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COLOMBIA AGRIBUSINESS FUND

OBJECTIVE

Only two percent of Colombia’s foreign direct investment goes into agriculture. While Colombia has Latin America’s largest budget for agricultural subsidies, the country’s agricultural sector has had the weakest growth in the region. With a quarter of the national population residing in the rural sector, a dynamic agricultural sector is key to the country’s ability to advance towards peace, stability and equitable development. In this context, USAID joined efforts with the Small Enterprise Assistance Fund (SEAF), a Global Development Alliance partner, to establish the Colombia Agribusiness Fund, an initiative to promote rural economic growth in marginalized areas of Colombia. The program runs from March 2015 – March 2020.

COMPONENTS

IMPROVING LIVES

The Colombia Agribusiness Fund will improve the lives of people in the rural, marginalized regions of Colombia by fostering employment and improving incomes through investments in fast-growing, small and medium-sized enterprises.

RAISING CAPITAL

Through SEAF, USAID will invest \$10 million and serve as a limited partner for the investment fund. With USAID providing the initial capital, the Colombia Agribusiness Fund will improve its ability to raise capital from other investors, including, but not limited to, those with a social/development agenda. It is expected that the Colombia Agribusiness Fund will leverage \$18 million in the first fund closure (Dec

2016), \$12 million in the second fund closure (Jun 2017), and potentially leverage an additional \$30 million in the third closure, for a total of \$60 million. Any financial returns on USAID's investment funds will be reinvested by SEAF back into rural development in Colombia.

TECHNICAL ASSISTANCE

In addition to capitalizing the Agribusiness Fund, USAID and SEAF will create a technical assistance tool that will serve small and medium-sized enterprises operating in agribusiness value chains in Colombia's rural regions. This tool will help develop an agribusiness network, enhance portfolio company operations, and provide training to employees of portfolio companies, among other activities.

RESULTS

- Reached first close in December 2016 with \$16.1 million. By reaching the first close, it is expected that the first investment of the Colombia Agribusiness Fund will occur in the first quarter of 2017. Investors to this first round include Old Mutual, a pension fund, and Pinagro, a Colombian family fund, among others.
- Expected that in the following 12 months, a second and third close up to \$47 million will come from domestic and international investors.