Project Summary Note

EXPORT TRADING GROUP (ETG)

Corporate Loan

Multinational

June 2016
AfDB approves US $100-million non-sovereign guarantee corporate loan for Export Trading Group (ETG)

29/08/2016

The Board of Directors of the African Development Bank (AfDB) Group has approved a seven-year, non-sovereign guarantee, US $100-million corporate loan to the Export Trading Group (ETG), to finance part of part of the company’s five-year Agricultural Investment Program (IP) in Africa. The programme will promote employment for youths and women, and adopt an integrated value-chain approach that emphasizes access to regional and global markets.

Africa faces a significant food security challenge and continues to depend on food imports to meet the ever-growing demand. The continent spent over US $35 billion to import food in 2015 and net food imports are projected to increase to more than US $110 billion by 2025. If this trend continues unchecked, Africa and its economies will be heading for major crisis, being the most food-insecure region in the world with more than 232 million under-nourished people.

ETG is one of the largest and fastest-growing integrated agricultural supply chain managers and processors in Sub-Saharan Africa. The Group was founded in Kenya in the 1960s before moving to Tanzania and is now headquartered in Dubai. The key commodities traded by the Group are fertilizer, maize, rice, oil seeds, cashew nuts, sesame seeds, pulses, wheat, cotton, coffee, and sugar.

ETG’s investment program will consist of: (i) Fertilizer projects in Kenya and Zambia; (ii) Processing Plants (rice, cashew, maize, sesame, cotton, biscuit) in Kenya, Tanzania, Zambia, Mozambique, Togo, Ethiopia, Benin, Zimbabwe, Nigeria and Uganda; (iii) Multi-commodity warehouses in Burkina Faso, Malawi, Zambia, Zimbabwe, Niger, Benin, Nigeria, Zambia and Ethiopia; and (iv) Silos in Zimbabwe.

The program is strongly aligned with four of the top five priorities (High 5s) of the Bank namely Feed Africa, Industrialise Africa, Integrate Africa, and Improve the quality of life for the people of Africa. It will significantly contribute not only in improving food productivity in Africa, but most importantly in value addition and the wide distribution of food across the continent using the sponsor’s broad distribution networks.

The project, approved by the AfDB Board on July 13, 2016, is expected to generate significant development outcomes at local, national and regional levels, notably: (i) contribution to food security; (ii) contribution to food import substitution, job creation, fiscal revenues; (iii) contribution to smallholders access to inputs (seeds and fertilizers),
mechanization and international markets thereby ensuring significant revenues to farmers; (iii) integration of poorer sections of the population into a sustainable process of economic growth and development; (vi) enhance efficiency of value chains for different crops by increasing the infrastructure base and capacity for value addition; (v) regional integration by developing sustainable platforms to supply local and regional markets and aiming to export markets integration; (vi) contribution to industrialization with new processing plants.

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Contacts

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