

Swedfund signs EUR 10m investment in Addax Bioenergy, Sierra Leone

Swedfund is backing the largest private sector agriculture investment in Sierra Leone

With the Addax & Oryx Group (AOG), Swedfund is creating the largest private sector agriculture investment in Sierra Leone, helping meet a major objective of the Government of Sierra Leone and delivering significant development effects.

Swedfund, Sweden's Development Finance Institution (DFI), has committed EUR 10m to Addax Bioenergy Sierra Leone (Addax). The total investment, which achieved financial close on 20 December, is EUR 267m. The investment is made by AOG, a leading player in the energy industry in Africa, Swedfund and six fellow DFIs. AOG, Swedfund and the Dutch development Bank FMO are equity partners.

Addax is the largest private sector agriculture investment in Sierra Leone and will help meet a key objective of the Government of Sierra Leone, which is to attract large-scale investments to the agricultural sector to enable sustainable development.

Addax, sited near the town of Makeni, includes the development of 'greenfield' sugarcane estates, the construction of an ethanol refinery and a biomass fuelled power plant. The sugarcane will be converted to bioethanol and exported principally to meet demand in Europe, and in time, sold in the domestic market in Sierra Leone. The bioethanol will help replace dependence on fossil fuels and reduce greenhouse gas emissions. The bioenergy power plant will provide renewable electricity for the ethanol refinery and will also supply energy for approximately 20% of Sierra Leone's national grid.

Significant development effects

Addax currently employs 772 national staff and will create 2,000 jobs when steady operations are underway in 2013, offering workers more than twice the official minimum salary. Further development effects include the diversification of Sierra Leone's industrial base, generation of taxes and export revenues and the upgrade of vital infrastructure. In addition, Addax supports food security by developing the largest private food production programme in Sierra Leone, which will see 2,000 hectares of rice cultivated for local populations. A Farmer Development Programme, organised with the support of the UN-FAO, aims to provide 2,000 local farmers with improved farming methods and the potential of additional incomes. The Programme has already graduated 1,400 people.

High ambition in social, economic and environmental standards

Addax has been developed in partnership with seven DFIs, reflecting its commitment to comply with the most stringent social and environmental standards. Addax began with years of rigorous evaluations of the potential social, environmental and economic impacts. Its development took place alongside one of the most extensive and transparent dialogue and consultation processes ever carried out in Sierra Leone, according to the country's Environmental Protection Agency and local NGOs.

In Sierra Leone, Addax has received presidential and cross-party political support, endorsement from local people, civil society groups and international organisations such as the UN Food and Agriculture Organisation (UN-FAO).

"The Government of Sierra Leone has specifically cited agriculture as one of the engines for socio-economic growth and development and it is a clear objective of the Government to attract large-scale foreign investments to the agricultural sector. Swedfund are pleased to back the largest private sector agriculture investment in the country" - Björn Blomberg, Managing Director at Swedfund.

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Editors' Notes:

- Founded in 1979, Swedfund is Sweden's Development Finance institution and wholly owned by the Swedish Government.
- Swedfund's mission is to *promote the sustainable economic development of the countries in which we invest*. Swedfund provides risk capital, expertise and financial support for investment in the emerging markets of Africa, Asia and Latin America, as well as the non-EU countries of Eastern Europe.
- For further information see the case study on our website, www.swedfund.se or contact James McVeigh, Press Officer at james.mcveigh@swedfund.se / + 46 8 725 94 43.