



For Immediate Release

USAID and Impact Investors Capitalize new Equity Fund for East African Agribusiness

USAID, J.P. Morgan, Gates, Gatsby, and Rockefeller Foundations help establish the African Agricultural Capital Fund

September 28, 2011—Impact investors, together with the U.S. Agency for International Development (USAID), yesterday announced a first-of-its-kind effort to invest \$25 million of commercial capital with the only private investment manager in sub-Saharan Africa focused exclusively on growing small and medium-sized enterprises in the agriculture sector. As East Africa struggles with skyrocketing food prices and the region's worst drought in 60 years, this new fund, the African Agricultural Capital Fund (AACF), will deliver much needed growth capital to boost the productivity and profitability of Africa's undercapitalized agriculture sector.

Over the next five years, Pearl Capital Partners (PCP), a specialized African agricultural investment fund manager based in Kampala, Uganda, will invest the AACF's \$25 million in at least 20 agriculture-related businesses in East Africa, infusing equity and expertise into a sector that has suffered from under-investment, and paving the way for raising the productivity and incomes of at least a quarter of a million households. PCP's model focuses on building the skills of local management teams rather than infusing management expertise from abroad, making it a sustainable approach to investing on the continent.

Under the new Fund's impact investment philosophy, PCP will aim to have both a strong financial return and significant social impact. Successful agribusiness development creates positive financial returns for the Fund's investors. At the same time, agribusinesses are vital sources of employment, secure markets and improved products for millions of smallholder farmers across East Africa. New investments will need to demonstrate that they benefit large numbers of farmers and have an environmentally benign footprint.

AACF is being capitalized by a unique consortium of impact investors in conjunction with USAID. In order to attract investors to East Africa's fledgling but increasingly profitable agribusinesses, USAID's

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Development Credit Authority is guaranteeing 50% of an \$8 million commercial loan from J.P. Morgan's Social Finance Unit to AACF. The fund is also supported by \$17 million in equity investment from the Bill & Melinda Gates Foundation, the Gatsby Charitable Foundation, and the Rockefeller Foundation. The fund will also have access to \$1.5 million in USAID-funded business development services, primarily funded under President Obama's flagship Feed the Future initiative, to improve investee companies' operations, competitiveness, and access to markets.

The co-investors in this fund are all members of the Global Impact Investing Network (GIIN) Investors' Council, through which they collaborated to identify complementary social, environmental, and financial goals for this project. J.P. Morgan, and The Rockefeller Foundation, and USAID are anchor funders of the GIIN, which is a nonprofit organization dedicated to increasing the scale and effectiveness of impact investments.

Quotes from participating organizations:

"The African Agricultural Capital Fund will catalyze the growth of small and medium agribusinesses in East Africa," said **Julie Sunderland, Director of Program Related Investments for the Bill & Melinda Gates Foundation**. "These businesses work with smallholder farmers across the agricultural value-chain and are important for the sustainable development of the sector. We are optimistic that the success of AACF and the individual businesses within its portfolio will encourage additional capital investment in enterprises employing, purchasing from and providing inputs and services to smallholders."

"The success of our original investment in PCP since 2005 demonstrated the viability of achieving both commercial returns and strong developmental impact in agriculture, by targeting companies that play strategic roles in markets," said **Lord David Sainsbury, the Settlor of the Gatsby Foundation**. "We are delighted that this has now attracted a wide range of public, private and foundation investors to scale up the concept and strengthen agriculture in the region."

"This unique collaboration between diverse investors will result in increased capital to the sustainable African agricultural sector and a more rigorous focus on generating social and environmental benefits," said **Luther Ragin, Jr., CEO of the Global Impact Investing Network**. "We hope that other impact investors are encouraged to seek out similar opportunities that enable parties to more effectively address some of the world's most pressing problems through investment."

"This transaction exemplifies an innovative approach to impact investing that we hope will be a model for the future," said **Peter Scher, the Executive Vice President and Head of Corporate Responsibility, JPMorgan Chase & Co.** "J.P. Morgan is thrilled to work with our private and public sector partners to make this landmark effort a reality."

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“A funding gap exists for small cap agricultural businesses across East Africa, between large-scale commercial banks and microfinance institutions,” said **Tom Adlam, Managing Partner of PCP**. “This new Fund will help to address this gap, providing long-term capital to entrepreneurs who are building businesses in the agriculture sector while delivering quality financial returns for investors.”

“The African Agricultural Capital Fund is a prime example of how government, civil society and the private sector can work together to provide innovative solutions to the pressing challenges facing the African continent,” said **Dr. Judith Rodin, president of the Rockefeller Foundation**. “The Rockefeller Foundation is proud to support the AACF and the development of agribusinesses that support small-holder farmers, create jobs and contribute to food security in Africa.”

“Achieving food security in Africa requires public and private players working and investing together. This transaction is a testament to that kind of collaboration,” said **USAID Administrator Rajiv Shah**. “Investors increasingly see the promise of Africa’s agriculture sector, but the transaction risks are often perceived to be too high. That’s why we’re leveraging our development dollars and using innovative tools like the Development Credit Authority to lower the investment hurdles for private partners that want to invest with us.”

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About the Bill & Melinda Gates Foundation

Guided by the belief that every life has equal value, the Bill & Melinda Gates Foundation works to help all people lead healthy, productive lives. In developing countries, it focuses on improving people’s health and giving them the chance to lift themselves out of hunger and extreme poverty. In the United States, it seeks to ensure that all people—especially those with the fewest resources—have access to the opportunities they need to succeed in school and life. Based in Seattle, Washington, the foundation is led by CEO Jeff Raikes and Co-chair William H. Gates Sr., under the direction of Bill and Melinda Gates and Warren Buffett.

About the Gatsby Foundation

The Gatsby Foundation has worked in East Africa since 1985 with the objective of improving incomes and opportunities for the poor. Programmes are mostly in agriculture, where returns to the poor are greatest and the Foundation can leverage its expertise. Gatsby focuses on ambitious sector development programmes, where we partner with the public and private sectors to identify and tackle constraints to growth; Gatsby plays a catalytic role with new ideas, and then invest in success so that interventions are sustainable.

About Global Impact Investing Network (GIIN)

The Global Impact Investing Network (GIIN) is a nonprofit organization dedicated to increasing the scale and effectiveness of impact investing. The GIIN builds critical infrastructure and supports activities, education, and research that help accelerate the development of a coherent impact investing industry. For more information, please visit www.thegiin.org.

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About J.P. Morgan

J.P. Morgan is the investment banking arm of JPMorgan Chase & Co. (NYSE: JPM), a leading global financial services firm with assets of \$2.2 trillion and operations in more than 60 countries. The Firm is a leader in investment banking, financial services for consumers, small-business and commercial banking, financial transaction processing, asset management and private equity. A component of the Dow Jones Industrial Average, JPMorgan Chase & Co. serves millions of consumers in the United States and many of the world's most prominent corporate, institutional and government clients under its J.P. Morgan and Chase brands. Information about J.P. Morgan is available at www.jpmorganchase.com

About Pearl Capital Partners

Pearl Capital Partners is an African investment fund management organization that finds, raises and manages capital to invest across agricultural value chains in ways which boost smallholder farm productivity and offers smallholders improved access to markets.

About The Rockefeller Foundation

The Rockefeller Foundation's mission to promote the well-being of people throughout the world has remained unchanged since its founding in 1913. Today, that mission is applied to an era of rapid globalization. Our vision is that this century will be one in which globalization's benefits are more widely shared and its challenges are more easily weathered. To realize this vision, the Foundation seeks to achieve two fundamental goals in our work. First, we seek to build resilience that enhances individual, community and institutional capacity to survive, adapt, and grow in the face of acute crises and chronic stresses. Second, we seek to promote growth with equity in which the poor and vulnerable have more access to opportunities that improve their lives. In order to achieve these goals, the Foundation constructs its work into time-bound initiatives that have defined objectives and strategies for impact. These initiatives address challenges that lie either within or at the intersections of five issue areas: basic survival safeguards, global health, environment and climate change, urbanization, and social and economic security. For more information, please visit www.rockefellerfoundation.org.

About USAID

USAID is a U.S. government agency that provides economic, development, and humanitarian assistance around the world in support of the foreign policy goals of the United States. USAID's Development Credit Authority, established by Congress in 1999, unlocks local capital through loan guarantees for sectors including agriculture, health, housing, clean energy, infrastructure, microfinance, and education.

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