

A photograph of a person working in a field, with young plants in the foreground. The person is blurred in the background, wearing a blue shirt and dark pants. The foreground shows several young green plants growing in rows, with dark soil and black plastic mulch visible. The lighting is bright, suggesting a sunny day.

BUILDING AFRICAN AGRIBUSINESS FOR IMPACT

AgDevCo^o

OUR INVESTMENT APPROACH AND IMPACT



OUR MISSION

Building successful African agribusinesses through long-term investment and support to deliver positive impact at scale.

OUR VISION

A thriving, commercial African agriculture sector that benefits people, economies and the environment.

MESSAGE FROM AGDEVCO'S FOUNDER

In 2008 the sharp spike in global food prices brought into focus concerns about food security risks particularly in Africa given the low agricultural productivity and rapid increase in the population. AgDevCo was set up in 2009 to demonstrate that a disciplined, business-like approach and patient capital can create and grow agribusinesses that are much more productive and financially sustainable, comply with strict environmental and social standards and generate substantial benefits for rural communities.

With almost no money or people we set out to show how this can be done. \$1 million from Rockefeller Foundation and \$10 million from DFID provided the opportunity to start the ball rolling. The demonstration effect of achieving a lot with little led to substantial additional funding – mostly from DFID but also from the Dutch government, Small Foundation and MasterCard Foundation. Now in our 10th year we have a diversified portfolio of 43 investments in 11 countries in sub-Saharan Africa at all stages of agricultural value chains – primary production, processing, inputs and logistics – and in a wide product range including grains, potatoes, tree crops and livestock. In different ways, these all contribute towards meeting our sustainability and development impact goals.

We have learned many, sometimes hard, lessons. An important one is the need to adapt to maximise the chance of success while also staying true to our goals. I am very impressed with the way the AgDevCo teams have responded to this challenge. I want to acknowledge and deeply thank everyone who works or has worked at AgDevCo over the past decade. They are a really remarkable team – clever, committed and willing to accept the privations of working in rural Africa.

Finally a huge thanks to funders, especially DFID, without whose support we could have achieved none of this. It was the willingness to provide support in the early years that was crucial in demonstrating the value of the AgDevCo proposition. I shall forever be deeply grateful.

10 years is just the end of the beginning. We now know what it takes to succeed in African agribusiness while also delivering the high development impact that we and our funders desire. We are also now in a position to access new capital from non-donor funders. So, 2019 is not just the end of the beginning, it is also the beginning of the next stage in the development and growth of AgDevCo.



Keith Palmer, Chairman and Founder

**IN OUR 10TH YEAR
WE HAVE A DIVERSIFIED
PORTFOLIO OF 43
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11 COUNTRIES IN
SUB-SAHARAN AFRICA
AT ALL STAGES OF
AGRICULTURAL VALUE
CHAINS.**

ABOUT AGDEVCO IMPACT INVESTOR

At AgDevCo we are contributing to the transformation of agriculture in Africa from subsistence farming to a modern, commercial and value-adding sector. We do this by investing debt and equity and providing hands-on support to develop and grow commercially and environmentally sustainable agribusinesses.

OUR INVESTMENT FOCUS

We select our investment opportunities with care and scrutiny. Typically, we invest between \$2 million and \$10 million of debt and equity in early-stage enterprises, targeting primary food production and agro-processing companies where we believe we can make the most impact. We invest right across the supply chain – from inputs (e.g. high-yielding seeds) to logistics; and can do lower ticket sizes. We have a long-term outlook, recognising that 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 with affordable pay-back criteria. We give more time to our investments, improving their chances to develop into viable, commercial businesses.

OUR OPERATIONAL SUPPORT

We don't just provide financial support, we enter into partnerships with our investees. We share the risks and responsibilities of growing their businesses, sharing commercial and agronomic expertise, bringing environmental, social and governance (ESG) practices up to international standards, putting in place robust financial management systems, and creating new market opportunities by drawing on our wide networks.

OUR IMPACT

Our investments are boosting prosperity and improving food security for farmers, their households and communities. We are creating jobs, linking smallholders with markets and establishing successful export businesses. We help communities and countries prepare for the effects of climate change through increased use of efficient irrigation and conservation farming practices.

Ultimately, we will measure our success through the long-term transformational impact our investments make. By driving the development of new agro-industries and creating investable opportunities for the private sector, we will help accelerate the transformation of rural Africa to a thriving, commercial agriculture sector.

Our progress

ACTIVE PORTFOLIO



\$153 million

INVESTMENTS



43

SMALLHOLDER FARMERS LINKED TO MARKETS



572,000

JOBS CREATED OR MAINTAINED



11,500

WHY AFRICA?

FOCUSED ON THE LONG-TERM OPPORTUNITY

Sub-Saharan African agriculture is underdeveloped. Its transformation from subsistence farming to modern, commercial agribusinesses represents a massive long-term opportunity, especially considering Africa's wealth of natural resources.

However, the sector suffers from an overall lack of investment and expertise, compounded by volatility in many guises – challenging climatic conditions, political instability, and unpredictable commodity prices and currencies. Against this backdrop, opportunities for early-stage development and primary production, in particular, are perceived to be too risky, too small or too difficult, with financial returns that are either too modest, too long-term, or both. Exactly where it is needed most, investors are reluctant to commit capital.

And yet without investment in early-stage development or primary production, the African agricultural sector will not advance, commercial value chains will not materialise and mainstream investment potential will be lost. Put simply, future opportunities cannot arise without a successful starting point.

UNDERSTANDING LOCAL NEEDS

AgDevCo steps in where investment would otherwise not happen. To this end, we have developed a set of financial products, tailored to the specific needs of African agribusinesses, which include long-term risk capital, working capital and smallholder farmer grants.

We have recognised and experienced, through trial and error, that money alone is not enough. AgDevCo also provides technology, training and management support to develop the successful African agribusinesses of tomorrow capable of competing in global markets.

RESPONSIBLE CONSUMPTION AND PRODUCTION

AgDevCo invests in creating sustainable and resilient production systems whilst promoting conservation agriculture, integrated pest management and efficient use of resources. Where we have direct influence on the businesses we invest in, AgDevCo strictly controls use of hazardous materials and agrochemicals through our crop protection policy and the support provided by our agricultural and ESG advisory teams.

1. LONG-TERM RISK CAPITAL (\$2 TO \$10 MILLION)

Loans and equity to finance growth of early-stage agribusinesses, including operating costs and capital equipment. We can invest multiple rounds of capital to support growth and can do smaller sizes.

2. WORKING CAPITAL (\$2 TO \$5 MILLION)

Loans for working capital needs. Our sister facility, LAFCo. (www.lendingforafricanfarming.com), can provide loans below \$2 million.

3. SMALLHOLDER FARMER GRANTS (UP TO \$500K)

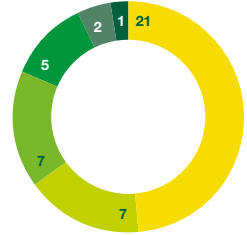
Matching grants to help agribusinesses link to smallholder farmers, through our Smallholder Development Unit (SDU).

OUR PORTFOLIO IN NUMBERS

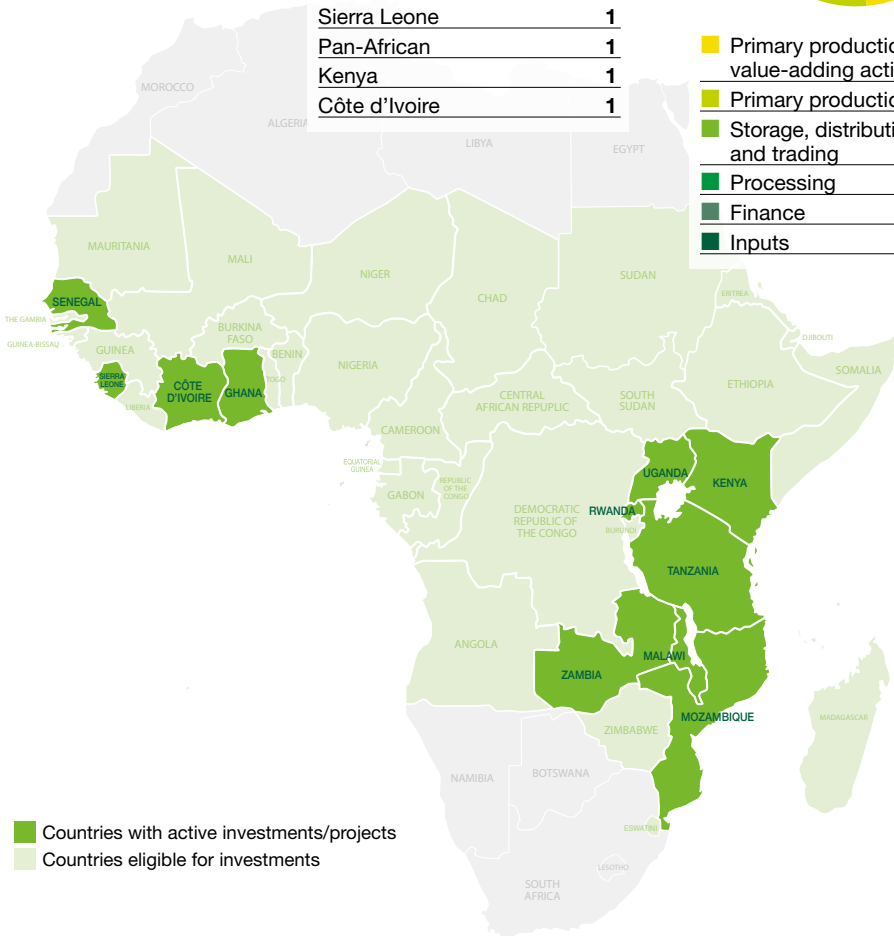
NUMBER OF CURRENT INVESTMENTS BY COUNTRY

Tanzania	11
Mozambique	7
Zambia	7
Malawi	5
Ghana	3
Rwanda	3
Uganda	3
Senegal ¹	1
Sierra Leone	1
Pan-African	1
Kenya	1
Côte d'Ivoire	1

CAPITAL COMMITTED ALONG VALUE CHAIN



Primary production and value-adding activity	21
Primary production	7
Storage, distribution and trading	7
Processing	5
Finance	2
Inputs	1



■ Countries with active investments/projects
■ Countries eligible for investments

¹ Grant from our Smallholder Development Unit (SDU)

WHY AGDEVCO?

UNIQUE CAPITAL AND KNOWLEDGE

Our specialist knowledge of Africa and agriculture, and our ability to make long-term investments, means we are uniquely placed to act as a catalyst for the development of a commercial agriculture sector.

We are willing to invest smaller amounts at an earlier stage, accept lower risk-adjusted returns and work to a longer timeframe. This approach creates growth opportunities that in time become attractive to commercial capital providers.

**SPECIALIST INVESTOR
WITH RELEVANT
EXPERTISE AND
FINANCIAL PRODUCTS**



100%

Focus on African agriculture

**PRIMARY PRODUCTION
INVESTMENTS (OFTEN
INCLUDING PROCESSING)**



60-70%

Of portfolio

**ON-THE-GROUND
INVESTMENT AND
SUPPORT**



50%

Of AgDevCo staff in Africa

**INVESTMENTS NOT
LIMITED BY TIME**



7-10 years

Average investment time

**SMALLER INVESTMENTS,
TYPICALLY OVERLOOKED**



\$2-10 million

Average investment range
and can be lower

HOW WE WORK

1



WE FINANCE

We provide long-term risk capital, access to seasonal working capital and the availability of matching grants to develop smallholder farmer programmes.

2



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.

3



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 also act as board members of the investee businesses, sharing best practice information on systems and standards.

4



WE INNOVATE

We apply our extensive 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.

5



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.

Our support covers four key areas

AGRONOMY

e.g. appropriate crop selection, irrigation systems, fertilisers, improved seed, detailed field guides, mechanisation and harvesting techniques.

COMMERCIAL

e.g. removing bottle necks in value chains, marketing produce and establishing local and export markets.

MANAGEMENT

e.g. bringing accounting, controls and governance systems up to international standards.

Environmental, social and governance (ESG)

e.g. working to promote gender equality, a culture of health and safety, and implementing environmental best practice.



OUR IMPACT AND GOALS



BUILDING SUCCESSFUL AGRIBUSINESSES

Emerging enterprises become profitable and sustainable, through:

- > Improved yields, agronomic practices and produce quality
- > Innovation in crops, land use, irrigation and mechanisation
- > Stronger supply chain relationships and greater marketing opportunities

ENRICHING LIVES

People's lives and livelihoods associated with our investments will improve, through:

- > Better living standards, food security and community benefits
- > Job creation, increased employment levels and incomes
- > Wider engagement with smallholder farmers

CREATING ECONOMIC BENEFITS

Our investments affect the wider economy positively, through:

- > More efficient markets and successful new businesses, which inspire others
- > Sharing of best practices to improve environmental performance and gender equality
- > Increased economic and investment activity in sectors relating to agriculture

REALISING OUR VISION

PUTTING MOZAMBIQUE FRUIT EXPORTS ON THE MAP



Inspired by the success of another AgDevCo investment, and following a \$3.9 million debt and equity investment from AgDevCo, Westfalia Fruto established a commercial avocado plantation in central Mozambique, becoming the country's first large-scale avocado exporter. Westfalia Fruit is also working with a group of 27 neighbouring smallholder litchi and avocado farmers to share know-how and learnings. Productivity has increased and GlobalGap certification has been obtained, which ensures climate smart production, produce traceability and access to attractive export markets.

In 2016, Westfalia Fruto marketed \$900,000 of litchis to France, increasing the farmers' group income four-fold and paving the way for a new litchi block farm. This is a long-term project given the seven years it takes for litchi trees to come into production. If successful, this enterprise will drive a viable horticultural export industry and generate much higher incomes for local food producers in a deprived region of Mozambique.

SMALLHOLDERS IN THE AREA USED TO GROW LITCHIS AD HOC AND MANY NEARLY GAVE UP FARMING THEM ALTOGETHER. THREE YEARS LATER, LITCHIS ARE NOW AN ESTABLISHED EXPORT CROP, WITH FARMERS EMPLOYING SEASONAL WORKERS AND LOOKING FOR FURTHER EXPORT OPPORTUNITIES.



REALISING OUR VISION

ZAMBIA'S PICK OF THE CROP



Northern Zambia has scant formal infrastructure and employment, and is highly dependent on rain-fed agriculture, despite being naturally rich in water. Until now, Zambia has also been 100% reliant on imported seed potatoes, an economically important food crop.

Following our investment of \$6.1 million in Saise Farming Enterprises Limited (SFEL), the first priority was to tap into the Northern Province's ample river water supply by installing 16.5 hectares of irrigation. With one third of the water fed by gravity, over-reliance on pumps was eliminated and power requirements reduced. This work has led to a major breakthrough: high-quality, certified seed potatoes are now being cultivated for the first time ever in this area. In 2016 SFEL started producing certified seed potatoes. These replaced expensive imports and will help save millions of dollars in forex costs for Zambia and provide 475 small farmers with better quality and cheaper seeds.

ALONGSIDE INCREASING ZAMBIA'S SELF-SUFFICIENCY AND FOOD SECURITY, AGDEVCO'S INNOVATIVE APPROACH WILL ATTRACT FUTURE INVESTMENTS AND BOOST EXPORT POTENTIAL FOR OTHER CASH CROPS IN THIS UNDERDEVELOPED PROVINCE.



REALISING OUR VISION

IMPROVING POULTRY FARMING IN RWANDA



Uzima Chicken Limited is an East African poultry company with exclusive rights to the production, distribution and sale of Sasso breed chickens, a hardy and productive breed which is well-suited to smallholder farming conditions. AgDevCo's \$3 million mezzanine debt investment into Uzima provided the funding required for a new high-quality hatchery facility in Rwanda which is enabling Uzima to breed day-old chicks for local smallholder farmers.

Uzima sold over 500,000 day-old-chicks (through 250 independent agents) to over 15,000 rural households in its first year of sales. Customers prefer Sasso chickens to traditional breeds because of their suitability for both egg and meat production. Uzima is using customer research to design last-mile distribution models to increase impact and scale the business by unlocking demand at the end customer level. Uzima is now expanding its sales into Uganda and the DRC.

UZIMA'S BUSINESS MODEL CREATES OVER \$700 NET ANNUAL INCOME FOR SALES AGENTS. THE 15,000 RURAL HOUSEHOLDS BUYING SASSO CHICKENS NOW HAVE ACCESS TO CHEAP PROTEIN FROM THE EGGS AND SOME FARMERS ARE MAKING ADDITIONAL INCOME FROM SELLING EGGS AND CHICKEN MEAT.



REALISING OUR VISION

REVITALISING NORTHERN MALAWI'S ECONOMY



Jacoma is a macadamia farm in Northern Malawi. AgDevCo has been an investor in Jacoma since 2014, committing \$7.2 million, including \$3.2 million in equity. AgDevCo sits on the board of directors and contributes to the strategic direction of Jacoma, as well as providing active support to develop the outgrower system. Jacoma is the first fully irrigated, high-density Macadamia farm in Malawi. It operates a solar powered de-husking and drying plant.

Jacoma also processes paprika and birds eye chillies for the export market, with an on-site powdering facility. Jacoma buys crops from smallholder macadamia, chilli and paprika farmers who are also provided with inputs on credit and technical assistance. As a result of these activities Jacoma has created over 900 jobs in a region where formal employment levels are low, and is providing a stable off-take market for over 3,000 smallholder farmers, 47% of whom are women.

JACOMA HAS ENCOURAGED NEW PRODUCTION AMONGST WOMEN FARMERS WHO ARE ABLE TO CULTIVATE THEIR OWN CROPS AND THUS EARN THEIR OWN INCOME. THE COMMUNITIES AROUND JACOMA ARE BEING TRANSFORMED THROUGH INCREASED SPENDING ON GOODS AND SERVICES.



REALISING OUR VISION

BUILDING GHANA'S LARGEST FOOD HUB

With no large-scale farming operations in the northern region of Ghana and a lack of local management skills, AgDevCo's vision for a 5,740-hectare irrigated farming and processing hub meant starting from scratch. The Babator Irrigated Farming Hub (BIFH) is made up of blocks of farmland available to lease for food production. AgDevCo has completed all technical and feasibility studies, developed a good relationship with the community, obtained a 50-year land lease, developed the first commercial farm at BIFH on 356 ha (the Babator Farming Company, "BFC") and started partnerships with fruit, grain and seed companies.

BFC has completed seven seasons with a cropping mix including maize, sorghum, onions and other arable crops. Community and environmental interests remain at the heart of this flagship project, with local people benefitting from profit sharing and priority employment opportunities. Over two thirds of positions are filled by local people, and smallholder farmers in the area also gain access to irrigated plots to grow food and cash crops. Finally, as part of an agroforestry initiative, 2,500 cashew and mango trees will be planted to help improve local livelihoods while contributing to climate resilience.

AGDEVCO'S \$7.9 MILLION INVESTMENT IN THIS FLAGSHIP PROJECT IS EXPECTED TO CATALYSE MILLIONS OF DOLLARS OF PRIVATE INVESTMENT TO HELP MAKE THE BABATOR IRRIGATED FARMING HUB GHANA'S LARGEST FOOD PRODUCER.



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TO LEARN MORE ABOUT OUR WORK AND APPROACH

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