AATIF INVESTOR REPORTING

Report for the quarter ending 30/06/2019

Update from the Board of Directors

The second quarter of 2019 has been an activity packed time for the region in which AATIF works in. The long-awaited African Continental Free Trade Agreement (AfCFTA) is closer to becoming a reality as Nigeria - Africa's largest economy, finally signed the agreement in early July 2019 after close to four years of negotiations. While the agreement already went into force in May 2019, finally having Nigeria on board is a positive sign that the agreement is making great strides in the path to implementation. According to the President of the African Development Bank (AFDB), Akinwumi Adesina, AfCFTA and the increased trade liberalization could be a game changer for the region.

During Q2 2019, AATIF increased its focus on knowledge sharing. AATIF published an article on the commercialization of agricultural value chains in West Africa both in English[1] and French while also sending out the second edition of the AATIF newsletter.

Developments of the Fund

In Q2, AATIF has continued its Francophone African growth trajectory. A EUR 20m was disbursed to Oragroup S.A, Togo, to allow the bank to refinance the peak demand for liquidity during harvesting periods. At the time farmers begin to sell, frequently liquidity in local financial markets starts to shrink. Paying farmers, however, is a pre-requisite for a functioning agricultural value chain while the banking sector frequently comes to its limits the more produce is being sold. AATIF successfully placed its liquidity to help overcoming the gap.

Oragroup operates in 12 countries including Togo, Benin, Burkina Faso, Ivory Coast, Gabon, Guinea Conakry, Guinea Bissau, Mali, Mauritania, Niger, Senegal, Chad and in 4 monetary zones. We are glad having added this highly additional investment to the portfolio of AATIF.

New Investment Activities

Two further transactions are presently in execution stage with a combined volume of USD 20m. The balance of transactions in due diligence stage by end of June 2019 stood at USD 71.7m spread over eight opportunities. The Investment Manager expects to report a closing of two approved transactions in Q3 subject to the completion of the legal documentation and satisfaction of conditions precedents to begin the disbursement of loans to the new partner institutions.

Investment Portfolio

During Q2, performing investments continued showing a stable performance overall with no payment delays. On a macroeconomic level, however, data from Zambia continue to reveal a difficult economic environment. Exports contract mainly due to lower copper prices. The development triggered an automatic increase in provisions for all Zambia based investments in accordance with IFRS9. On a portfolio level provisions increase by 0.5% of the net value of investments due to this effect. Single investee data, however, show a satisfactory performance still.

In contrast to the negative macroeconomic news, we are glad to also observe progress by AATIFs investees. African Milling Limited, the Zambian maize and wheat milling company which AATIF funds for the purchase of maize and wheat from Zambian farmers, concluded a deal with Shoprite, Africa's largest retailer, which will stock products from AML. The new agreement gives AML access to a significant distribution network in Zambia and has a signalling effect for the quality of products by AML.

Capital Raising Activities

During Q2 AATIF expanded its investor base by selling notes with a face value of EUR30m. The notes issuance successfully leveraged the first capital contribution from the European Commission which had been paid in in Q4 2018. Having placed notes with private sector investors delivers AATIF's mission to be a truly public private partnership that multiplies the capital it received from the German government or European Commission.

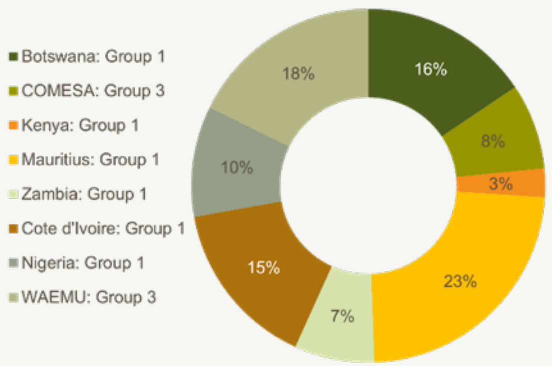
Investment Portfolio Restrictions

AATI continues to be in breach with one restriction as documented in its Issue Document. However, given the fund grows, the gap continued to shrink. Further details can be found in the section "Portfolio Risk Summary".

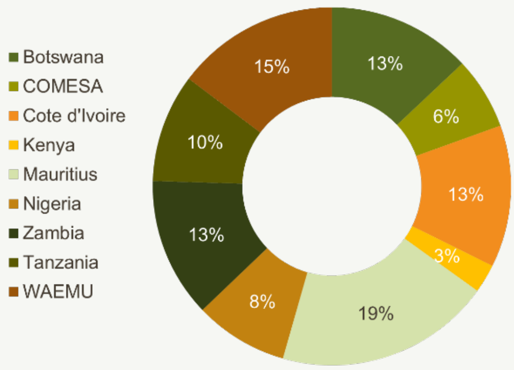
[1] https://www.howwemadeitinafrica.com/

Portfolio Overview as at 30/06/2019

Country & Rating Category: Net Balance



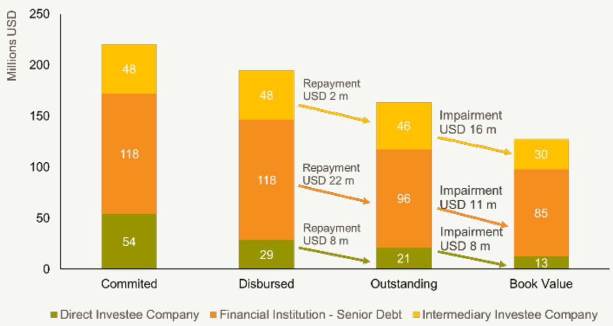
Country: Net Balance + Open Commitments



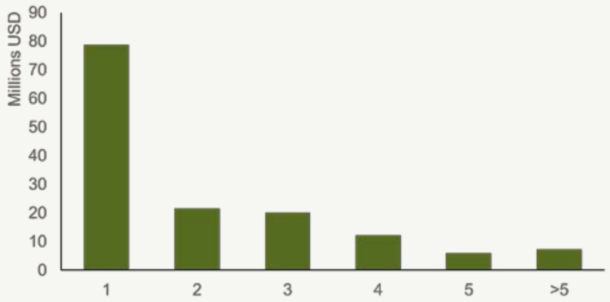
Group 1 and 2 allocation is performed based on a review of the country risks across the continent on a regular basis.
Group 3 applies to Supranationals.

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

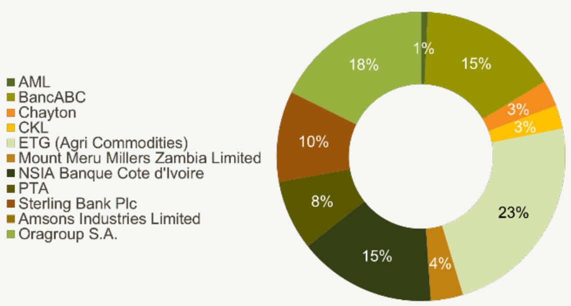
Type of Partner Institution*



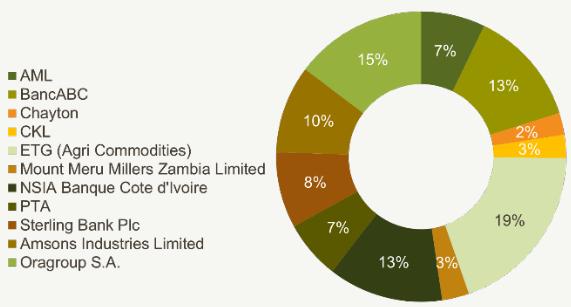
Maturities of the Portfolio (in years)



Partner Institution: Net Balance Exposure

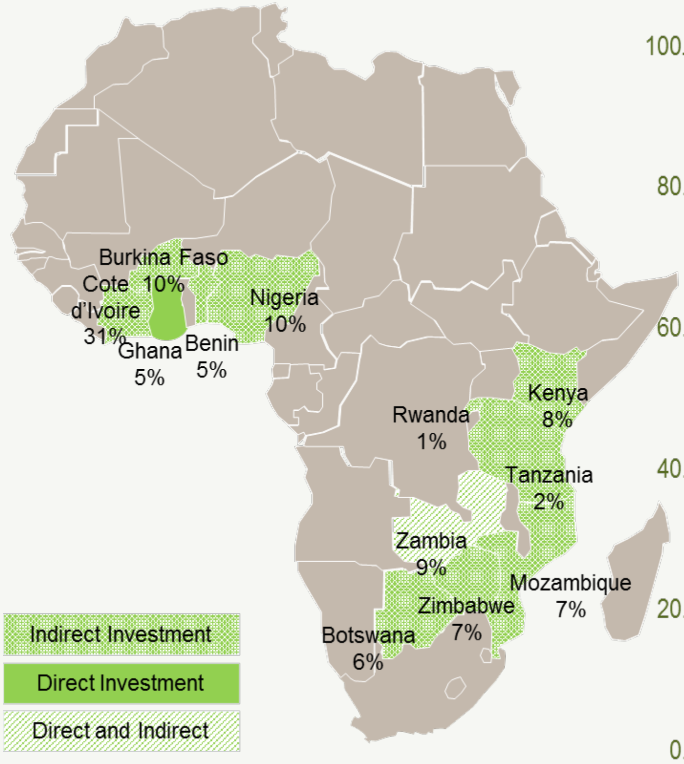


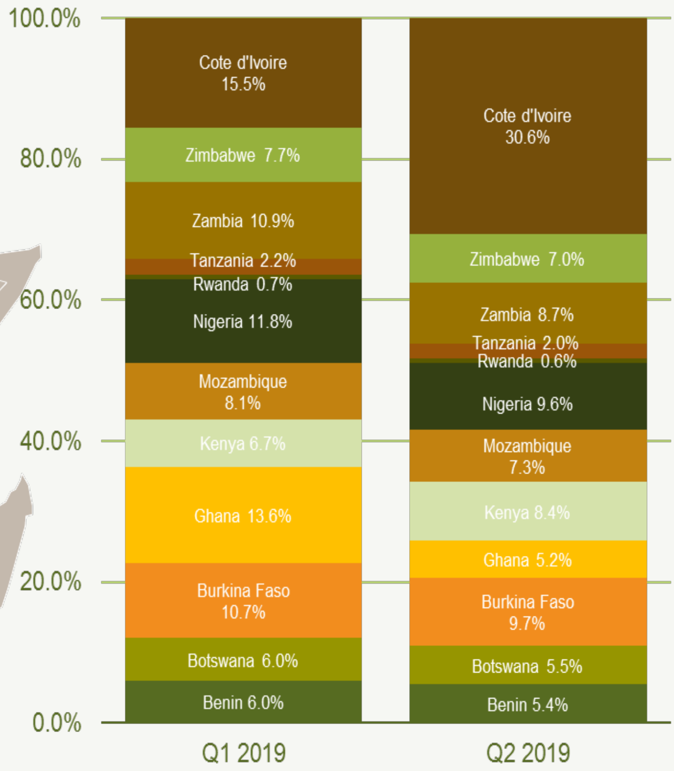
Partner Institution: Net Balance + Unused Commitment



Regional Use of Funding (Data as of different dates)

Funding from AATIF is generally used by investees across the region of their activities. ETG as a trading company, for example, reports the use of funding from AATIF in accordance with its trading activities which constantly change. While loan documentation limits the regional use of funds to the African continent, the single country allocation changes over time. The methodology used by the IM to allocate the funding into the respective countries is explained below.





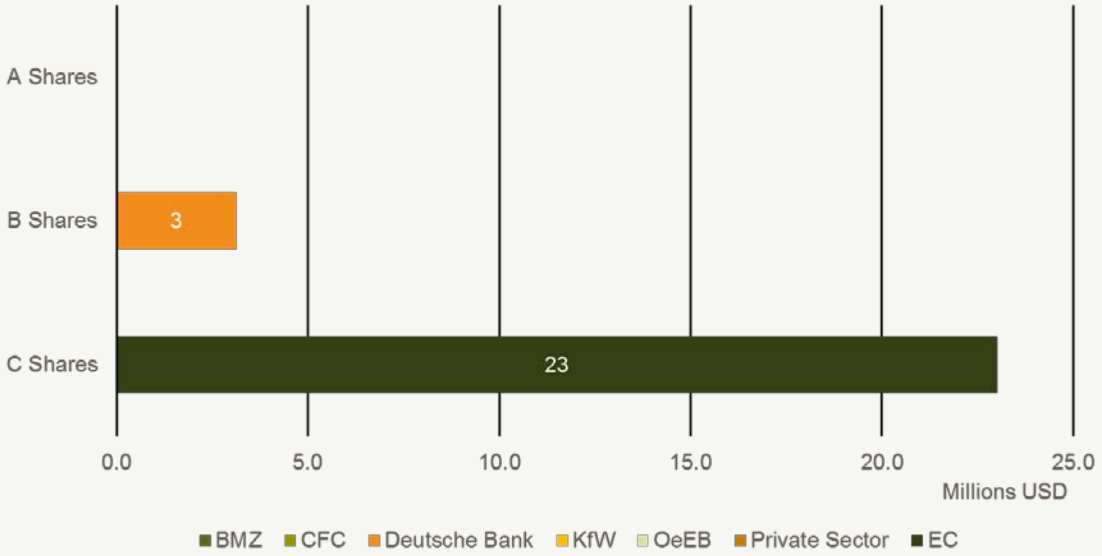
Data as of 30 June 2019

The “Use of Funding Allocation” applies the following methodology:

1. The net loan balance (after redemptions, provisions or write downs) is being used;
2. For direct investment companies (DICs), the country allocation is determined by the purpose of the loan;
3. For intermediary investment companies (IICs) and financial institutions (FIs), the country allocation is determined applying the distribution of the reported reference portfolio of loans to borrowers that are part of an agricultural value chain to the net value of AATIF‘s investment.

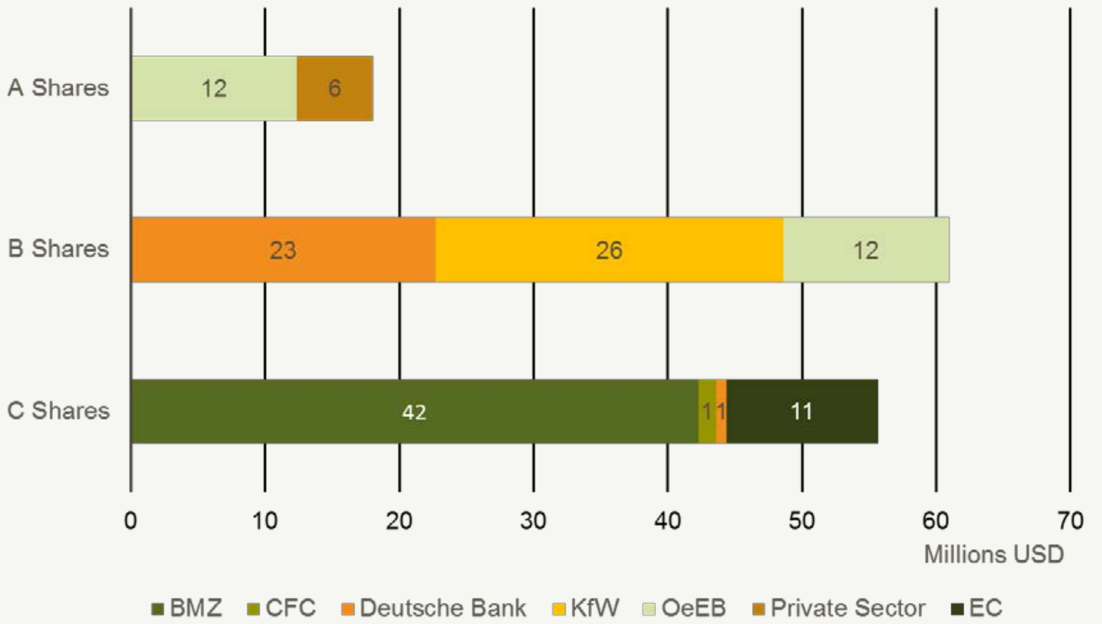
Investor Capital Structure as at 30/06/2019

Undrawn Commitments



Total amount of undrawn capital: USD 26m

Net Asset Value (NAV) of Outstanding Shares



NAV of the Fund includes cash and other value elements

Detailed Investment Overview

Chobe Agrivision Company

Country (use of funds):	Zambia
Type of investment:	Wheat, maize and soy farm
Use of Proceeds:	Irrigation equipment, land and ancillary equipment
Financial close:	October 2011
Tenor:	5 years + extended by additional 5 years
Type of Investment:	CAPEX Financing
S&E Category	B

Project Description

In October 2011, AATIF made an investment of USD 10m into the Zambian maize, wheat and soya bean farming operation - Chobe Agrivision. AATIF's investment supports the operations of Chobe Agrivision Mkushi farms by increasing its capacity thus enabling it to contribute to regional food security. Key indicators that are being worked towards are: (i) Increase in agricultural production and productivity levels, (ii) Generation of additional employment opportunities and (ii) Improvement in living and working conditions.

Also note the impact briefs[2].

Recent Developments

Project Update: As of June 2019 Mkushi harvested 16 tons of seed maize, 1 215 tons of commercial maize, 259 tons of sorghum and 4 329 tons of soya beans. The paprika trial, due to late delivery of seeds, only produced a limited harvestable crop. Agrivision plans to plant the seeds from the paprika harvested to get a bigger crop that could be exported in the next season. Mkushi received between 800mm and 1 200mm of rains and a full irrigated crop of 1,456ha of wheat and 260ha of barley were planted. This is the first time since the upgrade that the irrigation equipment financed by AATIF could be fully utilized. Somawhe harvested 12 635 tons of soya beans and 1 635 tons of commercial maize. Good rains were received as well and the water reservoirs have filled to capacity allowing for the planting of wheat on 2,884 ha.

Social & Environmental Oversight: Agvision submitted its annual social and environmental monitoring report and AATIF reached out to the lenders group for joint follow-up. Agrivision filled the position of ESG manager and shared the updated collective agreement in place since April 2019. Salaries have been adopted for all farm operations.

Technical Assistance: A Rapid Appraisal Report for the first loan term is available (2018). The TA Facility Manager has contracted the Kenyan consultancy company Research Support Services (RSS) to cover the extended Agrivision loan tenure for which a (new) end line data collection is expected to commence in 2021.

[2] https://www.aatif.lu/impact-briefs.html

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

Country:	Ghana
Type of investment:	Rice farm and mill
Use of Proceeds	Land, rice mill, tractors and equipment
Financial close:	June 2012
Tenor:	6 years
Type of Investment:	CAPEX Financing
S&E Category	B

Project Description

In June 2012, AATIF provided a loan to GADCO, a Ghanaian rice producer. AATIF financed a rice mill as a first step for GADCO to develop an integrated value chain. GADCO however faced severe operational issues and was completely restructured in 2014/2015. Together with other co-lenders, AATIF accepted debt restructuring reducing the indebtedness of the company and allowing it a new start with a new management team. The farm consists of a nucleus which is surrounded by land used by smallholders to grow rice. Traditionally, rice production within Ghana suffered from the stigma of being considered low quality. Hence rice for retail use is imported. Since the take-over by the new management, GADCO developed its several brands under which rice from the nucleus farm and the community farmers is being sold in the local market. The benefit of the local mill being equipped with up-to-date equipment allowed the company to meet international quality standards.


Rice Mill


Copa Connect Farmers

Recent Developments

Project Update: GADCO has developed over 1,100 hectares for the cultivation of rice, employing 67 staff members including support staff for rice mill and farm operations. As the nucleus farm continues to expand, the demand for contracted farmers has kept on rising over the years. This has helped sustain rice cultivation and reinforce farming activities. Notwithstanding, most of the surrounding districts have encountered challenges over the years, mainly inadequate maintenance of the irrigation systems, drainage of canals as well as agronomic support thus reducing the original target, pace of increase in membership, as well as, additional lack of motivation and effort from some farmers to harvest their produce. However, the continued initiative of trainings on production protocol, timetables for planting as well as extension services and post-harvest technical support has aided to surmount these challenges resulting in a steady farmers growth and increase in rice production.

Social & Environmental Oversight: GADCO submitted its annual social and environmental monitoring report including data relating to the Copa Connect and Fievie programme which engaged 78 and 61 smallholders respectively in the minor season as of March 2019. After submission of its Annual Environmental Report, GADCO received feedback from the Environmental Protection Agency on its environmental management plan in Q2 2019 and started incorporating the same.

Technical Assistance: The TA Facility continues to subsidise the salary of an experienced Farm Workshop Manager. In addition, other workshop staff is being trained on work safety and specific technical issues. Two trainees with vocational engineering training have been hired and are now being trained as potential successors. While the subsidy of the TA Facility will come to an end in December 2019, GADCO has extended the contract of the Workshop Manager up to mid-2020 with an option for further renewal. An ex-post Rapid Appraisal impact assessment of GADCO is currently being finalised by the consultant (RSS) and is expected to be available in Q3 2019.

Wienco (Ghana) Ltd.

Country:	Ghana
Type of investment:	Intermediary input supplier
Financial close:	October 2013
Tenor:	3 years + extensions until 2019
Type of Investment:	Balance Sheet
S&E Category	B

Project Description

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

Recent Developments

Project Update: In June 2019, Côte d'Ivoire and Ghana, who together account for around 60% of global cocoa production, agreed to set a floor price of USD 2,600/ tonne for cocoa in an attempt to boost farmer incomes. This is higher than both spot London cocoa prices and futures prices (futures are trading at around USD 2,300/ tonne, as of June 20). The floor price is likely a welcome development for West African cocoa growers who have long complained about poor returns. However, it will be difficult for producers to curb cocoa production as and when needed. Firstly, cocoa trees, once they reach maturity, can bear fruit for over 20 years. Secondly, should the two countries begin stockpiling cocoa, they are likely to suffer from substantial post-harvest losses. Lastly, Cocoa is a perishable good, and, when exposed to moisture, can produce mycotoxins (threatening food safety) and alter the fatty acid content affecting flavour. Neither Ghana nor Côte d'Ivoire have the capacity to maintain significantly large quantities of cocoa beans at the required ambient and dry temperatures in their hot and humid climates.

Social & Environmental Oversight: Wienco submitted its annual social and environmental monitoring report. As staff of Masara continued to receive salaries with delays of one or two weeks, the company engaged with the staff union as well as Wienco and RMG in order to find a lasting solution to ensure that salaries are paid on time.

Technical Assistance: As part of an extended in-depth Impact Evaluation of this AATIF investment, a draft of the midterm evaluation for the cocoa outgrower scheme is currently under review. A first draft for the maize outgrower scheme midterm evaluation is expected for September 2019. Final Baseline Studies for maize and cacao are available.

Trade & Development Bank (“TDB”, formerly known as PTA Bank)

Country:	Supranational
Type of investment:	Financial Institution
Financial close:	September 2012
Tenor:	7 years
Type of Investment:	Balance Sheet
S&E Category	FI

Project Description

In September 2012, AATIF and TDB Bank signed a USD 30m facility agreement. TDB Bank is a multilateral financial institution, owned by eighteen East African member states, the People’s Republic of China and the African Development Bank. The funding is being used by TDB Bank to expand its agricultural lending activities.

Recent Developments

Project Update: TDB is continuing its growth path. In Q2 2019, the bank published its 2018 financial statements showing increased revenues of USD 362m (2017: 276m), and net profits of USD 129m (2017: 112m) on the back of a growing trade and project finance portfolio. The growth is funded with both increased equity (Arab Bank for Economic Development in Africa (BADEA) subscribing for USD 10m and OPIC for USD 20m) as well as an augmented borrowing base. Strategy wise, the bank intends to deepen its support of selected agriculture linked value chains to boost intra-African trade. One of its most recent engagements has been partnering with the Pan-African Fashion Initiative, a project launched by the African Union in collaboration with the Afro Champions Initiative. The launch event took place in Addis Ababa with invites incl. the Department of Trade and Industry, the African Development Bank, Africa 50, Afreximbank, Organisation Internationale de la Francophonie, OCP and Ceramica Cleopatra Group.

Social & Environmental Oversight: TDB submitted its annual social and environmental monitoring report and confirmed the hiring of a full-time E&S specialist.

Technical Assistance: The Rapid Appraisal Baseline Study for the TD Bank sub-loan to the Tanganda Tea Company is available (2016). The ex-post rapid appraisal is currently under preparation. Due to unfavourable travel conditions the related mission has been delayed. The consultants (KIT Royal Tropical Institute) are currently preparing for the mission to take place in Q3 2019.

BancABC Holdings Ltd.

Country:	East Africa (Mozambique, Tanzania, Zambia, Zimbabwe & Botswana)
Type of investment:	Financial Institution
Financial close:	December 2018
Tenor:	4 years
Type of Investment:	Balance Sheet
S&E Category	FI

Project Description

In December 2018, AATIF executed a USD 20m senior loan agreement with ABCH Holdings ("BancABC"), a financial institution holding company based in Botswana with subsidiaries operating out of Zimbabwe, Zambia, Mozambique, Botswana and Tanzania. In 2014 BancABC was acquired by Atlas Mara, a company listed on the London stock exchange with banking subsidiaries in seven countries including the BancABC banks. The AATIF facility will enable BancABC increase its exposure to transactions along the entire agricultural value chain. The new loan facility, secured by a guarantee from BancABC's parent Atlas Mara Limited ("ATMA", is replacing the prior risk sharing agreement signed in December 2013.

Recent Developments

Project Update: BancABC's parent ATMA is undertaking a review of strategic options, including an analysis of each banking operation to ensure that top five market leadership is practicably achievable in the near term, with the intention to focus on investments in such core markets, and to partner, exit or reduce risk exposure elsewhere. In alignment with this strategy, ATMA announced in April 2019 its intention to strategically partner with Equity Group Holdings ("Equity"). ATMA has entered into a binding share exchange transaction with Equity for the sale of its subsidiary banks in Rwanda, Zambia, Mozambique, and Tanzania. ATMA in return for the sale of its subsidiary banks will become a meaningful shareholder in Equity, one of Africa's most successful and well-run banks.

Excluding the devaluation of the Zimbabwean Dollar (ZWD), on a constant currency basis, the portfolio grew from ZWD 38.7m at 31 December 2018 to ZWD 64.5 million as at 30 June 2019. The focus remains on horticulture, dairy and sugar value chains. Note that in USD terms, due to the devaluation of the ZWD, the portfolio stands at USD 8.8m as of 30 June 2019 down from USD38.7m in December 2018.

Social & Environmental Oversight: BancABC drafted a grievance procedure which is awaiting final clearance. Impact reporting at country level has improved and AATIF is awaiting submission of new data in July 2019. Furthermore, AATIF is preparing for a review of employment effects in selected BancABC sub-loans in Zimbabwe.

Technical Assistance: The TA Facility Manager is currently selecting a consultant for the elaboration of a TA program to support BancABC in its effort to establish a "Centre of Excellence" for their agri-lending in their Zimbabwe country branch.

Export Trading Group ("ETG")

Country:	Pan Africa
Type of investment:	Intermediary
Financial close:	November 2015
Tenor:	5 years
Type of Investment:	Balance Sheet
S&E Category	B

Project Description

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

Recent Developments

Project Update: ETG raised in July 2019 a USD 125m loan facility with Nigerian United Bank for Africa which ranks pari passu with AATIF.

Social & Environmental Oversight: ETG submitted its social and environmental capacity building strategy and discussed it with AATIF support towards its implementation. Furthermore, AATIF held an update call with IFC towards coordinating knowledge sharing efforts especially in relation to AATIF's research efforts. In addition to the rapid appraisal (see below), AATIF is preparing for a review of employment effects ETG's Tanzania country operations.

Technical Assistance: The baseline data collection for the Rapid Appraisal of the AATIF investment took place in Q4 2018 in Malawi. The consultant (RSS) submitted a first draft of the Baseline Report in early February 2019, which is under review by the CA and the TA Facility Manager. The final Baseline Report is expected to be available in Q3 2019.

Coopers-K Brands Kenya Ltd. ("CKL")

Country:	Kenya
Type of investment:	Direct Investment Company
Purpose:	CAPEX financing for local production
Financial close:	January 2018
Tenor:	7 years
Type of Investment:	CAPEX Financing
S&E Category	B

Project Description

In January 2018, AATIF concluded a USD 4m facility to enable Coopers-K Brands Kenya Ltd ("CKL") finance a new plant for minerals and nutritional supplements for livestock, thereby increasing local value addition.

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

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

Recent Developments

Project Update: The construction of the new plant for CKL was completed in June 2019 and the contractors have been performing production tests since the start of July with expectations that full operation of the new plant should start mid-July. As a result, the plant manager and additional staff members that are required for the operation of the new plant have been appointed and they are currently observing the production tests. Once fully operational, the new plant will reduce the importation, especially from China, and the company's reliance on contract manufacturing from its competitors. In addition, the company will experience less production and sales interruptions, which were previously caused by lack of inventories.

Social & Environmental Oversight: CKL completed the selection process of a new Group Sustainability Coordination and Communication Officer in Q2 2019. Furthermore, CKL developed a plan for offering staff affected by shifting plant operations in the new production site, suitable positions in the currently operating plants.

Technical Assistance: The baseline data collection for the Rapid Appraisal of the AATIF investment took place in Q4 2018 in Kenya. The consultant (RSS) submitted a first draft of the Baseline Report in early February 2019, which was reviewed by the CA and the TA Facility Manager. The final Baseline Report is expected to be available early Q3 2019.

The TA Facility has commenced with co-financing the salary of the newly created position of Group Sustainability Coordination and Communication Officer for the first three years. The recruitment process to fill the position is currently ongoing and the candidate is expected to assume the position in early Q3 2019.

African Milling Company

Country:	Zambia
Type of investment:	Direct Investment Company
Purpose:	Working capital financing for local production
Financial close:	August 2018
Tenor:	1,5 years
Type of Investment:	Collateral Based Financing Working Capital
S&E Category	B

Project Description

In August 2018, AATIF concluded a USD 11m debt facility for African Milling Limited ("AML") in Zambia to enable the company to purchase maize and wheat for its milling operations in Lusaka. The senior debt facility includes a Working Capital ("WC") Facility of USD 1m and a Collateral Management Agreement ("CMA") Facility of USD 10m.

This innovative financing structure enabled AML to meet its working capital needs and free some of its capital to finance completion of its CAPEX programme, which had stopped as the company had to divert its earnings to finance working capital in the past financial period. The investment will have notable developmental impact as AML purchases maize largely from smallholder farmers in Zambia. The transaction provides liquidity when needed by the mill to buy maize and wheat from farmers. It further reduces dependency on trading companies that are buying maize and wheat when prices are low and target to sell the inputs to the mills when prices go up. As both, maize and wheat are important inputs for local food supply, most people are relying on the output of mills.

Recent Developments

Project Update: New season for purchasing maize has started in May 2019 with predictions that this year's output will be significantly less than 2018's. As a result, the maize price is unlikely to drop to levels witnessed in 2018 as price support remains strong amid aggressive buying from traders and millers in anticipation of a relatively small new crop. African Milling Limited is finalizing paperwork for renewal of the CMA facility from AATIF in order to start purchasing maize in July 2019 with maize price expected to bottom in August and start rising in September 2019.

Social & Environmental Oversight: AML continued working on and submitted an updated social and environmental action plan for the company's operations.

Technical Assistance: The TA Facility Manager visited AML in June 2019 and discussed possible TA Measures. As an outcome, the TA Facility in close cooperation with the CA will develop a project to further train and capacitate AML's Health and Safety Officer to enable him to further improve staff compliance on respective rules and regulations. AML has also requested assistance to conduct an analysis of options to broaden their product range for the Zambian market.

Sterling Bank

Country:	Nigeria
Type of investment:	Financial Institution
Purpose:	Financing of agricultural businesses
Financial close:	February 2019
Tenor:	4,5 years
Type of Investment:	Balance sheet financing
S&E Category	FI

Project Description

On 05 February 2019, AATIF executed a USD 15m senior debt facility with Sterling Bank plc. The loan shall be applied towards its agricultural loan portfolio, especially for clients that are active in segments not yet served or those seeking to finance hard assets such as irrigation equipment or cold storage.

Agriculture is at the heart of the bank's strategic intent to diversify beyond oil and gas financing - a traditional mainstay for Nigerian banks. Sterling Bank entered the financing of agricultural value chains in 2010/2011 and was the first commercial bank to participate in major financing initiatives sponsored by the Central Bank of Nigeria to promote lending to the agricultural sector and smallholder farmers in various Nigerian states.

Recent Developments

Project Update: Sterling Bank started deploying AATIF's funds to agricultural businesses in Nigeria. Among others Sterling Bank has financed a fertilizer company on the back of a partial credit risk guarantee from NIRSAL. NIRSAL, an initiative of the Central Bank of Nigeria, the Bankers Committee and the Federal Ministry of Agriculture & Rural Development, incorporated as a public limited liability company and licensed as a non-bank financial institution is tasked with the primary mandate of facilitating the flow of credit to agribusiness value chain players and collaborating with stakeholders to fix broken agricultural value chains in Nigeria.

Social & Environmental Oversight: no material update

Technical Assistance: The TA Facility Manager has recently started dialogue with Sterling Bank on possible TA interventions.

NSIA Banque

Country:	Ivory Coast
Type of investment:	Financial Institution
Purpose:	Financing of agricultural businesses
Financial close:	February 2019
Tenor:	5 years
Type of Investment:	Balance sheet financing
S&E Category	FI

Project Description

On 15 February 2019, AATIF executed a EUR 30m senior debt facility with NSIA Banque Côte d'Ivoire ("NSIA"), one of the leading commercial banks in Ivory Coast. The loan shall be applied towards its agricultural loan portfolio. NSIA is a public limited liability company listed on the Bourse Régionale des Valeurs Mobilières in Abidjan since October 2017. The agricultural sector is a core sector for the bank to grow due to its importance in terms of share of local GDP in Ivory Coast. AATIF would leverage the already existing established agriculture footprint in a country with significant demand for agricultural development.

Recent Developments

Project Update: NSIA has started to deploy AATIF's funds to agricultural businesses in Ivory Coast. AATIF's long-tenor funding will help NSIA to grow its agricultural loan book and to serve clients in agricultural processing with the financing of machinery and other investments amortising over a longer period of time. In that respect, NSIA supports the industrialization strategy of the Ivorian Government – not only for processing cocoa, but also adding more local value in sectors such as fruits, vegetables and cotton seeds.

Social & Environmental Oversight: AATIF and NSIA agreed on the final content of additional capacity building for the bank' s recently hired Social and Environmental Coordinator and updated the Social and Environmental Action Plan with AATIF recommendations.

Technical Assistance: In close collaboration with the CA, the TA Facility supports NSIA Ivory Coast with complementary support measures for the establishment of a full-fledged Social and Environmental Management System (SEMS). The TA Measure will finance the introductory training for the Social and Environmental Coordinator recently employed by NSIA Ivory Coast. Such training will facilitate the subsequent implementation of NSIA CdI's SEMS Action Plan. A respective contract is currently being negotiated on with a consultant.

Mount Meru Millers

Country:	Zambia
Type of investment:	Direct Investment Company
Purpose:	Loan for expansion of existing facilities
Financial close:	February 2019
Tenor:	7 years
Type of Investment:	Capex senior debt loan
S&E Category	B

Project Description

On 28 February 2019, AATIF finalised a USD 5m facility agreement with 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 nine African countries. Mount Meru Millers in Zambia produces edible oil and feed cakes as well as several smaller by-products from soya, sunflower, cotton and palm oil. Products are sold in local and regional markets. Mt. Meru buys 95% of the inputs from local commercial farmers and aggregators/traders while 5% is sourced from smallholder farmers. Through these activities, the company is contributing to the development of the agro processing sector in Zambia as well as import substitution by increasing access in the market of locally produced edible oil. Zambia imports at least 60% of its edible oil. Mount Meru Millers currently accounts for about 20% of the market for edible oils. AATIF's loan of USD 5m with a tenor of seven years was used to fund the expansion of the refinery capacity, (silo) storage capacity, processing capacity and packaging units in Zambia. Furthermore, AATIF seeks to work with the company on its local sourcing strategy, increasing its engagement with smallholder farmers producing sunflower and cotton seeds for further processing at Mount Meru Millers.

Recent Developments

Project Update: The construction works for expansion of the refinery, storage, processing and packaging activities in Mount Meru Millers (Z) Ltd were completed in April as scheduled and the operations of the new facilities have already started. The company recruited additional staff members as production volumes have increased. In addition, higher production volumes will have positive developmental impact in terms of increased purchases of raw materials from local farmers as well as reduction in importation of relevant products.

Social & Environmental Oversight: Mount Meru continued the implementation of its supplementary resettlement plan for project affected people in Katuba and Kanchibiya (see below).

Technical Assistance: A consultant is currently assisting Mount Meru Millers to implement recommended activities for addressing the gaps identified during a Resettlement and Livelihood Restoration Audit that was conducted with assistance of the CA and TA Facility in early 2018. The consultant commenced his work in October 2018. After the identification of eligible Project Affected Persons, the identification of suitable land and planning for house construction is now under way.

The TA Facility Manager visited Mount Meru millers in June to discuss other potential issues or areas for TA interventions, one of which is the scaling up of a contract farming scheme to supply Mt Meru with various agricultural raw material for their processing facilities. Another possible project to be further developed is the use of cotton residues for energy generation to be used for cotton processing and some expert advice on the feasibility of local margarine production.

Oragroup S.A.

Country:	Togo
Type of investment:	Financial Institution
Purpose:	Financing of agricultural businesses
Financial close:	June 2019
Tenor:	1 year
Type of Investment:	Balance sheet financing
S&E Category	FI

Project Description

On June 28, 2019, AATIF executed a EUR 20m senior debt facility with Oragroup S.A. ("Oragroup") in Togo. The facility has a 12-month tenor and a renewal option at the end of the initial term. Oragroup is the holding company of the Orabank group of banks composed of seven subsidiaries present in Benin, Chad, Gabon, Guinea-Conakry, Togo, Mauritania and Cote d'Ivoire (with branches in Mali, Burkina Faso, Niger, Sénégal and Guinée-Bissau) and has a network of 139 branches and 1,811 employees.

AATIF's loan shall be applied to finance agricultural export trade transactions. Oragroup focuses on inventory and pre-export financing for crops such as cocoa, cashew, cotton, sesame, shea nut and sugar. Oragroup targets mid-sized exporting corporates and co-operatives.

The facility from AATIF provides liquidity into the market as and when needed. Demands for liquidity peak during the harvesting periods and institutions like Oragroup are seeing liquidity become a scarce asset. At the same time, the household income of farmers can only be secured if off-takers and exporters have access to liquidity at that point in time. Providing liquidity to Oragroup therefore is a contribution to allow Western African businesses and farmers expand their practice and at the same time allow the African exports to be competitive in global markets.

Recent Developments

Project Update: see above (as the debt facility was only disbursed on June 28, 2019).

Social & Environmental Oversight: no material update.

Technical Assistance: Possible TA Measures are likely to be aligned with recommendations by the CA and will focus on S&E capacity building measures and further development of the Social and Environmental Management System.

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Federal Ministry for Economic Cooperation and Development

Implementation Partners:

KFW DWS ILO UN environment CFC common fund for commodities

Investors:

KFW OeEB European Commission CFC common fund for commodities

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