

# AGDEVCO BUILDING PROFITABLE AGRIBUSINESS IN SSA

SEPTEMBER 2019

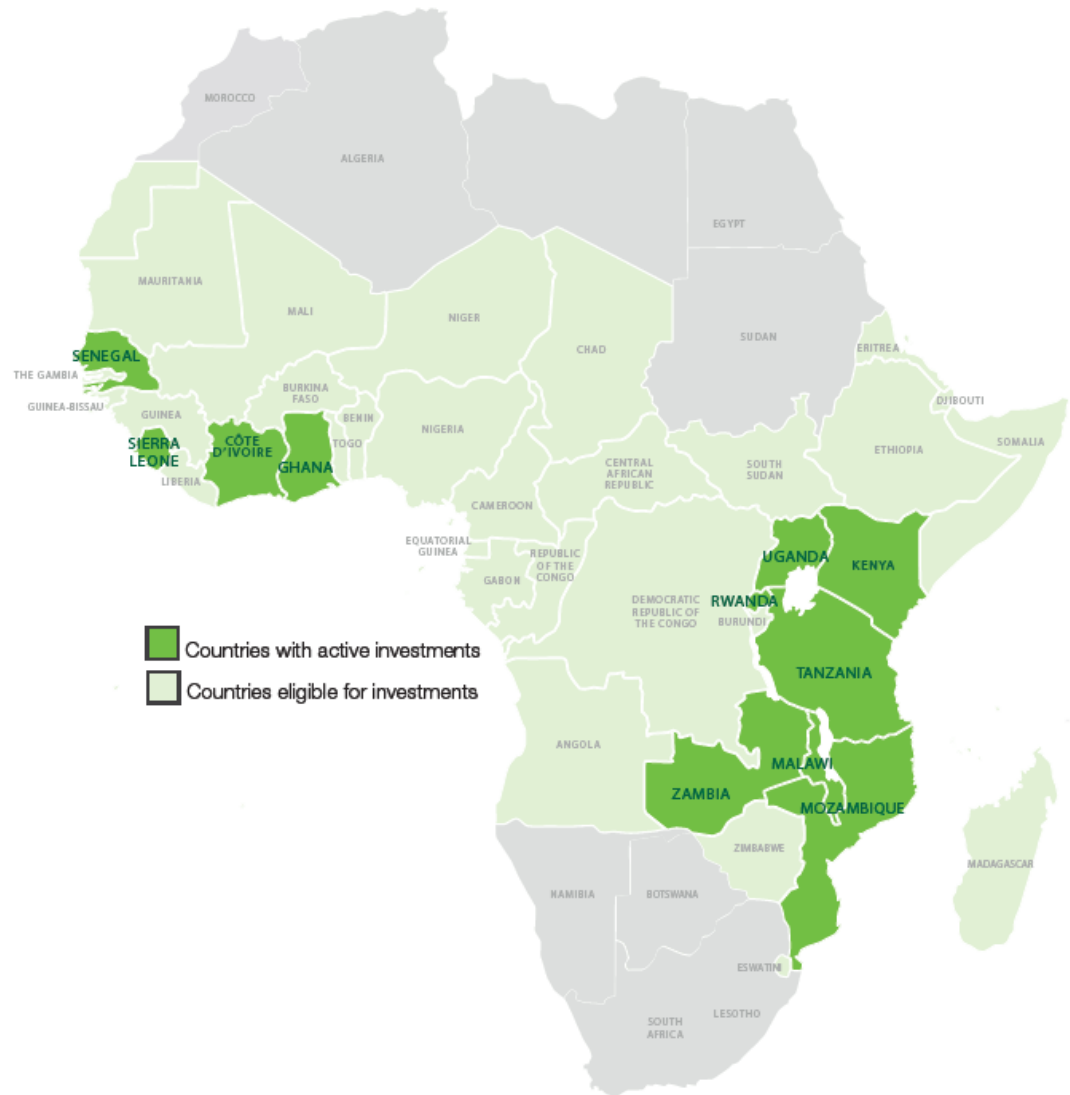


# AGDEVCO AGRIBUSINESS CREATION AND DEVELOPMENT

## MISSION & VISION STATEMENT:

AgDevCo aims to build successful African agribusinesses through long-term investment and support to deliver positive impact at scale. We are working to achieve a thriving commercial African agriculture sector that benefits people, economies and the environment

We are the only **specialist impact investor** that creates and builds African SME agribusinesses



# BUILDING AFRICAN AGRIBUSINESS

## WHAT WE DO

**WE FINANCE:** We **provide long-term risk capital**, and **seasonal working capital**. We can also offer **matching funding** to commercial businesses to support the development of their smallholder farmer programmes.

**WE ENGAGE:** We **work** closely with our investees **as collaborative, yet challenging, partners**. Our engagement allows for a better mutual understanding of each investment's opportunities and risks, which facilitates and accelerates business improvements.

**WE SUPPORT:** We **support** our investees both **at an operational and strategic level**, giving them practical, day-to-day commercial and agronomic advice, tailored to their needs and business models. AgDevCo employees or nominees also act as board members of the investee businesses, sharing best practice information on systems and standards.

**WE INNOVATE:** We **apply our knowledge of agriculture and our experience of working in Africa** to identify how to use available land supply in new and productive ways, grow different products, innovate irrigation practices and forge new commercial connections.

**WE CONNECT:** Using our global networks, we **connect** our **investee businesses to stakeholders across agricultural food chains** such as technical experts, seed suppliers and off-takers. We also develop smallholder schemes, which link smallholder farmers to agribusinesses and give them access to quality inputs, training and markets.



# BUILDING AFRICAN AGRIBUSINESS

## HOW WE WORK – OUR INVESTMENT FOCUS



- We invest between \$2 million and \$10 million of debt and equity in African agribusinesses,
- We target primary food production and processing companies where we believe we can make the most impact.
- We can invest right across the supply chain – from inputs to logistics.
- We have a **long-term outlook**, recognising that **some of our early-stage agribusinesses can take ten years or more to reach maturity**. That means we can support agribusinesses that would otherwise struggle to secure financing on affordable terms and improve their chances to develop into viable, commercial businesses.
- We are willing to provide smaller ticket sizes to projects with promising commercial and development impact.
- To maintain a balanced investment portfolio, and reduce our overall risk profile, **we also finance expansion projects in more mature agribusinesses with proven business models**.

# BUILDING AFRICAN AGRIBUSINESS

## OUR INVESTMENT CRITERIA

We welcome applications from potential investees for projects across the agricultural value chain\* and in sub-Saharan Africa\*\*.

Investment criteria:

- **proven business model**
- **strong management team**
- **potential for long-term growth**
- **potential positive impact on people, economies and the environment**

**Responsible investment** is core to the long-term success of our investments. We require potential investees to be compliant with all applicable local and international laws, and our Responsible Business Principles.

We also require investees to work toward **international environmental, social and governance** good practice via a structured plan.

Ultimately, we will measure the success of our investments by the **commercial return** and the **long-term transformational impact** they make.

\* (apart from tobacco and potable ethanol) \*\* apart from the following countries with upper-middle income levels: Botswana, Equatorial Guinea, Gabon, Mauritius, Namibia and South Africa.

# BUILDING AFRICAN AGRIBUSINESS SPECIALIST SUPPORT

**APPLYING EXPERTISE TO SUPPORT INVESTMENTS:** We offer specialist, in-house and on-going support to our investees via our specialist teams. These teams work with investees from the outset of our investment to our agreed exit or reinvestment.

**VALUE-ADDING TEAMS:** Our specialist teams are essential to the success of our investments as their services add unique value in developing sustainable agribusinesses. Depending on the outcomes of risk and cost-benefit assessments for each investment, we use our teams where they are most needed during our investment process – from pre-screening and due diligence work to compliance audits, best practice activities and specific technical support.





# THE SMALLHOLDER DEVELOPMENT UNIT PROMOTING SMALLHOLDER ENGAGEMENT



AgDevCo's core business of impact investing is complemented by the work of its **Smallholder Development Unit (SDU)**, a dedicated vehicle for connecting African agribusinesses with hundreds of thousands of smallholder farmers across seven countries in sub-Saharan Africa.



Recognising that **there are high set-up costs and economies of scale in smallholder outgrower and extension schemes**, the SDU provides up to \$800,000 matching funding per project to support key systems and processes, enabling catalytic relationships between agribusinesses and smallholder farmers. Among other things, funds can be used to:

- **implement and scale outgrower schemes;**
- **establish demonstration plots and training programmes;**
- **develop ICT systems** to manage smallholder schemes; and
- **roll-out and manage certification programmes.**



The SDU is supported by the Mastercard Foundation and the UK's Department for International Development (DFID).

# GREAT LAKES COFFEE

## COFFEE INVESTMENT IN UGANDA

**Great Lakes Coffee** is a Ugandan company which sources, mills and exports high-quality Arabica coffee to green coffee traders such as Falcon Coffees (UK), which in turn is sold in retail outlets such as Wholefoods and Starbucks. The company also roasts coffee for wholesale customers in Uganda and runs a barista training programme for unemployed youth.

**AgDevCo's multi-million dollar trade finance facility will allow the company to purchase coffee from more than 21,000 smallholder farmers and cooperatives across Uganda.**

### Investment information

\$3,000,000	\$3,000,000	Storage, distribution and trading
Committed investment	Investment made	Primary value chain focus

### Expected impact

21,000	\$2,500,000	22%
Smallholder farmers linked to market	Increase in smallholder farmers' annual income	Female smallholders linked to market