

African Development Bank approves \$15m equity investment in AFSF to boost agribusiness in Africa

In an effort to boost agri-business and enhance food security in Africa, the African Development Bank Board has approved a \$15m equity investment in Africa Food Security Fund (AFSF), to support enterprises in agribusiness SMEs and enhance food security in Africa.



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AFSF is a second-generation fund targeting a total capitalisation of \$100million. The fund will invest in potential high-growth small and medium enterprises operating in the food and agriculture value chains across sub-Saharan Africa. It aims to address the needs of least served operators in agricultural SMEs segment that are not targets of the larger private equity funds and commercial banks.

The fund manager, Zebu Investment Partners is experienced in food production and processing at the SME level. Considering the largely underserved needs of agricultural financing in Africa, the fund's investment policy entails the deployment of equity or quasi-equity instruments to provide expansion capital in the majority of cases with an average ticket size of \$6m to allow for follow-on investments without the need to seek additional external funding.

With a sharper focus on sub-Saharan Africa and relying on its presence in South Africa, Ghana and Mauritius, the fund will invest in underserved countries such as Senegal, Mali and Rwanda. It is envisaged that the fund will create at least 20 direct jobs for each \$1m invested, benefitting over 14,000 smallholder farmers with women taking at least 40% of jobs created.

Programmes for productivity enhancement

In addition to its investments, the fund will provide post-investment support through a technical assistance facility to investee companies. In his closing remarks at the board session, the bank's president, Akinwumi Adesina, reiterated the need to link all efforts on this project to the Technologies for Africa Agriculture Transformation (TAAT) programme for productivity enhancement at the upstream level.

The fund's investment strategy is fully aligned with the Bank's Ten Year Strategy (2013-2022), as well as the Regional Integration Policy and Strategy (2013 - 2024), especially on its inclusive activities.

The current potential pipeline companies are aligned with **the objectives of the bank's high five's**:

Feed Africa: Through investments in food, beverage and agro-processing companies.

Industrialise Africa: Through investments in processing companies

Integrate Africa: Through investments in businesses that cater to regional economies.

Improve the quality of life of Africans: Through the provision of a technical assistance facility.

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