

CDC commits US\$100 million to Africa Agribusiness Fund

CDC, the UK government backed emerging markets private equity investor has announced a US\$100 million commitment to a fund dedicated to agribusiness in Africa.

Agriculture in Africa is typically the largest employer for the majority of countries and the potential multiplier effect of businesses within the sector is significant. It is the mainstay of many sub-Saharan African economies and is often the largest productive sector. The majority of Africa's foreign exchange, particularly in commodity dependent countries like Cote d'Ivoire and Benin, is generated through agribusiness.

However, scaling-up agribusinesses in Africa is usually constrained by the lack finance and management expertise. Banks are frequently reluctant to lend to SME entrepreneurs and unlocking this potential remains a challenge.

Richard Laing, Chief Executive Officer of CDC, commented:

"This fund underscores our continued commitment to this core sector and our confidence in the economic potential of agribusiness in Africa. Scaling up and professionalising agribusiness in Africa is a fundamental element of sustainable economic development and the returns achievable through well directed private sector investment are compelling.

"CDC's commitment to agribusiness in Africa dates back to its inception in 1948. Some of the company's earliest investments were in the sector including BAL Palm Oil Plantations in East Malaysia and Sable Farming in East Africa. The fund has been seeded with historic CDC assets in tea at the Tanzania Tea Packers Limited, sugar at Nanga Farms Limited in Zambia ,

forestry at Kilombero Valley Teak Company Limited in Tanzania, arable farming at Mpongwe Development Company Limited in Zambia and rubber assets at Compagnie Hevicole de Cavally SA in the Cote d'Ivoire“

The fund, to be managed by Actis, will operate out of Nairobi and will invest across the agribusiness value chain from input supply, through production, processing, distribution to marketing. The fund will focus on expansion capital, change of control and buy and build transactions. Investment opportunities are being sought in tea and coffee processing, aquaculture, horticulture, forestry and bio-power.

All companies in which CDC's funds are invested comply with CDC's business principles, including health and safety, business integrity and social policies.

Notes to editors

About CDC

CDC is a government-owned fund of funds with assets of £1.6 billion targeting businesses in the poorer countries of the world with an emphasis on Africa and South Asia. The company's mission is to generate wealth by providing capital for investment in sustainable and responsibly managed private sector businesses. CDC has committed capital to over 60 funds invested in Africa, Asia and Latin America.

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