



IMPACT BRIEF

2011-2018



OUR PARTNERS



The African Agriculture Fund

The African Agriculture Fund (AAF) is a \$246 million US Dollar-based private equity fund with a 10-year life which seeks to address food security in Africa by investing in high potential agri and food related businesses involved in the food value chain. The AAF was linked to a Technical Assistance Facility (TAF) that aimed to increase the impact of the portfolio companies receiving investment from the AAF.
www.aaftaf.org



The International Fund for Agricultural Development (IFAD)

The International Fund for Agricultural Development (IFAD) was the manager of the AAF TAF. IFAD is an international financial institution and a specialised United Nations agency. IFAD is dedicated to eradicating poverty and hunger in rural areas of developing countries. IFAD provides low-interest loans and grants to developing countries to finance innovative agricultural and rural development programmes and projects.
www.ifad.org



Phatisa

Phatisa is a sector-specific African private equity fund manager located in and operating across sub-Saharan Africa. The firm currently has two funds under management which are focused on food and affordable housing. Phatisa's vision is to be the leading sector-focused development equity fund manager in Africa.
www.phatisa.com



The Technical Assistance Facility (TAF)

The Technical Assistance Facility of the African Agriculture Fund was primarily funded by the European Union (EU). The project received additional donations from the Alliance for a Green Revolution in Africa (AGRA), Italian Development Cooperation and United Nations Industrial Development Organisation (UNIDO).



TechnoServe

TechnoServe was the implementing agency of the AAF TAF. TechnoServe is a rapidly growing non-profit organisation working with enterprising people in the developing world to build competitive farms, businesses and industries. TechnoServe operates in 29 countries and works extensively with the private sector to help people lift themselves out of poverty.
www.technoserve.org



Zebu Investment Partners formerly known as Databank Agrifund Managers Limited (DAFML)

Databank Agrifund Managers Limited (DAFML) manages the US\$36 million AAF SME Fund, a subsidiary fund of the AAF, focused on small to medium enterprise businesses across the food security value chains. For its second fund, DAFML officially changed its name to Zebu Investment Partners in 2018.
www.zebuinvestments.com



“ A unique partnership has been forged between development institutions, private fund managers and a technical implementing agency. It has been a challenging, eye-opening experience for all those involved, but we are all driven by, and hope to have made a positive difference towards, enhancing Africa’s food security.

– Mylène Kherallah, Lead Technical Specialist, IFAD ”

INTRODUCTION TO TAF

The TAF had a mandate to increase economic and physical access to food for low-income Africans by providing technical assistance to the portfolio companies of the African Agriculture Fund (AAF). The objective of TAF’s projects was either to strengthen companies’ core operations by delivering consulting expertise to enable them to grow, and hence contribute to food security, or to facilitate the implementation of new business models that extend their reach to poor consumers, producers or employees through ‘inclusive business’ initiatives.

Although many investment fund managers support their companies with technical support, TAF represents an unusual model. While it provides the usual business development services, it goes much further in helping companies to develop more innovative and inclusive models allowing TAF to achieve a unique and unprecedented impact. TAF’s projects to date have enabled AAF portfolio companies to extend their reach to over 26,000 low-income beneficiaries, of whom 50% are women. The following impact brief highlights TAF’s accomplishments and lessons learned from 2011 to 2018. The report is supported by a repository of final project outputs accessible online at www.aaftaf.org.

INVESTMENT FUND

The AAF is a private equity fund created in response to the food security challenge across the African continent, financed by African, European and US development finance institutions, and private investors. It comprises two funds: the AAF and a subsidiary small and medium enterprise (SME) fund, the AAF SME Fund.

INVESTORS

The blended finance investment fund model included three categories of shareholders: (A) Junior for government agencies (B) Mezzanine for Development Finance Institutions and (C) Senior for commercial investors.

FUND MANAGERS

Phatisa is the fund manager of the AAF and Databank was selected as the AAF SME fund manager. The fund managers develop a pipeline of businesses for investment and manage exits in the 10 year fund life.

EQUITY/DEBT

Investment was deployed through equity and debt to high-growth enterprises. The average investment size in the large fund was ~\$23m and ~\$4m for the SME fund.

TA FACILITY

Technical Assistance adds value by enhancing AAF portfolio returns, both by improving SME performance and reducing costs in the short term, and by providing opportunities for portfolio companies to innovate and develop new business models that strengthen their long term value.

DEVELOPMENT PARTNERS

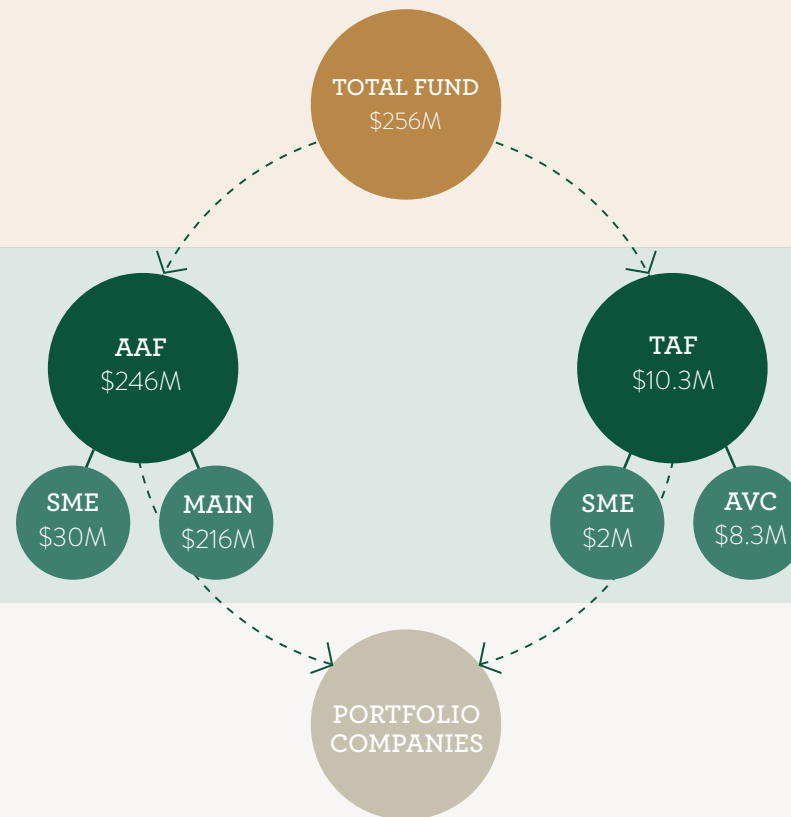
The European Commission, AGRA, UNIDO and the Italian Development Corporation provided an allocation of grant funding linked to the AAF investment fund to create additional development impact with investees.


FACILITY MANAGEMENT

IFAD was contracted by the European Commission to manage the facility and TechnoServe was competitively selected as the implementing agency responsible for implementing TA directly and through service providers.

GRANTS

Two categories of technical assistance were provided: the Agriculture Value Chain (AVC) component delivered inclusive business support and the SME component delivered core business development support.



A woman wearing a yellow lab coat and a white hairnet is focused on her work in a facility. She is holding several brown eggs in her hands, and a red tray filled with more eggs is in front of her. The background is slightly blurred, showing other people in similar attire.

“What makes TAF a valuable and unusual mechanism is its ability to straddle commercial and social objectives. It is a hybrid construct: a facility that speaks business and breathes development impact; that works with the private sector and is funded by donors to transform agricultural markets and increase food security. It is brought to life by a team that speaks the different technical languages of its public and private sector partners, with a mandate that requires it to strike the fine balance between facilitation and direct involvement.”

– Ashley Insight, 2017

A PIONEERING MODEL

The AAF was structured as a ‘blended finance’ fund, mobilising private capital through an anchor group of development finance partners. This aimed to create a stronger, more competitive agricultural sector better able to meet the food needs of Africa’s growing population. The AAF TAF was an early example of

an independently managed TA facility linked to a private equity fund. TechnoServe (the contracted TAF Implementing Agency) staff were embedded in the Fund and physically co-located at the Fund’s offices.

THEORY OF CHANGE

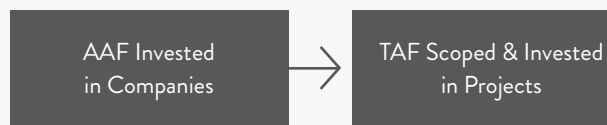
The overall objective of TAF was to support the medium-term economic development of SMEs and small farmers operating in the agriculture sector in Africa; and enable them to benefit, either directly or indirectly, from investment windows of the AAF.

With the ultimate goal of improving food security, a results chain was developed to articulate the

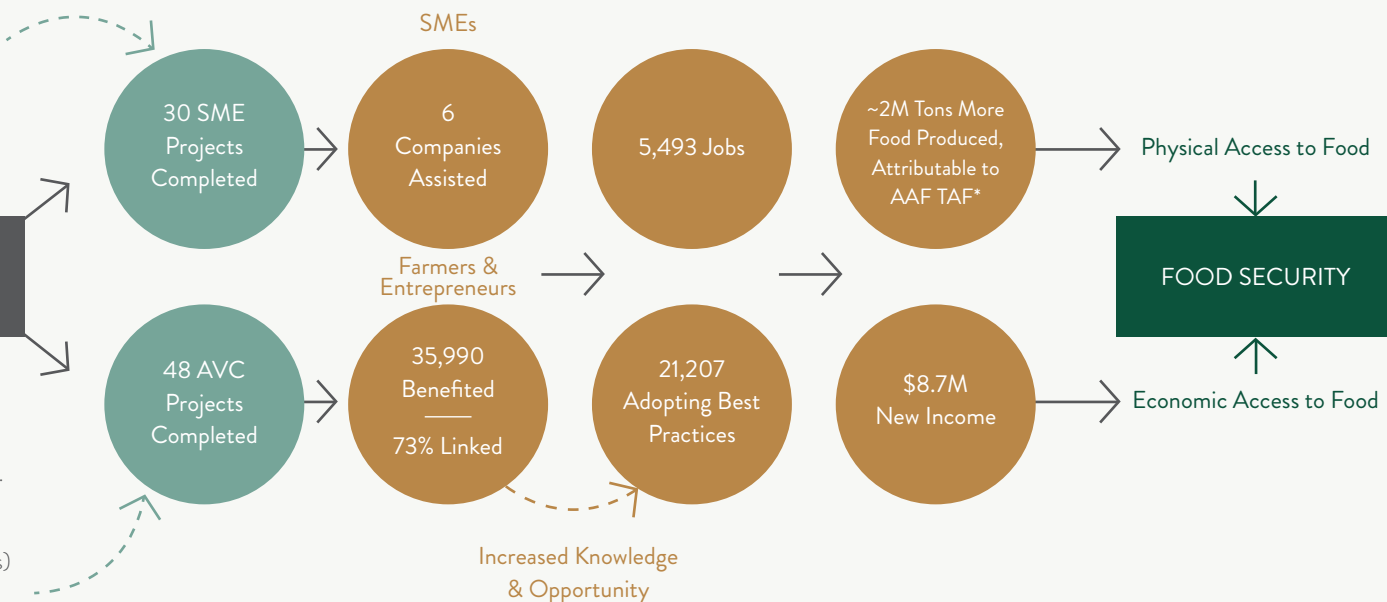
relationship between TAF activities and the results expected. This illustrates two principal routes through which TAF worked to achieve food security by i) increasing economic access to food through raising incomes and creating jobs; and ii) increasing physical access to affordable good quality food. TAF measured improvements in the economic well-being of supported

smallholder farmers and micro-entrepreneurs through improved incomes from economic opportunities introduced, increased sales and jobs created, and increased production and productivity which resulted in more food for consumption and sales.

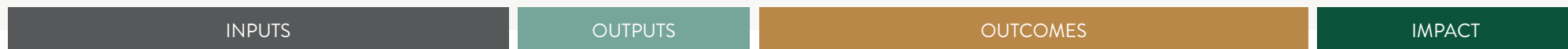
The **SME** Component supported SME agribusinesses to realise their potential as high-growth companies. This component created jobs and contributed to local economic growth through feasibility studies/market research, technical expert support, skills audits, management information systems and learning journeys between companies.



The **Agricultural Value Chain (AVC)** component supported activities that strengthened small-scale farmers or micro-entrepreneurs through mutually beneficial linkages with AAF portfolio companies. AVC linkages were either buyer-based (e.g. where the AAF company bought crop from smallscale farmers), or supplier-based (e.g. where the AAF company supplied key inputs or services to small-scale farmers or micro-entrepreneurs) and included outgrower schemes, access to finance initiatives, downstream distribution schemes, and bottom of the pyramid (BoP) distribution schemes to BoP consumers via micro-enterprises.

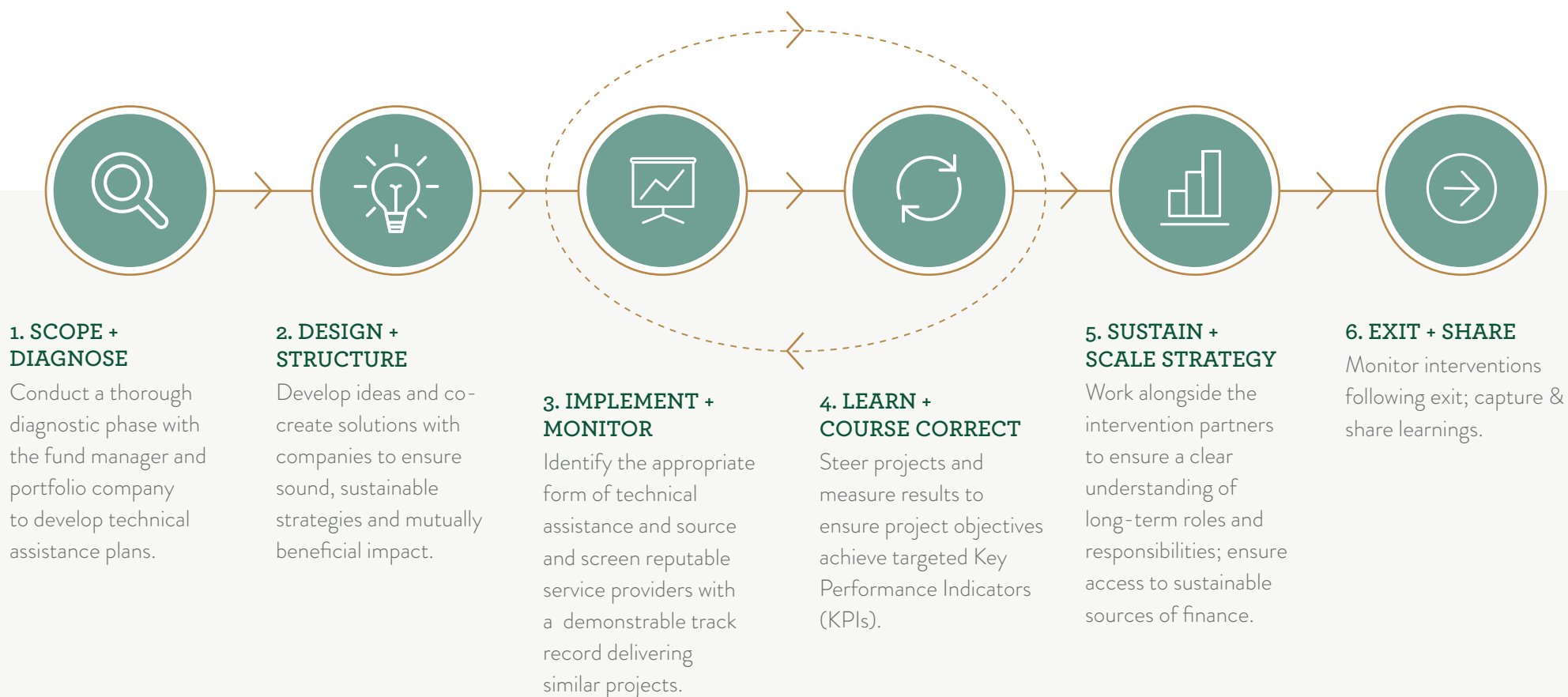


* this accounts for the incremental change in food produced by AAF pipeline companies supported by the TAF only



TA DELIVERY PROCESS

A hands-on approach is required at each stage of the TA journey to define the opportunities, identify appropriate third-party TA delivery mechanisms, oversee implementation and course-correct when necessary to achieve sustainability.



AAF & TAF TIMELINE

Food Crisis

Between 2006 and 2008, average food prices globally rose between 105-220%. The crisis generated a focus by development partners on promoting investment in agriculture in Africa. A group of financial institutions worked together to form the AAF. Phatisa was formally appointed as Fund Manager in July 2009.

AAF TAF Launched

The AAF Technical Assistance Facility was created in May 2011 through a contribution agreement between the European Commission and IFAD.

Initial Impact Assessments

The AAF TAF mid-term evaluation extended the AAF TAF project life by two years to 2018. The AAF Fund Managers produced Impact Reports.

Final Impact Review

TechnoServe and Phatisa complete a 5 year review and final 7 year evaluations to derive lessons learned and disseminate results.

2008

2011

2014

2018

----- 17 TAF PROJECTS -----

----- 61 TAF PROJECTS -----

2010

AAF First Close

The AAF reached first close at US \$151 million in November 2010 before making a first investment in Sierra Leone 8 months later.

2013

AAF Final Close

The Phatisa fundraising team concluded final close of the AAF in mid-2013 at US\$246 million backed by multinational limited partners. The AAF SME Fund achieved final close of US\$36 million in May 2014.

2016

AAF TAF Portfolio Expansion

Building on the findings of the mid-term evaluation, AAF TAF hired additional AVC and SME portfolio managers and expanded the number of projects to 10 AAF portfolio companies.

- Implementation (10)
- Design (2)

MOABLAOU
Eggs
(Burkina faso)

GOLDTREE
Oil Palm
(Sierra Leone)

TOP CRUST
Bakery
(Nigeria)

WEST END FARMS
Mixed Farm / Piggery
(Cameroon)

FERONIA
Oil palm
(DRC)

NORISH
Cereals
(Ethiopia)

GOLDENLAY
Eggs
MATONJENI
Beverages
(Zambia)

MERIDIAN
Fertiliser
(Malawi)

GUANOMAD
Fertiliser
(Madagascar)

AVISON
Fertiliser
(South Africa)

INTERFRESH
Citrus
(Zimbabwe)

WHERE WE WORKED

AAF portfolio companies span a range of food production-related agribusinesses including the production and sale of farming inputs, production and/or aggregation of livestock or crops for feed or processing, and selling food products. Projects were co-created by the TAF team, the Fund Managers, and the companies themselves, and needed to meet the specifications set out by TAF's funders. For example, inclusive business projects needed to demonstrate potential for sustainability, pro-poor impact,

and contribution to food security; core projects needed to show value addition beyond what a client firm could do for itself. Inclusive business projects were significantly larger in budget than core projects, as by their nature they involved long-term engagements with large numbers of participants. Although TAF did not work with all AAF companies, most of the companies with which TAF engaged received the benefit of more than one project.

OUR IMPACT

Impact was measured on an ongoing basis through the use of dedicated and trained M&E (Monitoring and Evaluation) resources at the AAF TAF and company level, regular site visits in operating countries, and data validation through TAF reviews and independent surveys. AAF TAF adopted TechnoServe’s three key principles for measuring incremental and attributable incomes: we captured incremental change, or change in financial benefit over time; we captured only the change in financial benefit that is attributable, or the portion of the change caused by TAF intervention; we avoided “double counting” the same money more than once as it passed through the hands of different market players.

DEVELOPMENT RESULTS

- Improved value chain linkages between companies, farmers, and low income consumers
- Increased productivity, skills, market access and income for farmers
- More and/or new nutritious products made available for low income consumers
- Demonstration effect of innovation and new models.
- Growth of SMEs in the food value chain
- Increased employment
- Increased access to agri-inputs and food outputs

COMPANY BENEFITS

- New ways of working that secure supply chains, diversify the business, and increase access new markets
- De-risking innovation
- First mover advantage
- Improved business operations and growth

FUND MANAGER BENEFITS

- TAF’s work with portfolio companies complements and enhances that of the Fund Managers, assisting them to deliver returns on their portfolio through risk reduction and value addition
- Improved long-term performance and sustainability which can potentially increase exit valuation

INFLUENCE ON MARKET SYSTEMS

- Demonstrating innovative replicable models
- Influencing policy
- Increasing viability and investability of African agricultural SMEs

FES	3	584	0	\$0	\$0
GOLDENLAY	9	8,950	4,800	\$0	\$1,821,000
GOLDTREE	7	6,387	4,400	\$0	\$252,000
MERIDIAN	6	13,298	1,870,000	\$0	\$634,000
WEF	11	120	700	\$470,000	\$67,000
GUANOMAD	8	1,293	700	\$240,000	\$3,000
MATONJENI	1	0	300	\$60,000	\$0
TOP CRUST	4	0	2,000	\$445,000	\$0
AVISON	4	0	76,300	\$340,000	\$0
MOABLAOU	6	2,967	6,500	\$950,000	\$2,353,000
NORISH	7	2,393	2,500	\$0	\$199,000
OVERALL RESULTS	78	36k	1.98M	\$2.50M	\$5.33M

Projects Completed

SHF/MSMES Reached

Additional Food Produced (MT)*

TAF Attributable Value Created at SME Level

TAF Attributable Value Created at SHF/MSME Level
Additional Sales Revenue

*additional food produced (MT) attributable to AAF TAF

MANAGEMENT INSIGHTS



Good management is critical to success. Whether managed in-house or externally, the required support to introduce impact innovation to businesses is itself a form of direct technical assistance and often a multi-year journey involving frequent pivot points and course corrections. To be able to effectively and credibly play both manager and technical assistance provider roles, it is critical to be able to engage effectively with the investors and the management of target investee companies. The TA Facility team needs to work together with the fund manager and companies to ensure alignment.

SERVICE PROVIDERS

Service providers should be selected with sustainability in mind from the outset. Where TA interventions are required, a number of options for implementation can be considered. Local service providers can bring insights and understanding into local contexts. International providers can bring innovations and transferable skills from other contexts. Sometimes the business itself is best placed to implement a ‘proof of concept’ pilot with the support of a matching-grant. Regardless of the recipient, all TA interventions must have an exit strategy that leads to full ownership of the model by the business.

COST-SHARING

Cost-share should be considered a factor of additionality and risk. TA intervention budgets should allow for flexibility around investee match or cost share based on risk and return analysis. As a guiding principle, businesses should contribute in inverse proportion to the additionality of the project from commercial considerations – that is, higher contributions to projects that have more direct commercial gains, and less to those that have less certain or immediate commercial benefits. Match-funding should be structured in such a way that the subsidy decreases, and the business finances on-going costs.

MONITORING

Robust M&E systems and quality data play a vital role in helping to convince companies that investments in inclusive business models and smallholder farmers will lead to a tangible return on investment. It is important to have clarity and alignment of all stakeholders on M&E objectives, users and their needs. Whilst an M&E plan supports this, ongoing M&E capacity building and external support is needed in the continuous adoption of best practice standards. Regular reviews are important to support adaptive management and course correction.

ALIGNMENT

Internal stakeholder alignment between the fund manager, company and TA provider needs to be a continuous focus, since setting a strategic direction is only possible when the company is fully bought-in. Achieving buy-in is a hands-on process linked to good management and governance. A TA manager needs to ensure ownership by the company at each stage of a TA cycle, from the scope of work, evaluations, letters of commitment, and contracting, to steering committees and exit strategies. Throughout this process, the TA manager can assist in establishing alignment through a direct form of technical assistance in which management support is provided for delivering TA on a company’s growth path. This process can and should include external support, with the recognition that adoption of the intervention is closely tied to the service provider’s performance.

DESIGN & SCOPING OF TA

AAF TAF found that it is important to conduct a diagnostic holistically, targeting a new business model vision rather than TA 'project' design. Understanding business needs and opportunities is often cited as the most important aspect of non-monetary support; a core value add is being able to propose a new or improved business model with multiple stakeholder inputs that speak directly to commercial and development objectives. The model should stack up in commercial terms but may not be sufficiently interesting to merit investment at meaningful scale in the short-term. When TA intervention areas are identified and required

to achieve the vision, these should be clearly broken down with individual intervention outputs, outcomes, and cost-share and exit strategies. This process is a critical step to align on a vision and a plan as well as ensure commitment across the principal stakeholders. A team approach to diagnostic is encouraged to allow for the introduction of a variety of skills that are complementary to those within the business. High-level concepts of value and impact are insufficient: inclusive business models require detailed, quantifiable business cases in order to gain traction and ensure that proposed projects are sustainable



TA DELIVERY INSIGHTS

Dedicated Portfolio Management Resourcing

Portfolio management provided by the TA Facility is critical for TA pipeline development and alignment with fund, company and beneficiary needs. Portfolio managers provide important project steering given the proximity and alignment with key stakeholders. This allows for greater access to information, ongoing consultation and coordination of stakeholders, and responsiveness to the changing nature of portfolio companies and the challenging environments in which they operate.

Flexible & Structured Instruments for Deploying TA

At the same time, various instruments for deploying TA should be determined for appropriateness since one service provider may not be suitable for all the needs of the TA proposed. A combination of company match-grants and bespoke external support may be needed; and thus TA mechanisms should be flexible and structured in phases.

Adaptive TA

Ongoing assessment of results against planned objectives is critical and there should be subsequent flexibility in the project to amend timings, processes and activities. Many projects for a particular company scheme, implemented by specialised service providers, can be more effective than one large project implemented by a generalist service provider.



INTRODUCING AAF TAF PLATFORM PROJECTS

AAF TAF prioritised specific lessons learned which could be shared more widely with key stakeholders in the sector. In addition, efforts were made to document and problem solve around common issues or constraints across the portfolio to be addressed in the form of analyses and pilot solutions. The platforms identified are covered by seven learning papers: extension, inputs, access to finance, mechanisation, technology, bottom of the pyramid distribution and business development services.

TECHNICAL INSIGHTS

AAF TAF found that agribusinesses involving smallholder producers in their business model, both upstream and downstream, tend to require a TA package around common themes including extension, inputs, finance and mechanisation. Along with markets and pricing, these factors are key to increasing agricultural productivity, creating more profitable farmers and driving supply chain efficiencies. Food chain businesses that focused on the production and distribution of fast-moving consumer goods formed a separate category

of learning regarding TA to develop ‘route to market’ solutions for reaching BoP consumers. A cross-cutting theme across both of these categories was the role of technology in supporting supply chain decision-making and enhancing the speed and impact of business operations. Insights from these technical themes are covered in a series of papers produced by the AAF TAF implementing agency and are available on the AAF TAF website.



PLATFORM PROJECTS

EXTENSION

Knowledge transfer is a critical lever to increase a farmer's return on investment from his/her land. Agronomic advice is important to understand and trial new inputs and farming practices as well as ensure optimal marketing of surplus crop. The AAF TAF experience with private extension models highlights key success factors for increasing the effectiveness and sustainability of extension services, including the need

to attach commercial value to the service, bring together suitable market partners (rather than burden one player), apply modern management approaches for efficiencies (e.g. using mobile communication and monitoring technologies), the importance of recruiting and developing 'soft skills' in extension officers and the usefulness of performance based incentive schemes at the farmer and company level to drive individual performance and loyalty.

INPUTS

The right combination of quality seed, organic or inorganic fertiliser, crop protection products and adequate water can transform yields. However, yields alone do not drive commercial farming success. The 'optimal' inputs package will depend on the farmer's economic, environmental, and social context. The AAF TAF experience with downstream

distribution of inputs to smallholder producers confirmed that farming systems, no matter how small, are highly complex and vulnerable to risk. Input interventions targeted to increasing agricultural productivity need to carefully consider the impact on farmer livelihoods and ensure a more multi-faceted approach to optimising farmer incomes through input choices, rather than searching for 'silver bullet' solutions.

FINANCE

The ability of farmers to access working capital to pay for critical inputs and mechanisation services is a binding constraint to commercialising small-scale agriculture. In AAF TAF's experience, AAF portfolio companies were not always willing or able to provide credit. Similar to financiers, although there was an acknowledged shared value opportunity, high risk and high costs in linking to smallholder farmers disincentivised lending. The AAF TAF recognised the need to work through both AAF portfolio companies and other

market partners to de-risk lending to smallholder farmers; and that incentives were needed for less willing partners. It is on this basis that TAF explored the concept of a smart subsidy to unlock value chain financing. The AAF TAF implemented 6 smart subsidy schemes in four countries (Burkina Faso, Ethiopia, Sierra Leone and Zambia) in the palm oil, soya, and maize value chains. The report shares the 3 different types of smart subsidies tested and associated experiences and learnings, assessing the results and opportunity for these to be replicated in future.



MECHANISATION

A major constraint to productivity for smallholder farmers across Sub Saharan Africa is access to draft power resulting in reduced yields, lower production scale, lower cultivated area and high drudgery. Typical demand side barriers to smallholder mechanisation include high capital costs and interest rates, unreliable aftersales services and limited market access. On the supply side, farm equipment providers tend to focus on larger equipment intended for commercial farmers that are unsuitable



TECHNOLOGY

The opportunity for technology to enhance decision-making, increase efficiency and achieve inclusive business growth was identified in companies across the AAF TAF portfolio. In particular, digital data solutions to monitoring and information management were increasingly explored through TAF, either



BOTTOM OF THE PYRAMID (BOP)

Constituting roughly 4 billion people on an income of \$1.5k per year, the 'Bottom of the Pyramid' (BoP) segment has significant purchasing power and represents commercial potential for small, growing businesses to diversify their channel mix and distribute quality products to the last mile.



SME BUSINESS DEVELOPMENT SERVICES (BDS)

The SME fund invested in 8 businesses within underdeveloped value chains with potential to unlock commercial value and develop local economies. The AAF TAF provided business development services to 7 of these businesses through the

for smaller farms. However, AAF TAF research showed that certain market conditions are conducive for inclusive farm mechanisation with 1) increasing rural labour rates bringing manual labour costs to parity with mechanisation; 2) increasing adoption of basic agri-inputs; and 3) saturation of the large commercial farmer market compelling equipment providers to consider the high volume smallholder market. This paper presents key findings from TAF's market analysis and early stage experience piloting a hiring model in 2018 in Malawi.

indirectly or directly, to achieve both once off data collection needs as well as meet regular monitoring and business growth objectives. This paper examines a selection of AAF TAF technology interventions to demonstrate the diversity of technology requirements and proposes key guidelines and principles for finding appropriate solutions.

The AAF TAF implemented 6 projects across 4 portfolio companies in 3 countries (Zambia, Burkina Faso and Nigeria) related to BoP route to market. From this experience a framework of best practice guidelines is proposed for development practitioners and business leaders.

SME Component, of which 6 realised quantifiable benefit. The report unpacks the key characteristics of delivering BDS for SMEs as well as defining why and how BDS TA can create additional value and innovation to supplement the SME fund management support.

STRATEGIC INSIGHTS

OBJECTIVE-LED TA

Distinguishing between different objectives of technical assistance is the first step to designing a TA facility. A TA facility can cover more than one objective but the balance of priority should be specified upfront to allow for clear communication with investors and agribusinesses as well as budget allocation. Under TAF, three core objectives were being pursued. It is very possible and sometimes more efficient for a fund to focus on only one:

- Reducing risk and catalysing growth
- Enhancing impact around the business
- Enhancing impact at systems level

Defining categories and objectives of TA allows for greater clarity between the portfolio company, Fund manager and TAF manager on the types and boundaries of different TA options. Categories also encourage smarter and more standardised impact targets and the indicators to measure performance.

REDUCE RISK & CATALYSE GROWTH

When businesses and funds are small, there is a role for TA facilities to deliver risk-reducing services through core Business Development Support (BDS) to clients. As funds accumulate greater resources/capacity to provide this 'in-house', core business innovation projects become more appropriate to catalyse growth of the business. Over time, funds will be capable of funding value creation activities themselves. Performance is measured by business metrics such as food production output, revenue, EBITDA, PAT, cost reductions as well as jobs.

CORE BUSINESS SUPPORT

Reducing Risk & Catalysing Growth

A focus on innovation and growth rather than on standard capacity building BDS support or 'putting out fires'

ENHANCE IMPACT AROUND THE BUSINESS

Inclusive business projects seek to enhance direct impact around the investments and are measured by quantitative indicators such as beneficiary numbers, disaggregated by gender, income increases, direct and indirect jobs as well as productivity gains and other outcomes related to economic upliftment.

INCLUSIVE BUSINESS

Enhanced impact at business-level

A focus on quantifying the impact opportunity and risk of an inclusive business model and structuring cost-share accordingly.

ECOSYSTEM DEVELOPMENT

Enhanced impact at the systems-level

A focus on creating impact in the market system that will enhance the enabling environment for inclusive businesses.

ENHANCE IMPACT AT THE SYSTEMS LEVEL

Ecosystem development projects seek to strengthen market systems around the investment and are measured by quantitative indicators such as finance mobilised as well as qualitative indicators for market development such as policy change, industry influence and stakeholder learning.

BENEFICIARY REFLECTIONS



Gaston & Babra (Photo by Meridian FSU)

When one gets sick he/she goes to the hospital expecting to be diagnosed by an expert and get the correct medication according to his/her ailment. This was previously not the case with the farmers before introduction of FSU, farmers were going in Agora shops with high expectation that they will be properly assisted but only to be disappointed that those assisting them do not have the right knowledge of agricultural chemicals sold. The coming in of FSU through its agronauts has assisted the farmers to be assisted with precision since Agronauts are well trained to offer such services and for free. Not only that but it has also made farmers to get such important advices at their point of need, knowing that they don't need to search for an extension officer elsewhere when they have one at the shop in the name of an Agronaut. I have to mention it here that it's not only the farmer who benefits but also an agronaut. In shop advice has helped me in particular to be exposed to different problems that farmers encounter. By trying to find the solution to the problems they bring to me, I also help myself broaden my experience in this field.

– Gaston Hermas Bande, FSU Agronaut, Mangochi, Malawi

Babra Nkodzomba is a 53 year old village headwoman from Simbili village in the Mangochi district of Malawi. She cites that through her adoption of PICS (Purdue Improved Crop Storage) bags, she is now able to store maize and keep produce for as long as she wants without worrying about insect damage; and can now fetch higher prices by selling at the right time. Plant row spacing training helped her to get 42 bags vs 18 bags of groundnuts from ~0.5acres. And, improved fertiliser application methods helped her to get 22 bags of maize vs 15 bags. From the crop she and her family obtained, they agreed to sell some in order to have their house connected to electricity. They are hoping for bumper yields with the continued help of the agronaut this coming season.

BENEFICIARY REFLECTIONS



Mme Salouma (Photo by Enclude (TA provider))

Mme Salouma has been trading eggs for almost 8 years, and managed to buy a moped with the earnings from the egg business. The TAF BoP project around Moablaou facilitated micro-distributor training on basic entrepreneurial skills, namely basic bookkeeping, cash flow management and credit. 91% of the trained distributors indicated that the newly acquired skills and competences during the training and follow-up has reduced their business costs (increased the efficiency through better financial management).

Peter Muthunzi started growing soya beans in 2014, after being introduced by another Farm Business Advisor (FBA) supported by iDE Zambia. Previously, Mr Muthunzi used to grow maize only. Peter complained that, year after year, his profit margins eroded due to high input costs and low prices. He started working with the TAF project and, in 2015, managed to harvest 83 bags and aggregated an additional 93 more bags from farmers that had shown interest in soya. In total, he supplied 176 bags @ ZMW4.50/ kg to the market. “It was then that I finally decided to grow soya full time” he explains with a half-smile. In 2016, Peter facilitated access to 18.5 ha worth of improved inputs for 20 farmers in his area as part of the TAF input credit facility supported by MRI-Syngenta. Mr Muthunzi has since undergone several trainings in agro-dealership and business skills support. With the support of the BDS provider, Nutri-Aid Trust, he is now working on setting up a local input shop to service his farmers.

“In my group women benefited more such that even their living improved. Those who couldn’t afford to take children to school, can now afford to do so.

– Peter Muthunzi,
Farmer Business Advisor (FBA), Zambia”

SHAREHOLDER REFLECTIONS



INDEPENDENT

“TechnoServe designs TAF projects to ensure meaningful impact on food security and a win-win for the business and beneficiaries. A project will only be put forward for approval if it meets both of these objectives.”

– Abigail Thomson, *TAF Program Director, TechnoServe*

CREATES TANGIBLE CHANGE

“Support to improve our pig production has been the most successful TAF project. We can see clear improvements with our stock. A 100 percent success.”

– Julius Manjoh, *General Manager, West End Farms, Cameroon*

INTO THE NITTY GRITTY

“Having seen in Malawi how TAF operates, I can testify to how efficient and practical are the services provided by TAF. TAF people have an in-depth knowledge of the challenges facing farmers and have the ability to bring appropriate solutions around Phatisa’s investments.”

– Jean-Francois Laurain, *CEO, Unigrains, AAF investor*

COMMERCIAL

“NGOs normally come with ideas from the moon, but TAF understands the private sector. The need is to inculcate business sense into farmers and create ‘agripreneurs’; don’t treat them as vulnerable people.”

– Kelvin Hambwezya, *Chief Agriculture Services Officer, NWK, Zambia*

INTEGRATED

“The greater the integration between the Fund and TAF, the greater the value to the companies. TAF helps the Fund Managers leverage their time.”

– Peter van As, *Portfolio Director, Phatisa*

PROVIDES INTANGIBLE BENEFITS

“Being able to meet extension teams from different countries at the TAF workshop has given us insights into how others tackle the challenge of managing outgrower schemes. Taking time out of our day-to-day jobs wasn’t easy, but I can see that sharing experiences has made us think more creatively.”

– Tim de Boeck, *Outgrower Manager, Goldtree, Sierra Leone*

SEES THE BIG PICTURE

“With the views of the various stakeholders involved in TAF decisionmaking, and an eye on multiplying the development impact of the AAF, IFAD tries to see the big picture when approving TA projects.”

– Mylène Kherallah, *IFAD TAF Manager, IFAD*

SOCIAL

“TAF’s social objective is clear to us: 70 percent of the population are poor and the new distribution system gets the cheapest protein to the furthest point.”

– Mason Chilala, *Accountant, Goldenlay, Zambia*



FINAL WORD FROM



It is estimated that \$5-7 trillion is needed annually to accomplish the UN's 17 Sustainable Development Goals (SDGs) by 2030. Already stretched government budgets cannot fill this gap. The size of the finance gap has re-focused attention on the feasibility of mobilizing private sector investment on an order of magnitude greater than has been accomplished to date. As more private sector investment is mobilized, it is essential that we work to ensure that this investment helps drive inclusive economic growth. This report has shown how a technical assistance facility (TAF) can contribute to that goal, by helping investee companies develop and successfully execute on business plans that promote inclusive growth. These companies have helped improve access to food for bottom of the pyramid producers and consumers. Farmers linked to these companies will see their incomes sustained or growing in the future. We hope this report contributes to the growing body of knowledge about how TAFs can help investors and development partners who seek to build inclusive businesses in Africa. The potential for development impact is huge when we can successfully pair private equity investment with high quality technical assistance.

-William Warshauer, CEO, TechnoServe

The rationale for establishing a TAF alongside the AAF was to increase the effectiveness and development impact of the two funds by supporting investees with dedicated technical assistance. AAF TAF has demonstrated that robust engagement between private sector players and public sector institutions is possible in the context of driving development impact within a private equity model. Moreover, private equity with the right development partners and outlook can develop agriculture efficiently by driving linkages across the value chain and promoting efficiencies in small, growing businesses.

We are proud of the learning journey that we have been on over the last seven years. It has been exciting to engage with portfolio companies of the AAF and see how providing technical assistance can lead to tangible results. Some important lessons have been learned about how technical assistance facilities work in practice as well as how they can be optimised. As much as anything, this programme has been a proof of concept: using the vehicle of an independent technical assistance facility to challenge traditional businesses to think in a more 'inclusive' way and, in doing so, push companies outside their comfort zone to experiment with new ways of reaching the poor to generate mutual financial benefits.

Ultimately, the balance of considering development aims alongside a Fund's commercial objectives can only be achieved by having a Fund Manager that is development-minded and a TAF team that can understand both business and development worlds. Under AAF TAF, this balance has been achieved and it is what drives aligned thinking in designing and implementing appropriate and sustainable TAF projects. At the same time, TAF's independent funding structure and external view allowed for more creative problem-solving to introduce innovations that busy company directors have had less time to think about; and that fund managers sometimes thought may be too risky or far away from priorities.

Whilst AAF TAF went through many challenges and had to adapt to improve and suit evolving contexts, the 7 year experience and tight link to the AAF Fund Managers allowed for deep TA with associated learnings that may be useful to those wanting to embark on TAF like models in future.



The following impact brief highlights the AAF TAF team's accomplishments and lessons learned from 2011-2018. The report is supported by a repository of final project outputs accessible online at www.aaftaf.org.

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