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Developing Africa’s agriculture value chain is paramount to the overall progress of the continent. Given that our investments focus on SMEs, the true engine for the transformation of Africa, we take the issue of creating shared value for our multiple stakeholders seriously. As part of this focus, we thoughtfully incorporate environmental, social, and governance (ESG) factors in our decision-making processes. The progress highlighted in this report is a testament to our commitment to bringing holistic transformation to our portfolio companies and the ecosystems in which they operate, without negating the commercial returns required by our investors. While Databank has made significant strides, we believe that our work is far from over and we will continue to seek to create additional value as the economic transformation of sub-Sahara Africa continues to unfold.

Since the inception of our Fund in 2012, we have learned that our decisions can affect countries, companies, communities, and individuals, and we believe that by including ESG considerations in our investment decisions, we are smarter, more relevant to our on-the-ground stakeholders and therefore more responsible investors. We also believe that by being smarter investors, we can better achieve our greatest social impact financial returns that promote growth sustainability for sub-Saharan Africa.

AAF SME investments operate in accordance with the International Finance Corporation’s (IFC) Performance Standards, the African Development Bank’s (AfDB) Environmental and Social Assessment Policies and Procedures, and the AAF’s own Code of Conduct for Land Acquisition and Anti-Money Laundering and Anti Bribery and Corruption Policies.

Ken Ofori Atta
Databank Agrifund Manager Ltd
Chairman

FOREWORD:
Databank Agrifund Manager Limited (DAFML) is a pan-African Private Equity Group specialising in agribusiness investments across the agriculture and food production value chains in sub-Saharan Africa. DAFML was incorporated in 2012 to manage the African Agricultural Fund SME Fund (AAF SME Fund) in a bid to provide much-needed growth capital to the most promising SMEs across the continent. The AAF SME Fund achieved its first close in February 2012 at US$30 million and its final close in May 2014 at US$36 million. DAFML is a subsidiary of Databank Group, a premier asset management firm in Ghana.

DAFML’s investment mandate is aligned with preserving the basic human right of self-sufficiency through food security. Through the AAF SME Fund, DAFML invests in food production, processing, packaging and distribution at the small and medium enterprise (SME) level throughout Africa. In addition to providing finance, DAFML offers post-investment support to SMEs through the AAF’s Technical Assistance Facility (TAF). We believe that Africa’s toughest socio-economic challenges can be solved through the social fabric of existing communities. The objective is to generate above market returns for our financial sponsors while creating transformational opportunities for SMEs and their communities.

Within a span of two years, the AAF SME Fund has committed nearly US$30 million and has successfully invested in eight SMEs across eight African countries. The Fund’s portfolio companies form a web of entrepreneurs, reaching all aspects of the agricultural value chain and impacting Africa’s food security. The companies range from a poultry farm in Burkina Faso to an integrated fertiliser company in South Africa; from a baby-food processor in Ethiopia to a mixed-farming enterprise in Cameroon. The Fund’s bakery investment in Nigeria feeds over 20,000 people daily and its fertiliser business in Madagascar offers employment to 870 permanent and seasonal workers.

By partnering with these local companies, DAFML is filling an important void in the market and offering finance to businesses that are largely marginalised by traditional banks. We believe this is a step in the right direction and one that will allow African SMEs to seize the myriad opportunities available to them in a commercially sustainable way.

Looking ahead, DAFML seeks to extend its reach by entering new African markets while creating linkages across its existing portfolio companies to maximise their impact across the continent.

“Through the AAF SME Fund, DAFML invests in food production, processing, packaging and distribution at the small and medium enterprise (SME) level throughout Africa.”

Dennis Matangira
Senior Managing Partner,
Databank Agrifund Manager Ltd
Fund Manager to the AAF SME Fund
INTRODUCTION TO THE AAF TAF FACILITY:

Over the last five years Africa has experienced major economic growth but for those living in poverty rising food prices and a changing climate are making it more and more difficult to earn a living.

Today we know that for solutions to poverty to be sustainable, they must include the private sector. The investment model of the African Agricultural Fund (AAF), an anchor investor in the AAF SME Fund, responds directly to this requirement to support African businesses. However, there is also an important role for development organisations to play to make sure that the growth of these businesses is inclusive. It is for this reason that, alongside the AAF, there is a dedicated Technical Assistance Facility (TAF).

TAF was established by IFAD with financial support from the EC and additional contributions from AGF, UNIDO and the Italian Development Cooperation. TechnoServe was appointed in October 2011 by IFAD to implement this facility. TechnoServe is a US-headquartered, non-for-profit organization with over 40 years of experience catalysing private sector-led inclusive economic growth in Africa.

TAF supports the AAF SMEs to deliver on the growth strategies that form the basis for AAF SME Fund investment. The companies are required to provide a minimum of 30% match funding for the projects funded by TAF. TAF has supported these companies with market research, export planning, choosing and implementing Management Information Systems, and expert advice.

As well as supporting the companies themselves, TAF supports the small-scale businesses in their supply chains. For example, TAF supports smallholder farmers who supply livelihoods businesses and small-scale businesses, including the fertilizer produced by Guanomad. TAF links these micro-enterprises to Bosaci, raw materials and the latest technologies and in doing so, IFAD provides them with the resources they need to build their businesses to generate more income, employ more people and improve the availability of food in their local communities.

By end 2014, TAF had designed over 20 projects for the SME Fund and implemented 12. Through these projects, TAF is linking over 3,000 farmers to three SME portfolio companies and over the lifetime of the programme it expects to work with 5,000 farmers across eight portfolio companies, i.e., working directly with six of the eight SMEs and helping them directly to deliver on their growth strategy.

The AAF TAF model of deploying commercial and grant funding in such a coordinated way is groundbreaking, and the evidence so far suggests that this approach will deliver significant results that these results will be long-lasting and that they will also affect the way other companies behave. In this way, the results of TAF will be robust and sustainable, but also far-reaching.
PORTFOLIO OVERVIEW:

- **West End Farms:** Cameroon: maize & soya farming; pork breeding & rearing
- **Interfresh:** Zimbabwe: citrus farming; horticulture and agro-processing
- **Guanomad:** Madagascar: organic fertiliser from bat droppings
- **Top Crust Bakery:** Nigeria: bakery operations
- **Matonjeni:** Zambia: food and beverage production
- **Avison:** South Africa: integrated chicken manure fertilisers
- **Moablaou:** Burkina Faso: poultry business
- **Norish:** Ethiopia: food processing and animal feed
The African Agriculture Small and Medium Enterprise Fund (The AAF SME Fund or the Fund) is a socially responsible investment vehicle that integrates sustainability decision-making into its investment approach, through addressing both environmental and social risks that affect the interests of all stakeholders and communities from the investment’s activities. In accordance with this approach, the Fund operates according to a social environmental management system (SEMS). It features an environmental and social risk management system and a Code of Conduct for Land Acquisitions and Land Use in agricultural and agri-business projects.

**Economic Impact**

Through building SMEs, the Fund contributes to local economic development in several ways – through increased investment by the business in local suppliers (best indicated by revenue growth) as well as through taxes paid and jobs created.

**Food Security**

The SMEs invested in by the Fund contribute thousands of tonnes of food and beverages into their local markets, thereby directly increasing the availability of food in local communities. Given the investment the Fund has made in fertiliser businesses, it also contributes to increased yields of local farmers and thereby increased incomes for those farmers (increasing their access to food) and their families, as well as further indirect contribution to availability of food through the produce of farmers using those fertilisers.

**Social Impact**

The SMEs in the portfolio provide critical jobs for local community members. The Fund also provides small farming businesses and micro-enterprises, such as egg wholesalers and agrodealers, with access to raw materials and/or markets, as well as in many cases, training, through the use of the Technical Assistance Facility (TAF).

**Environmental Standards**

To ensure long-term sustainability, the Fund has put in place strict environmental standards for its investments so that they will have a positive impact on ecosystems. Every investee signs up to an Environmental and Social Action Plan (ESAP) as part of the shareholder agreement, which commits them to upgrading the environmental and social standards employed by their company.

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**Table:**

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<thead>
<tr>
<th>WEF</th>
<th>Guanomad</th>
<th>Topcrust</th>
<th>Matonjeni</th>
<th>Avison</th>
<th>Moablaou</th>
<th>Norish</th>
<th>Interfresh</th>
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<td>% ESAP Action Plans Implemented*</td>
<td>100%</td>
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* Norish and Moablaou investments made end of 2014
West End Farms (WEF), Ndokoa, Cameroon

Background: WEF is an integrated mixed-farming enterprise which carries out soy, maize farming and pork production.

Investment Impact Objective: The Fund’s investment objective in WEF was the increase in JEVQMRK]MIPHW ERH WMKRM½GERXP] WGEPMRK YT TMK production. Many basic food items are still being imported into Cameroon due to lower yields. Despite favourable climate, strong rains and vast tracts of arable land, Cameroon remains a net importer of food and meat. In a country with US$ 1,300 per capita annual income, food security issues, soil stability issues, no readily available tested cultivars, equipment dealers/support or requisite skill levels, the AAF SME Fund intends to create an enduring social and development impact.

Investment Impact Achievements Today:
Major achievements include the following highlights:

• Doubling soy and maize yields compared to pre-investment levels (soya – from 0.7 tonnes to 1.8 tonnes per hectare; maize – from 1.7 tonnes to average 3.21 tonnes per hectare) and 6 tonnes per hectar and 6 tonnes per hectar milestone for soya and maize. More work is still being applied towards cultivars as 40% of a crop yield is determined by cultivars WEF has experienced further significant investment development impact as follows:
  - The farm now employs about 70 people compared to pre-investment approximate total employees of 10.
  - Introduction of new pig genetics from France in coordination with the government of Cameroon. The new generation pig genetics will achieve increased litter sizes at birth, improve post-weaning disease resistance, higher feed conversion rates, reduced feed periods and higher sale weight.
  - Introduction of new pig genetics from France in coordination with the government of Cameroon. The new generation pig genetics was achieved through an improved feeding regime, reduced post-weaning mortality and improved pig management.

Target Development and Social Goals at Exit:
By 2018, we expect to have one of the most advanced commercial farming operations in Cameroon. The farm will be a training standard for other commercial farming operations in Cameroon and will be a culture testing centre to improve yields across the country. Further impact is expected through a thriving pig enterprise which will be 10x larger than pre-investment levels and should have reduced pig import needs by over 10,000 pigs, thereby saving valuable foreign exchange and reducing indirect expropriation of jobs. This enterprise alone should create an estimated 100 jobs in the full agricultural value chain and provide affordable protein for bottom-of-the-pyramid consumers. Outgrower farmers should have gone from zero to over 200 through TAF intervention.

COMPANY OVERVIEW: WEST END FARMS (WEF)

West End Farms (WEF), Ndokoa, Cameroon

Background: WEF is an integrated mixed-farming enterprise which carries out soy, maize farming and pork production.

Investment Impact Objective: The Fund’s investment objective in WEF was the increase in farming yields and significantly scaling up pig production. Many basic food items are still being imported into Cameroon due to lower yields. Despite favourable climate, strong rains and vast tracts of arable land, Cameroon remains a net importer of food and meat. In a country with US$ 1,300 per capita annual income, food security issues, soil stability issues, no readily available tested cultivars, equipment dealers/support or requisite skill levels, the AAF SME Fund intends to create an enduring social and development impact.

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KEY FACTS
Investment date: December 2012
Food security chain occupation: Primary production
Core operations: Maize & soy farming, pork breeding & rearing
Investment type: Expansion/growth capital
Estimated market size: 90 000 T onnes (Maize/soya)
Interfresh, Mazoe, Zimbabwe

Background: The Company is an integrated and mixed-farming enterprise with core operations in citrus farming, manufacturing of citrus concentrates, marketing of table oranges and a bottling plant. The Company was incorporated in February 1953 and subsequently listed on the ZSE in 1997. Following the realization of the acquisition of about 49% shareholding in the company by the AAF SPE Fund in September 2013, the Company delisted from the Zimbabwe Stock Exchange on 31 December 2013.

Investment Impact Objectives: The Fund invested with the main objective of expanding the operations of an established integrated business but which was operating in a capital-starved environment after the Zimbabwean economic crisis. Zimbabwe is one of the three major citrus producers in southern Africa, with just below 100,000 tonnes per annum, with South Africa (1.6 million tonnes) being the largest producer and Swaziland in third place, at just below 50,000 tonnes (www.fas.usda.gov).

Investment Impact Achievements to date:

• The Company has increased citrus yields by an average of 60%, a major milestone towards achieving market dominance.
• The Fund has helped the Company process Caco Cola certification to become an accredited citrus concentrate producer for Caco Cola bottling plants within Southern Africa.
• As a result of the Fund’s investment, the Company managed to save close to 200 jobs which could have been lost due to land expropriation.
• The Fund has commenced a $350,000 smallholder farmer project targeting about 200 smallholder farmers, whose produce includes citrus and other fruits which can be processed in the juicing plant. The objective is to improve small holder farmer income, marketing capacity, access to farming finance and training.

Target Development and Social Goals at Exit: Zimbabwe remains an interesting consumer market despite the economic challenges. By 2018, the Fund expects to have received full compensation from government. The Company will be a fully certified Caco Cola producer plus a citrus estate that is fully rehabilitated, this will create exit opportunities through the local stock market or other strategic acquirers within the Coke network that might want to backward-integrate. Furthermore, by 2018 the Fund will be leaving a company that would be the first in history to successfully be compensated by the Zimbabwean government for land, thus promoting accountability and governance. The AAF SME transaction is proving to be a test case which is giving other foreign investors the impetus to invest, and the people of Zimbabwe are the better for it.

KEY FACTS

<table>
<thead>
<tr>
<th>Investment date:</th>
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<tr>
<td>Food security chain occupation:</td>
<td>Primary, secondary &amp; tertiary producer</td>
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<tr>
<td>Core operations:</td>
<td>Citrus farming, wheat &amp; horticultural production, fruit pulp concentrates processing</td>
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<tr>
<td>Investment type:</td>
<td>Expansion/growth capital</td>
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<tr>
<td>Estimated market size:</td>
<td>Zimbabwe is second largest citrus producer in SADC region</td>
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Guanomad, S.A., Antananarivo, Madagascar

Background: Guanomad is an organic fertiliser producer, manufacturing guano fertiliser from bat droppings. Guano is a renewable, non-polluting resource with cave reserves renewing every 15 years after extraction.

Investment Impact Objectives: Compelled to be part of life-changing consumer food consumption patterns, the Fund invested in Guanomad in June 2013. Consumer food choices point to more organically produced food products.

Investment Impact Achievements Today:

Major achievements include assisting Guanomad to make a major strategic shift from being a government-tendered business to a more global-focused business. In the past, the Company had relied on NGO and government-subsidised fertiliser purchases meant for smallholder farmers; however, after the coup, it has taken some donors a while longer to revise their funding budgets, including approval by their overseas core donors.

Key achievements include:

- Developing a more export-biased market supported by a lean local market. New markets have been opened in the USA with two of the largest organic fertiliser distributors in that country.
- Trials are to commence in Kenya, with the objective of solving Kenya’s national soil leaching problem.
- The Fund has assisted with scaling up Guanomad’s production base through the purchase of new equipment with higher production capacities.
- The Fund financed new production capacity has resulted in more seasonal employees from surrounding communities being employed by the Company.
- During 2014, through TAF, two projects were undertaken for capacity building in relation to expanding the local and export markets. A third project targeting smallholder farmers was launched in Q1 2015.

Target Development and Social Goals at Exit:

By 2018, the Fund will be exiting a company with a unique product with global demand. The product will be widely available in Africa and new markets in the USA and Europe will have grown exponentially, given the upward secular demand for organic products in the world. Over the next 18 months, TAF will have trained over 1,200 anchor small-scale farmers in the country who will in turn train additional farmers.

Further developmental impacts include:

- Creation of a global company with JV relationships with multi-million dollar global fertiliser players that would enable the renewable fertilisers to be more readily available across the world.
- TAF interventions which involve educating the Madagascar small-scale farmers with the know-how about the use and efficacy of organic fertiliser in order to upgrade their farming practices and enhance yields so that they produce excess crops for sale.
- TAF agro-dealership programme will support agro dealers to sell agricultural inputs and provide agronomy advice across the country.
- The Fund’s accomplishments will be in one of the poorest nations in Africa, with annual per capita income of $463, plus a very fragile democracy.

COMPANY OVERVIEW: GUANOMAD

Guanomad, S.A., Antananarivo, Madagascar

Background: Guanomad is an organic fertiliser producer manufacturing guano fertiliser from bat droppings. Guano is a renewable, non-polluting resource with cave reserves renewing every 15 years after extraction.

Investment Impact Objectives: Compelled to be part of life-changing consumer food consumption patterns, the Fund invested in Guanomad in June 2013. Consumer food choices point to more organically produced food products.

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Key achievements include:

- Developing a more export-biased market supported by a lean local market. New markets have been opened in the USA with two of the largest organic fertiliser distributors in that country.
- Trials are to commence in Kenya, with the objective of solving Kenya’s national soil leaching problem.
- The Fund developed a comprehensive ESG management plan which is now being referred to as a standard in Madagascar. The Fund assisted the Company in ensuring full compliance with ESG matters relating to guano extraction, including good preservation of the bat population.
- The Fund also assisted with scaling up Guanomad’s production base through the purchase of new equipment with higher production capacities.
- The Fund financed new production capacity has resulted in more seasonal employees from surrounding communities being employed by the Company.
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- The Fund’s accomplishments will be in one of the poorest nations in Africa, with annual per capita income of $463, plus a very fragile democracy.

KEY FACTS

Investment date: June 2013
Food security occupation: Secondary production
Core operations: Manufacturing of guano organic fertiliser
Investment type: Expansion/growth capital
Estimated market position: Largest organic fertiliser producer in Madagascar
Matonjeni Marketing, Lusaka, Zambia

Background: Matonjeni is a food and beverage manufacturing and marketing company whose core products are cordials, syrups and ready-to-drink (RTD) beverages, with a fully integrated manufacturing plant comprising a state-of-the-art bottle blower, bottling plant and sleeve labeller.

Investment Impact Objective: Seeing the potential in the Zambian economy and the prospect of building a business that could have far-reaching job-creation opportunities, AAF SME Fund invested in September 2013. Social and development objectives include growing the Company into a formidable player in the bottom-of-the-pyramid (BOP) markets.

Investment Impact Achievements Today: The Matonjeni business model cuts across both formal and informal trade; the informal trade uses bottom-of-the-pyramid market approaches under the Matonjeni Vendor Network model. To date, the following has been achieved:

- Acquisition of 75 bikes with the intention of creating bottom-of-the-pyramid entrepreneurs whose main role is the distribution of Matonjeni RTD beverages in Zambia and Zimbabwe.
- The investment in Matonjeni has resulted in the employment of close to 190 people, with the majority of the vendor network comprising women and previously unemployed youth. Pre-investment, the Company had fewer than 10 employees.
- Indirect employment creation through service providers working directly in the Matonjeni supply chain, being the merchandisers and transporters.
- Creation of an exportable business as the business is now exporting to Zimbabwe; this has resulted in further employment opportunities within a new export country.

Target Development and Social Goals at Exit: Despite pre-launch delays due to late importation of new machinery, the Company has now been listed by all major traders in both markets in which it operates (Zambia and Zimbabwe). The Company has already established a vendor network programme with over 75 vending carts already in circulation. The vendor network in maturity is expected to create over 1,000 self-employed business people in both Zambia and Zimbabwe with middle-income profiles.

KEY FACTS
- Investment date: September 2013
- Food security chain occupation: Secondary production
- Core operations: Manufacturing of food and beverage products
- Investment type: Expansion/growth capital
- Estimated market size: Zambia manufacturing output – USD 2.7 billion

The Company has already established a vendor network programme with over 75 vending carts already in circulation. The vendor network in maturity is expected to create over 1,000 self-employed business people in both Zambia and Zimbabwe with middle-income profiles.
Top Crust Bakery, Lagos, Nigeria

Background: Top Crust is a bread-making company based in Lagos, Nigeria making family-and medium-sized loaves of bread. Extract from Country Strategy Paper, 2013-2017 (source www.afdb.org) “Nigeria, with a population of about 167 million people, is the largest economy in West Africa. Economic growth in Nigeria has been quite robust over the past decade, with rates among the highest in sub-Saharan Africa. However, the unemployment rate has risen from 21% in 2010 to 34% in 2011. and public finances and balance of payments remain vulnerable to a fall in oil prices. Growth averaged about 7.5% annually in the past decades, mainly driven by the non-oil sector. High consumer demand is the driving force behind the non-oil sector growth.”

Investment Impact Objective: Attracted by the changing patterns of food consumption by Nigerians, potential prospects offered by the Nigerian economy and the size of the country, the AAF SME Fund invested in Top Crust Bakery in October 2013.

Consumers are gravitating towards convenience foods, easy-to-prepare or ready-to-eat. In the past, key staples were eaten and these staples were time-consuming and labour-intensive to prepare. These include millet, corn and acha products, which are ground into flour for dumplings or porridge and eaten with soup, meal, fish or vegetable. Other key staples are cassava and yams. Cassava is transformed into either gari (peeled, grated, fermented for several days, and fried to produce a dry meal) or foo-foo (soaked for several days, sieved, and boiled to a doughy paste). Top Crust Bakery, under the leadership of Tosan Jemide, a seasoned baker and cake maker, developed a high-quality good-tasting loaf three years ago. The quality and taste of Top Crust bread is highly differentiated in the market.

Investment Impact Achievements: Today: The following are the key development and social impact highlights:

- With capacity to produce 35,000 loaves per day, Top Crust Bakery has grown to be the fourth-largest bread producer in Lagos; Nigeria; the size of this market’s daily plant production is estimated at approximately 200,000 loaves.
- Post-investment, AAF SME Fund has added capacity of close to 20,000 loaves per day.
- Post-investment, Top Crust Bakery has created extra entrepreneurial opportunities with an entrepreneur base of more than 100. These traders are mostly BOP entrepreneurs and mostly female traders.
- Through a TAF project, Top Crust Bakery has opened new routes to market besides the pre-investment factory-gate distribution model. The new routes to market were launched in Q4 2014, after a detailed market and channel study, in partnership with TAF, and the new model will have a further positive impact on employment creation and women empowerment.
- Post-investment, the employee base has almost doubled from the original 100.

Target Development and Social Goals at Exit: At exit, the Company will have completed a fully functioning expansion programme that will see additional depots and ovens across the city to expand its addressable market well beyond the current factory-gate model. Plans are under way to explore providing bread pre-mix. This will allow the Company to sell to a totally new market and will potentially develop franchises and a depot network across Lagos. With the pre-mix initiative, the Fund will be instrumental in the creation of multiple small bakeries/businesses that would otherwise not exist, thus adding to employment/entrepreneurial activity.

KEY FACTS
- Investment date: October 2013
- Food security occupation: Secondary production
- Core operations: Bread baking, marketing and distribution
- Investment type: Expansion/growth capital
- Estimated market size: 1.2 million loaves daily
Avison & Geo Agro, Vereeniging, South Africa

Background: Avison is an integrated fertiliser manufacturing company whose fertiliser base is chicken manure. Innovation is at the heart of the Avison team and the objective is to revolutionise the way agriculture is carried out in Africa. Through the Company’s precision-farming model and the Integrated Plant Nutrient Management (IPNM) system, Avison’s intention is to see farming yields multiply at a low cost through proper soil management, the application of the correct inputs, in the correct quantities at the right time. IPNM is a holistic approach to plant nutrition by obtaining the nutrients from both inorganic and organic sources to maintain and sustain soil fertility and enhance crop productivity in a framework of an ecologically compatible, socially acceptable and economically viable way.

Geo Agro: The Company obtained Geo Agro licensing, an innovative agronomical assessment tool which uses satellite data, thereby eliminating the high use of manual methods of assessing and monitoring crops, including providing historical data on past soil performance. The tool enables both offsite assessment and monitoring, including the management of large tracts of land.

Investment Impact Objectives: The Fund’s investment saved close to 50 jobs which could have been eliminated due to an unbundling exercise from the past owners, if Avison management had failed to find an investor.

Target Development and Social Goals at Exit: The Fund will be exiting one of the major integrated agricultural companies in South Africa and a few other African countries with interests in organic fertiliser production, crop chemical and manure processing retail and precision-farming. The Company will potentially possess the most expansive satellite-based agronomic services programme across Africa through the Geo Agro product.

KEY FACTS
Investment date: April 2014
Food security chain occupation: Secondary production
Core operations: Integrated fertiliser manufacturing & distribution
Investment type: MBO/expansion/growth capital
Estimated market size: 2.0m tonnes p.a. (South African fertiliser market)

Investment Impact Achievements Today: Within less than a year of acquisition, highlights include the following:

+ Avison is making major contributions to agricultural innovation in South Africa. Avison creates specific formulated products for various crops to maximise yields and as part of this process, trials were undertaken in the North West and Mpumalanga, South Africa. Some of these trials were carried out alongside chemical fertiliser to compare yields. During 2014, trials were successfully carried under controlled environments alongside chemical fertiliser and in all cases, Avison yields exceeded chemical fertiliser yields by at least 36%.
+ The use of GeoAgro on its own or in combination with IPNM is reducing farming costs across Africa; in some farming regions across the continent these costs could be as high as or even over US$ 1,000 per hectare as a result of poor or uninformned farming methods.
+ Post-acquisition, the Fund has assisted the Company with strategic market repositioning: Within less than nine months of the Fund acquisition, management successfully put together four strategic partnerships to take the business from a 4,000 tonne to a 17,000 tonne per annum business in the next 2 years. The strategic partnerships include AFGRI, Novon, Galtech, Terasson and Maxipil.
+ Integrating manufacturing plants and increasing company wholly owned manufacturing capacity from 12,000 tonnes to 36,000 tonnes through the strategic acquisition of Maxipil.
+ Facilitating the exportation of innovation through the establishment of a separate company which is replicating the Avison business model in Zambia.
Moablaou S.A., Ouagadougou, Burkina Faso

Background: Moablaou is the largest producer of table eggs in Burkina Faso. The Company primarily engages in the production, distribution and sale of table eggs. Ancillary products include spent hens and chicken manure. Burkina Faso is a net importer of eggs and has large unserved demand for broiler meat and eggs.

Investment Impact Objective: Motivated by the Company’s objective to provide the local Burkina Faso market with high-quality table eggs and spent hens to address the protein deficit in the country, while providing healthy food options for the growing middle class, the Fund invested in October 2014. Besides the attraction from Moablaou’s potential to become a large egg producer in Burkina Faso, the Fund’s objective also includes introducing improved genetics and feeding regimes. Currently the Company’s supply cannot meet demand and the raw material supply chain is not properly integrated.

Investment Impact Achievements Today:
The investment was made in October 2014 and, to date, the following achievements have been made:

- Motivated by the Company’s objective to provide the local Burkina Faso market with high-quality table eggs and spent hens to address the protein deficit in the country, while providing healthy food options for the growing middle class, the Fund invested in October 2014. Besides the attraction from Moablaou’s potential to become a large egg producer in Burkina Faso, the Fund’s objective also includes introducing improved genetics and feeding regimes. Currently the Company’s supply cannot meet demand and the raw material supply chain is not properly integrated.

- Enabling the Company, through TAF, access to strengthen biosecurity.
- Reviewing areas for improving market access and expansion of distribution channels.
- Saving close to 50% jobs which could potentially have been lost due to the total loss of the factory.
- The Fund has provided further access to funding after the loss to assist with the recovery plan.
- Increasing laying capacity from the pre-investment level of 110,000 to 225,000 layers. This will be enabled by equipment that already has been sourced from Europe and Germany, as well as expansion of laying houses.
- Reducing indirect job exportation through the use of imported eggs by Burkina consumers.

Target Development and Social Goals at Exit:
Moablaou’s key production inputs include feed meal, key ingredients of which are maize and soya, and 70% of the soya is imported. AAF SME Fund, with the assistance of TAF, is reviewing the possibility of sourcing all maize and soya requirements locally. TAF intends rolling out a smallholder soya farming project which will sell its produce to Moablaou at market-related prices. This will potentially positively impact about 200 households. Furthermore, an increased production will also make more eggs available for self-employed women who rely on the resale of eggs for employment, but currently cannot get local supplies.

KEY FACTS
Investment date: October 2014
Food security chain occupation: Primary production
Core operations: Chicken eggs production and distribution
Investment type: Expansion/growth capital
Estimated market size: 17,000 t p.a. (Burkina Faso protein demand)
Background: Norish is the largest processor of fortified corn-soya blend (CSB), alongside Kaliti Animal Feeds (Kaliti), one of the largest producers of animal feed in Ethiopia. Since 2007, Norish has partnered with relief and food agencies to provide highly nutritious corn-soya blend (CSB) to impoverished communities across Ethiopia.

Investment Impact Objective: The Fund invested in Norish in March 2015 to increase corn-soya blend production in Ethiopia, realising the large local supply of which 40% are children between the ages of 0 to 14 years.

Investment Impact Achievements Today: The Fund’s investment is quite recent; however, the Fund is seeing a compelling and positive story growing in Ethiopia and continues to focus on leaving an enduring social and development impact.

Target Development and Social Goals at Exit:
- The Fund will be exiting a company with production capabilities that would enable it to supply WFP programmes beyond Ethiopia, across the continent.
- The Fund will also leave behind a company with the largest animal feed production operation, which is a government priority as Ethiopia boasts Africa’s largest livestock population.

With TAF intervention:
- The Fund intends creating a company with a retail product which will create more than 100 direct employment opportunities;
- The Company will also create an integrated supply chain where close to 1,000 smallholder farmers will supply the business, thereby making a significant contribution towards employment creation opportunities and improvement of household incomes.

KEY FACTS
- Investment date: March 2015
- Food security chain occupation: Secondary production
- Core operations: Corn-soya blend (CSB) food production and animal feed production
- Investment type: Expansion/growth capital
- Estimated market size: 80 000 t p.a. (food gap); 150.0m+ livestock
LOOKING AHEAD:

We acknowledge the many challenges residing within the small cap/SME sector; however, we believe several successful Asian countries have achieved their status as global industrial giants behind the backdrop of these “no-name entities”. We believe there is significant value to be unlocked; the road may be long and steep, but there are rewards to be reaped at the end of it all.

To date, we have captured significant investments in the primary production sector, with investments in West End Farms, Interfresh and Moablaou. The primary production sector is a critical sector in the food security value chain; however, it is a sector which is exposed to the vagaries and vulnerabilities arising from climate change/weather patterns, genetics/cultivars, diseases, and fluid government policies. DAPM is pleased to be a key player in the transformation of this sector, as being part of the solution to some of the challenges include becoming a reference for precedent cases in the future.

Despite the various challenges facing agriculture and SMEs in frontier markets, Africa in particular (i.e. climate change, unproductive soils, inadequate access to finance, natural disasters and biological sources diseases etc.), DAPM remains highly passionate about being a contributing participant towards food security, and we continue to embrace our game-changing role in this sector through the application of climate-smart solutions, critical mass financing, investment in research and development, and the fostering of sustainable practices. We are excited about the future and are committed to the improvement of livelihoods on the continent, the creation of jobs and accumulation of wealth.

AWARDS:

- 2013 Outstanding Small & Growing Award - Guaraná
- 2014 Small cap deal of the year - Guaraná
- 2014 Entrepreneur of the year - Tosan Jemide
- 2015 Small cap deal of the year - MOABLAOU
- 2015 Bakery of the Year Award - Top Crust