



PRESS RELEASE

## **AFRICAN AGRICULTURE FUND FIRST CLOSES ON US\$ 135 MILLION**

**29 November 2010**

The African Agriculture Fund (AAF), a private equity fund designed to respond to the food crisis that severely impacted the continent in 2008 in the wake of escalating food prices, reached its first closing at US\$ 135 million in November 2010.

AAF investment thesis primarily lies in food production, processing and distribution in cereals, livestock farming, dairy, fruit and vegetables, crop protection, logistics, fertilizers, seeds, edible oils, smallholders and agri services. To achieve optimal diversification within the sector, the Fund will invest across the value chain (from primary production to processing and tertiary services) and pan-Africa. The Fund will make investments of up to US\$ 20 million per Portfolio Company, targeting entities with robust management and growth prospects. The Fund aims to support private sector companies that implement strategies to enhance and diversify food production and distribution in Africa by providing equity funding including strengthening the management and modernisation of the agricultural sector on the continent.

To enhance its impact on development, the Fund has deployed two powerful instruments: a dedicated SME sub fund of a target size of US\$ 60 million (initially US\$ 30 million) and a Technical Assistance Facility (TAF) of €uro 10 million, to support outgrower schemes in large companies and business development services in SMEs.

The support to AAF, whose total target size is US\$ 300 million, is part of a coordinated response of a pool of European DFIs, with the Agence Française de Développement (AFD), the Spanish Agency for International Development Cooperation (AECID), Promotion et Participation pour la Coopération économique (Proparco) and International Fund for Agricultural Development (IFAD); on one hand and, on the other hand, African DFIs, with the African Development Bank (AfDB), the Development Bank of Southern Africa (DBSA), the West African Development Bank (BOAD) and the ECOWAS Bank of Investment and Development (EBID), as limited liability partner investors. The International Fund for Agricultural Development (IFAD) will manage the Technical Assistance Facility for which core funding has been committed by the European Commission with the contribution of the Alliance for a Green Revolution in Africa (AGRA) and the Italian Cooperation.

To fight African agribusiness and agriculture's chronic undercapitalisation, the Fund is equipped with an innovative mechanism designed to attract private sector capital. Lead investors such as AFD and AECID, together with BOAD and EBID have pooled their shares into a first loss risk taking mechanism that will provide private investors into AAF with an accelerated return.

Phatisa are the Fund Managers, which comprises a team of seasoned professionals with a depth of experience in both private equity, fund management and the agricultural sector across Africa. Phatisa is led by Duncan Owen and Stuart Bradley, with Valentine Chitalu as its Chairman. The Group has offices in Mauritius, Zambia, Kenya, South Africa and in the process of being established in West Africa.

The Fund will also operate according to a Socially Responsible Investment (SRI) Manual that features an environmental and social risk management system, guidelines for an optimal use of the technical assistance facility and, for the first time in agribusiness private equity, a Code of Conduct for Land Acquisition and Land Use in agricultural and agribusiness projects to prevent unsustainable practices.

“With food security such a crucial issue across Africa, the AAF will make equity finance available for African agricultural companies,” says Valentine Chitalu, Chairman of Phatisa Group. “We welcome all the investors’ significant contributions to Africa's economic development and long-term prosperity.”

During the first closing procedures, Duncan stressed that “the commercial success of this new African food fund is critical for both the Fund’s international investors and for the future of agriculture as a whole in Africa.”

AAF Promoters were advised by a legal team led by Gide Loyrette Nouel (Stéphane Puel, partner and Julien Vandebussche) comprising Africa Legal (Lance Roderick, partner and Louise Campion) and Muhammad Uteem Chambers.

Ends

(Words 636)

---

## Press contacts

For more information, please contact:

### Phatisa

Izelle le Roux-Owen, Corporate Communications & Investor Relations

Telephone: + 27 11 501 4806

Email: [izelleleroux@phatisa.com](mailto:izelleleroux@phatisa.com)

---

## Background information about:

**Agence Française de Développement (AFD)** is a public development finance institution that has worked to fight poverty and support economic growth in developing countries and the French Overseas Communities for almost 70 years. AFD executes the French government’s development aid policies.

Through offices in more than fifty countries and nine French Overseas Communities, AFD provides financing and support for projects that improve people’s living conditions, promote economic growth and protect the planet: schooling, maternal healthcare, help for farmers and small business, water supply, preservation of tropical forests, and fighting climate change, among other concerns.

In 2009, AFD committed more than €6.2 billion to financing aid activities in developing and emerging countries and the French Overseas Communities. The funds will help vaccinate 1.8 million children, improve drinking water access for 7.3 million people and support 900,000 private sector jobs, while energy efficiency projects save nearly 5 million tons of carbon dioxide emissions per year. [www.afd.fr](http://www.afd.fr)

**African Development Bank:** The AfDB Group’s mission is to help reduce poverty, improve living conditions for Africans and mobilize resources for the continent’s economic and social development. With this objective in mind, the institution aims at assisting African countries – individually and collectively - in their efforts to achieve sustainable economic development and social progress. Combating poverty is at the heart of the continent’s efforts to attain sustainable economic growth. To this end, the Bank seeks to stimulate and mobilize internal and external resources to promote investments as well as provide its regional member countries with technical and financial assistance.

The Agribusiness team of the Bank's Private sector department aims at investing in private equity funds focused on agriculture, supporting trade finance in agricultural commodities and partnering with key agribusiness groups to attract private sector operators to invest in agriculture in Africa. AAF will be the Bank's second investment in a PE fund targeting the agribusiness sector. It will also follow a series of agribusiness investments in palm plantations, edible oil refinery and commodity trade finance. In the past three years, the Private sector department has approved 16 equity funds for an amount in excess of US\$ 300 million in infrastructure, health as well as in generalist funds. The AfDB group seeks sustained continued growth of its member countries through better infrastructure, stronger private sector, more robust institutions and greater economic integration. [www.afdb.org](http://www.afdb.org)

**Spanish Agency for International Development Cooperation (AECID)** is the Spanish bilateral aid agency, created in November 1988 as the administering body for the Spanish Development Cooperation policies and funds, under the Ministry of Foreign Affairs and Cooperation of Spain, and within the Secretary of State for International Cooperation. AECID is responsible for elaboration, execution and management of the cooperation programs and projects, either directly, through its own resources or the collaboration with other national or international organisations and non-governmental organizations (NGO). Through its field technical offices, cultural centers and learning institutes, AECID is present in 42 developing countries. AECID funds are channeled to countries and sectors following priorities and criteria set out under the Masterplan for Spanish Development Cooperation 2009-2012. [www.aecid.es](http://www.aecid.es)

**Alliance for a Green Revolution in Africa:** AGRA works to achieve a food secure and prosperous Africa through the promotion of rapid, sustainable agricultural growth based on smallholder farmers. Smallholders--the majority women--produce most of Africa's food, and do so with minimal resources and little government support. AGRA aims to ensure that smallholders have what they need to succeed: good seeds and healthy soils; access to markets, information, financing, storage and transport; and policies that provide them with comprehensive support. Through developing Africa's high-potential breadbasket areas, while also boosting farm productivity across more challenging environments, AGRA works to transform smallholder agriculture into a highly productive, efficient, sustainable and competitive system, and do so while protecting the environment. [www.agra-alliance.org](http://www.agra-alliance.org)

**Banque Ouest Africaine de Développement:** BOAD (West African Development Bank) is an international multilateral development bank established in 1973 to serve the nations of Francophone and Lusophone West Africa. It is funded by member states (Benin, Burkina-Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo), foreign governments and international agencies. It focuses on three development goals: poverty reduction, economic integration and promotion of private sector activity. The bank disburses long- and medium-term loans - previously available only to BOAD member governments and public institutions - but now also available to private businesses involved in development projects of regional importance as well as lines of credit to finance microcredit projects and small and medium enterprises. Its headquarters are in Lomé, Togo. [www.boad.org](http://www.boad.org)

**Development Bank of Southern Africa:** DBSA is a leading Development Finance Institution (DFI) in Africa South of the Sahara, playing the roles of Financier, Advisor, Partner, Implementer and Integrator. Its purpose is to accelerate sustainable socio-economic development by funding physical, social and economic infrastructure. The Bank maximizes its contribution to sustainable development by mobilizing financial, knowledge and human capital to support governments and other development role- players in improving the quality of life of people in the region through funding infrastructure projects; accelerating the sustainable reduction of poverty and dependency; and promoting broad-based economic growth and regional economic integration. [www.dbsa.org](http://www.dbsa.org)

**ECOWAS Bank for Investment and Development:** The Economic Community of West African States (ECOWAS) which was created on 28 May 1975 in order to promote co-operation and integration of West African countries currently comprises fifteen (15) Member States, namely Benin, Burkina Faso, Cabo Verde, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo.

The Treaty establishing ECOWAS also instituted the ECOWAS Fund for Co-operation, Compensation and Development (ECOWAS Fund) as a financial instrument of the Community. It became operational in 1979.

In order to enhance the financial resources of the Fund through the opening of its capital to non-regional partners, the Authority of Heads of State and Government at its twenty-second session held on 9 and 10 December 1999 decided to transform ECOWAS Fund into a regional holding company called ECOWAS Bank for Investment and Development (EBID) with two specialised subsidiaries, ECOWAS Regional Development Fund (ERDF) and ECOWAS Regional Investment Bank (ERIB). The EBID Group became operational in 2003.

In order to ensure that the EBID Group's activities are carried out under a unified command structure so as to streamline overhead costs, the Authority of Heads of State and Government, decided to reorganize the Bank back into a single structure on 14 June 2006.

The fundamental aim of these successive institutional and strategic reforms, is to enable EBID achieve its objectives and properly accomplish the mission assigned by the ECOWAS authorities. [http://www.bidc-ebid.org/en/bidc\\_en.php](http://www.bidc-ebid.org/en/bidc_en.php)

**The International Fund for Agricultural Development (IFAD)** works with poor rural people to enable them to grow and sell more food, increase their incomes and determine the direction of their own lives. Since 1978, IFAD has invested over US\$12 billion in grants and low-interest loans to developing countries, empowering more than 360 million people to break out of poverty. IFAD is an international financial institution and a specialized UN agency based in Rome – the UN's food and agricultural hub. It is a unique partnership of 165 members from the Organization of the Petroleum Exporting Countries (OPEC), other developing countries and the Organisation for Economic Co-operation and Development (OECD). [www.ifad.org](http://www.ifad.org)

**Phatisa:** Phatisa is a private equity fund management company, operating across sub-Saharan Africa, with offices in Mauritius, South Africa, Zambia, Kenya and West Africa in the near future.

Phatisa comprises a team with a significant track record of managing private equity funds and agricultural businesses throughout the continent.

Duncan Owen, Managing Partner, worked at Unilever for 18 years before turning around and disposing of CDC Capital Partners' agricultural portfolio comprising over 10 companies across eight African countries and employing 28,000 people. Stuart Bradley, Senior Deal Partner and the deal team have cumulatively more than a 100-year track record in African private equity and agri business development in Africa.

The Investment Committee is chaired by Phatisa's Chief Investment Officer, Valentine Chitalu. He holds several board positions in Zambia, Australia, South Africa and the United Kingdom, and is Chairman of Zambian Breweries, MTN (Zambia) Limited, ALBIDON (Zambia) Limited, Phatisa Group (Mauritius), including his recent appointment as Non-executive Director, CDC Group plc (UK). Valentine is a chartered accountant and has worked with Meridian Bank, and the Zambia Privatisation Agency where, as CEO, he oversaw the disposal and privatisation of around 240 businesses.

The entire Phatisa team is located in Africa and spends a considerable amount of time developing relationships with strategic partners in all countries where the Fund is active. This ensures that the Fund has reliable networks and information in the countries in which it invests. The team members have a reputation built up over the last decade, which can be seen in their track records, on-the-ground network, and access to agricultural players and facilities on the continent.

Phatisa provides the experience necessary to invest, manage and successfully exit what will be one of Africa's most pioneering agricultural private equity funds. [www.phatisa.com](http://www.phatisa.com)

**Promotion et Participation pour la Coopération économique:** Proparco is the Investment and Promotions company for Economic Cooperation. Created in 1977, PROPARCO is a Development Financial Institution partly held by Agence Française de Développement (AFD) and private shareholders from the North and South. Its mission is to be a catalyst for private investment in developing countries which targets growth, sustainable development and reaching the Millennium Development Goals (MDGs).

Proparco finances operations which are economically viable, socially equitable, environmentally sustainable and financially profitable. Its sectoral strategy is tailored to the level of a country's development and focuses on the productive sector, financial systems, infrastructure and equity investment. Proparco invests in a geographical area ranging from major emerging countries to the poorest countries, in particular in Africa, and has high-level requirements in terms of Social and Environmental Responsibility. Proparco has a wide range of financial instruments to meet the specific needs of private investors in developing countries (loans, equity, guarantees and financial engineering). Proparco has systematic impact measurement tools which are used to pre-select project financing and then throughout the project life.

Proparco has a team of 150 people, 10 regional offices and is supported by 50 AFD Group agencies worldwide. In 2009 Proparco granted €1,1 billion for over eighty projects in more than thirty countries. [www.proparco.fr](http://www.proparco.fr)