

# AFRICA GLOBAL FUNDS

## SAPE: LONG-TERM VALUE CREATION

**Q&A:**  
**THE AFDF AND PHATISA  
PARTNERSHIP**

**ANALYSIS:**  
**PERMANENT CAPITAL VEHICLES IN  
AFRICA**

**COMMENT:**  
**MERGER CONTROL DEVELOPMENTS  
IN KENYA**

**COMMENT:**  
**WHAT SHOULD REAL ESTATE  
INVESTORS LOOK FOR IN 2018?**



# THE AfDB AND PHATISA PARTNERSHIP



**STUART BRADLEY (LEFT), JOINT MANAGING PARTNER, AND VINCENT DESTIEU (RIGHT), PRINCIPAL PHATISA, EXPLAIN THE SIGNIFICANT OPPORTUNITY OF INVESTING IN AFRICA, AND THE WAYS AfDB HAS SUPPORTED ITS WORK**

A major initiative made possible by the Phatisa-Meridian partnership was the Productivity Improvement Program for Smallholders; instrumental in mobilizing the AAF's TAF to provide funds and the necessary expertise to roll out the outgrowers' program in Malawi through Meridian's existing network of retailers in the country. Farmers Worlds, part of the Meridian Group, has hired 60 salesmen/women termed 'agronauts' to operate out of Meridian's (> 100) retail outlets and reach 12,000 farmers in the central and southern regions of Malawi. Phatisa is a sector-specific fund manager with committed investments from Sierra Leone in West Africa to Mauritius in East Africa. This reflects a total of nine portfolio companies across a diverse range of agri and food-related businesses.

The African Development Bank (AfDB) has backed several initiatives to support their Feed Africa Strategy, such as Africa-based Phatisa, which invests in food and agri-related businesses in Africa that show strong growth potential.

**I**n 2011, we secured a \$40m commitment from AfDB for our first fund – the African Agriculture Fund (AAF). To have them re-invest with \$10m for our Phatisa Food Fund 2 (PFF 2) is a real vote of confidence in Phatisa. AfDB is very loyal to its general partners, which gives you assurance and funding to go out there and make some big impacts. This is a huge endorsement for Phatisa.

## WHERE DID THE RELATIONSHIP BETWEEN AfDB AND PHATISA BEGIN?

Phatisa has a deep relationship with the Bank. As far back as 2006, we were lead advisor to the Pan African Infrastructure Development Fund 1 and worked closely with AfDB to successfully first close the fund. They became an anchor investor, with a \$40m commitment in our own first fund, the AAF, which launched in 2011 and final closed at \$246m. The current President of AfDB, Akinwumi Adesina, previously worked at Kofi Annan's Alliance for a Green Revolution in Africa (AGRA) and it was there that we met when AGRA provided grant support for our €10m Technical Assistance Facility for AAF. Mr. Adesina is passionate about the agribusiness sector in Africa, and it has been interesting to meet again as he pushes the High 5s at AfDB, where feeding Africa is a core component.

Fast-forward to today, and we are delighted to have AfDB alongside us again for the PFF 2.

## WHAT ROLE HAS AfDB PLAYED IN AAF AND BEYOND?

AfDB was one of the three core sponsors for AAF, alongside the French and Spanish Governments. They worked with us to bring Overseas Private Investment Corporation (OPIC) and two of the West African Development Banks into the fund to catalyse more capital to the sector. As we built the Phatisa team back in 2011, AfDB provided support around our ESG work at potential investments, reviewing and strengthening our processes.

AfDB has assisted with debt at portfolio companies and referred opportunities. For instance, the bank has provided a \$20m trade finance facility to Meridian, one of our largest portfolio companies that distributes fertiliser across Southern Africa.

## HOW DOES PHATISA AND ITS INVESTMENT STRATEGY FIT INTO AFDB'S VISION?

AfDB has recently scaled up the implementation of its ten-year strategy to transform Africa through the High 5s agenda – Feed Africa is one of the High 5s. The Bank has developed a strategy for long-term agricultural transformation in Africa. A key assessment is that unlocking agricultural

potential and tackling food insecurity will require sustained multi-sectoral interventions.

Phatisa, whose mission is Feeding and Housing Africa, is perfectly aligned with the Bank's vision. Indeed, our unique hands-on approach coupled with our focus on devel-

opment impact aims to deliver long-term sustainable value, increase the continent's agricultural output and create jobs. In AAF this has been through the production annually of over 1.9 million tonnes of food, beverages and inputs and sustaining over 185,000 jobs.



## WHAT IS THE FUTURE OF THIS RELATIONSHIP?

On November 22, 2017, the Board of Directors of AfDB approved a \$10m equity investment in PFF2. The process was very efficient, taking only five months from initial review, through a thorough due diligence to final approval. This demonstrates the Bank's commitment to the sector and the compelling opportunity presented by Phatisa.

Phatisa and AfDB will be strengthening their partnership for the next 10 years. In particular, Phatisa will set up a new office in Abidjan in 2018. We are confident this further proxim-

ity to AfDB Headquarters will help us to collaborate, as well as increase our footprint in West Africa.

This investment by AfDB into another Phatisa fund is enabling us to secure funding from institutions that work closely with the Bank and take comfort from their rigorous investment process.

Finally, we are enthusiastic about AfDB actively supporting our new Technical Assistance Facility. For this purpose, AfDB and Phatisa are currently working together to

apply for the European Commission Blending Facility. This initiative aims at catalysing blended (public and private) investment in agriculture initiatives across the value chain from inputs to consumer goods, thereby increasing our portfolio's contribution to sustainable development impact through commercially viable inclusive business projects in Africa.

AfDB's investment in the Phatisa Food Fund 2 demonstrates its commitment to feeding Africa.