Early Warning System

AFDB-P-Z1-AAZ-055

Multinational - African Agriculture Impact Investments LTD

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Quick Facts

Financial Institutions	African Development Bank (AFDB)
Status	Approved
Bank Risk Rating	U
Voting Date	2019-05-29
Borrower	African Agriculture Impact Investments Ltd (Mauritius)
Sectors	Agriculture and Forestry
Investment Amount (USD)	$ 57.44 million

Project Description

The proposed project is a EUR100 million partial credit guarantee (PCG) to the structured finance company, African Agriculture Impact Investments Ltd (Mauritius), to develop commercial agriculture in Africa. The project aims to leverage the AfDB's Partial Credit Guarantee (PCG) to catalyze the deployment of European pension and asset management funds into Africa's agriculture sector in line with the Bank's Feed Africa strategic priority. This will be achieved by using the PCG to back agri-linked notes (the Notes) of up to EUR100M to be issued by a structured finance company. The Mauritius-based company will leverage the Bank's PCG to catalyse additional financing from international pension funds through an Agri-linked Note to facilitate investments in sustainable farmland and agricultural infrastructure across Africa. It will be authorized to operate in various African countries through a special purpose entity that will include two other active portfolios worth EUR62.5 million. The proceeds of the Notes together with two other pools of assets worth about USD75M will be pooled in a Special Purpose Vehicle (SPV) to create a capital pool for ultimate investment in a diversified portfolio of agricultural farmland assets and related agricultural infrastructure in Africa. These assets will then be put at the disposal of selected agribusiness operators seeking expansion opportunities across the continent.

The objective of the project is to structure a means of financial intervention for the benefit of commercial agriculture in Africa, harnessing international capital flows into Africa from Europe by virtue of the Bank's catalytic effect. Other expected outcomes include (i) tenure and access to productive agricultural land with the requisite infrastructure; (ii) increasing agricultural productivity and food security; (iii) domestic value addition and food import substitution; (iv) improved agricultural infrastructure and technology; and (v) contribution to climate resilience through environmental reform and sustainability.

The investments are expected to target agricultural assets that will support multiple value chains including but not limited to; wheat, maize, barley, sorghum , livestock, dairy, as well as diverse fruits, vegetables and nuts. It comes with strong social, environmental and economic development impact including the generation of over 8,000 jobs with significant involvement of women and youth. It will help disseminate commercial-scale agribusiness and farm operational capacity across Africa with high complementarity with small-scale farmers through technical, managerial and financial skills transfer.

Investment Description

- African Development Bank (AFDB)

Contact Information

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ACCOUNTABILITY MECHANISM OF AfDB

The Independent Review Mechanism (IRM), which is administered by the Compliance Review and Mediation Unit (CRMU), is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an African Development Bank (AfDB)-financed project. If you submit a complaint to the IRM, it may assist you by either seeking to address your problems by facilitating a dispute resolution dialogue between you and those implementing the project and/or investigating whether the AfDB complied with its policies to prevent environmental and social harms. You can submit a complaint electronically by emailing crmuinfo@afdb.org, b.kargougou@afdb.org, b.fall@afdb.org, and/or s.toure@afdb.org. You can learn more about the IRM and how to file a complaint at https://www.afdb.org/en/independent-review-mechanism/.

Bank Documents

- Project Summary Note - African Agriculture Impact Investment Ltd [Original Source]