50,0000	309,4060
Class A Shares – Tranche 4 (redeemable shares)	309,4060	309,4060	247,5000
Class A Shares – Tranche 6 (redeemable shares)	19,9308	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)	618,8119	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	104,3687
Class C Shares – Tranche 4 (non-redeemable shares)[19]	3.151,1165	1.182,7000	1.182,7000
Class C Shares – Tranche 5 (non-redeemable shares)	6.095,9135	–	–

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

Statement of cash flow

USD	For the year ended 31 March 21	For the year ended 31 March 20
Gain/(Loss) for the year	(4.174.996)	(18.913.917)
Adjustments for non cash items		
Non cash items related to unrealised foreign exchange*	(499.324)	819.748
Loan loss allowance	5.286.040	22.188.651
Interest income	(5.937.542)	(8.846.421)
Upfront management fees on loans to be amortised	(99.717)	256.642
Operating profit after adjustements for non cash items	**(5.425.539)**	**(4.495.297)**
Net changes in operating assets and liabilities		
Net (increase)/decrease in other receivables and prepayments	(967.432)	(707.815)
Net increase/(decrease) in accrued expenses and accounts payable	1.386.099	601.788
Cash paid on loans to Partner Institutions granted	(6.589.846)	(68.139.819)
Cash received on loans to Partner Institutions matured/restructured	36.080.556	25.391.688
Net cash flow used in operating activities	**29.909.377**	**(42.854.158)**
Cash flow from investing activities		
Interests received	7.275.488	8.114.064
Net cash flow from investing activities	**7.275.488**	**8.114.064**
Cash flow from financing activities		
Notes issued	–	32.627.111
Proceeds from issue Class A Shares	–	–
Payments from redemption of Class A Shares	–	(9.705.103)
Proceeds from issue of Class C Shares	72.661.135	–
Payments for distributions	(937.623)	(1.372.811)
Net cash flow provided by financing activities	**71.723.512**	**21.549.197**
Net increase/(decrease) in cash and cash equivalents	103.482.838	(17.686.194)
Cash and cash equivalents at beginning of the year	**22.487.833**	**40.174.027**
Foreign exchange (gains)/losses	324.501	–
Cash and cash equivalents at end of year	**126.295.172**	**22.487.833**

* includes the unrealised variation on swaps.

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Federal Ministry for Economic Cooperation and Development

European Commission

KFW

DWS

Compliance Advisor:

ILO

UN environment programme

TA Facility Manager:

CFC common fund for commodities

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