

# OVERVIEW: AGRI-BUSINESS CAPITAL FUND (ABC FUND)

**Title of facility or programme** **AGRI-BUSINESS CAPITAL FUND (ABC)**

**Implementing partners** International Fund for Agricultural Development (IFAD)

**Budget** **Budget phase I**

- Total budget: €45,75 million (Financial instrument: €40 million, TA: €3,65 million) + IFAD direct & indirect cost €2,1 million
- IFAD contributes to the TA budget

**Tentative budget phase II –Blending structure**

- Total budget: €237 million
- Luxembourg Govt: €4,475 million
- AGRA: €4 million
- Other: €147 million
- Intra-ACP/EDF: €45,75 million (Financial instrument: €40 million, TA: €3,65 million) + IFAD direct & indirect cost €2,1 million)

**Duration** The ABC Fund is an evergreen investment vehicle, TA will complement as needed in fixed duration contracts

**Program description** **Overview**

The ABC Fund, a blended capital impact investment vehicle, initiated by IFAD and anchored by the European Commission (EC) with the support of the Africa, Caribbean and Pacific group (ACP), the Luxembourg government and the Alliance for a Green Revolution in Africa (AGRA), aims at alleviating the funding gap faced by small-scale farmers, thereby contributing to inclusive economic and social development in targeted countries.

- ABC Fund is an investment fund that targets smallholder farmers and aims to support projects that create viable employment opportunities for rural youth, and men and women led SMEs.
- ABC Fund will start as an open-ended Fund management company.
- ABC Fund's first phase will have a lifespan of up to 5 years.
- ABC Fund will then transition towards a blending facility by using the anchor funds and including commercial investors, expanding the scope and type of financial products.

## Fund Features – First Phase

- Duration: open-ended
- Fund size: US \$50M
- Alternative investment fund manager (AIFM): Carne (portfolio & risk management)
- Fund Manager: Bamboo Capital Partners: (portfolio management)
- Investment adviser: Injaro (investment advice)
- Funding: Concessional (Capital preservation)
- African, Caribbean and Pacific countries
- Sector: Agriculture sector with a special focus on SMEs, farmer organizations, and rural youth
- Currency: EUR, USD and local currency
- Exit strategy: Debt repayment
- Expected returns: Revolving

**Governance** **Board of ABC Fund:** The independent board of ABC Fund is composed of directors nominated by IFAD, the Alliance for a Green Revolution in Africa, Ministry of Foreign Affairs of Luxembourg, and the EC (in collaboration with ACP Secretariat)

**A Project Steering Committee (PSC) is established for the IFAD ACP/EU relations** – including European Commission, ACP Secretariat, Fund Manager, TA Manager - that meets once per year; with meetings to be convened by the EC, taking the annual implementation report prepared by IFAD as a basis for deliberations.

## Geographic coverage and beneficiaries

**Geographic coverage:** African, Caribbean and Pacific countries

### Beneficiaries:

- Sector: Sustainable and climate-resilient agriculture and agribusiness
- Underserved segments of the agriculture value chain in developing low- and middle-income countries, namely, farmer organizations, rural SMEs, women and youth.

## Access conditions for financing facility

### Direct investments

- Direct investments in strategically positioned/unique business model SMEs, with scaling potential.
- Direct investments into farmer groups/organization, aggregators, and value chain actors.

Instrument	Typical Tenor / holding period	Typical Size (EUR)
Working Capital Facilities	Up to 24 months, typical tenor of 6-12 months	200k-440k
Term Loans	3-5 years	400k-0.8M
Sub-debt/Equity	5-7 years	400k-0.8M

## Indirect investments

- Indirect debt and equity investments via traditional financial institutions (Agri banks, SME banks and MFIs).
- Co-funded risk and reward sharing agri-portfolios with select financial institutions.
- Indirect debt and equity investments via alternative lenders servicing the target groups.

Channel	Typical Tenor / holding period	Typical Size (EUR)
Working Capital Facilities	2-5 years	200k-4M
Term Loans /Equity	3-7 years	Up to 4M

## Single Obligor Limits

The exposure limits to any one investee group will be the greater of (i) five per cent (5%) of the total paid-in capital or (ii) EUR 8M.

## Investment themes

The Fund will focus on 4 underlying themes that are likely to have the greatest potential of improving and transforming agricultural and agribusiness SMEs and smallholder farmers' livelihoods:

- Market participation by integrating SMEs and farmers
- Addressing specific value chain bottlenecks
- Local production, value addition/transformation and certification/traceability
- Promoting Ag-tech, innovation and climate-smart agriculture and value chains

## Country selection criteria

- Existence of an active IFAD country program with value chain approaches
- Donors (ACP/EU) preferences and priorities
- Maturity of the local private sector market to absorb investments
- Policy and regulatory framework that is supportive of foreign investments

## Investee selection criteria

ABC Fund investment officers will leverage, among other opportunities, EU/ACP, IFAD and AGRA's project pipeline to identify:

- Farmer organizations and SMEs that are part of the "missing middle"
- Key actors within a given agriculture supply chain:
  - Who display high potential for growth and for contributing to IFAD efforts to produce a multiplier effect on the impact for smallholder farmers
  - Whose activities are performed in adherence with IFAD's social and environmental standards

## How to apply / contact details

link to the ABC Fund  
<https://www.ifad.org/en/abcfund>  
or <https://www.ifad.org/fr/abcfund>



Investing in rural people

