



Introducing the Technical Assistance Facility of the African Agriculture Fund

TAF
Technical Assistance Facility

What is TAF?

The Technical Assistance Facility (TAF) aims to enhance the development impact of the African Agriculture Fund (AAF) investments by providing technical assistance and improved access to rural financial services for those outgrowers supplying AAF portfolio companies. It also builds the capacity of the small and medium sized enterprises (SMEs) invested in by the AAF SME Fund.

AAF is an agri and food focused fund managed by Phatisa, an African private equity fund manager, servicing a range of sectors across sub-Saharan Africa. The AAF first close was US\$ 151 million, and it is targeting a final close by end 2012 at US\$ 300 million. AAF invests in businesses throughout the food value chain with the goal of increasing food production in Africa and will make investments of US\$ 5 - 20 million per company.

The AAF made an initial commitment of US\$ 30 million into an AAF SME Fund, whose target final close is US\$ 100 million. The AAF SME Fund's investment policy mirrors that of the AAF, with the key difference being that the AAF SME Fund has an investment cap of US\$ 4 million per transaction. The AAF SME Fund is managed by Databank Agrifund Manager Limited (DAFML, Mauritius).

Who is behind TAF?

TAF is funded primarily by the European Commission and managed by the International Fund for Agricultural Development (IFAD). It is co-sponsored by the Italian Development Cooperation, United Nations Industrial Development Organization (UNIDO) and Alliance for a Green Revolution in Africa (AGRA).

TechnoServe was appointed in 2011 to implement this facility. TechnoServe is a global NGO with more than 40 years experience catalysing private sector led inclusive economic growth in Africa.



What impact will TAF have?

It is estimated that during the five years to 2017, TAF will support at least 20,000 smallholder farmers in Africa, whilst the AAF is expected to directly create thousands of jobs - and indirectly drive the creation of many thousands more.



This project is funded by the European Union



Enabling poor rural people to overcome poverty

This project is primarily funded by the EU, managed by IFAD and implemented by TechnoServe with additional contributions from the Italian Development Co-operation, United Nations Industrial Development Organisation (UNIDO) and the Alliance for a Green Revolution in Africa (AGRA).

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What technical assistance can TAF provide?

TAF is focused on building the capacity of its target groups (SMEs and small-holders supplying AAF portfolio companies) as well as improving their access to markets and finance to enhance their productivity and income. This can include the following:

SME component	Outgrower component
<ul style="list-style-type: none"> • developing growth strategies 	<ul style="list-style-type: none"> • designing outgrower schemes
<ul style="list-style-type: none"> • improving accounting standards and financial controls 	<ul style="list-style-type: none"> • organising/building the capacity of smallholder farmers
<ul style="list-style-type: none"> • supporting SMEs to overcome deficiencies that would otherwise preclude capital investment 	<ul style="list-style-type: none"> • providing technical assistance to farmer organisations
<ul style="list-style-type: none"> • obtaining quality certifications 	<ul style="list-style-type: none"> • training farm service providers
<ul style="list-style-type: none"> • conducting market research and improving market linkages 	<ul style="list-style-type: none"> • facilitating third party input finance

TAF can also fund projects to improve rural financing in the areas surrounding AAF portfolio companies. This may include assessing demand for financial services on a gender disaggregated basis, mapping and disseminating information about rural finance institutions and related infrastructure, facilitating training for rural financial institution staff and encouraging and enhancing new product development to better meet outgrower requirements.

TAF is able to fund technical assistance projects worth up to 30% of the value of the investment (capped at US\$ 500 000) for each company invested in by the AAF. All TAF projects must deliver development outcomes with a particular focus on the number of direct and indirect jobs created and the incomes increased by the projects.

How will TAF operate?

As the TAF Manager, TechnoServe will work with the Phatisa and DAFML fund management teams to: identify the TA needs of AAF and the AAF SME Fund portfolio companies and their outgrowers; develop recommendations for TA support; identify, competitively select and contract TA providers to deliver this support; and manage the delivery of TA projects.

Prospective TAF projects will be evaluated and approved by a TA Committee comprised of Phatisa, the AAF Advisory Board Chairman, DAFML, IFAD and other TAF donors.

On approval of a project, TAF will manage a tender process to select the relevant service provider(s). The TAF team will monitor the implementation of all TAF projects funded by TAF and reserves the right to terminate projects in accordance with its approved procedures.

Contact details

For more information on TAF please visit www.aaftaf.org

The TAF team is led by Senior Advisor, **Sarah Marchand**: smarchand@tns.org

For more information on Phatisa or the AAF, please visit www.phatisa.com

Stuart Bradley is the Co-founding Partner, Fundraising & Investor Relations for Phatisa: stuartbradley@phatisa.com

For more information on the SME Fund or DAFML, please visit www.dafml.com

Dennis Matangira is the Senior Managing Partner, DAFML: dmatangira@dafml.com