

AfDB approves US\$80m loan to boost agribusiness in Africa

TUNIS: The Board of Directors of the African Development Bank (AfDB) recently approved a US\$80 million loan in local currencies for OLAM Africa Investment Program (OAIP) to deepen the integration of OLAM Group's agricultural value chain by investments in processing of wheat and palm oil in Africa.

The program includes five sub-projects in Cameroon, Ghana, Mozambique and Senegal. Ultimately, this program will enhance the regional food supply chain and act as a catalyst to support job creation and improve sustainability of agribusiness sector, thereby enhancing food security in Africa.

African food and agricultural markets are extremely fragmented along regional, national and even local lines due to the predominance of small scale farming in the region. Harnessing the opportunities in the sector and successfully competing the global market therefore demands efficiency in the deployment of labour and logistics infrastructure to link suppliers and buyers in the region. The OLAM Group's scale and existing distribution strength will positively impact the linkages.

OLAM Aviv Investment Holdings, borrowing entity

OLAM Aviv Investment Holdings, Mauritius, a fully owned subsidiary of OLAM Group, will be the program's borrowing entity. OLAM Group, a leading global integrated supply chain manager with a direct presence in 65 countries, has built a leadership position in many of its businesses - including cocoa, coffee, cashew, sesame, rice, cotton and wood products. In Africa, OLAM Group is present in 26 countries and conducts business in 28 countries. The Group's Africa business includes an integrated supply chain of 16 products, employing 6800 employees, 1700 of which are women.

OLAM Group works with 3.4 million small-scale farmers in Africa and has 110 initiatives, covering 1.4 million farmers in Africa, to help address many of the issues faced by these smallholders such as poverty and lack of education, food security and basic social amenities. OLAM Group was awarded the Leadership Award for Sustainable Development in Africa at the 2012 World Bank meetings. The award recognises the Olam Livelihood Charter - the flagship Corporate Social Responsibility program of OLAM that will benefit up to 500,000 farmers in Africa by 2015.

The OAIP program, as part of the value chain, will create 600,000 tons/annum of additional processing capacity, one million tons of palm oil supply chain with matching infrastructure, regional food supply chain as well as 8500 direct and indirect employment opportunities - 25% for women - in upstream, sourcing, direct employment and distribution. The transaction will also contribute to private sector development by building partnership with an international agribusiness group to strengthen supply chain linkages for the sector as well as by deepening local financial markets through bond issuance.