



2021 Impact Report

Contents

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Technical Assistance



About the ABC Fund

The ABC Fund is a blended-finance impact fund which provides catalytic financing to underserved yet profitable segments of agribusiness value chains in developing countries. The ABC Fund deploys loans and equity investments in farmer organisations, rural SMEs and financial institutions, that have potential for high growth and job creation and can drive social development for their communities and countries, but lack the capital they need to grow their businesses. The ABC Fund was initiated by the International Fund for Agricultural Development (IFAD) in partnership with, and is currently funded by investments from, the European Union, the Organization of African, Caribbean and Pacific States (OACPS), the Luxembourg Government and the Alliance for a Green Revolution in Africa (AGRA), IFAD and Bank of America. The IFAD investment was made possible thanks to financial support from the Swiss Agency for Development and Cooperation (SDC). The ABC Fund is managed by Bamboo Capital Partners in partnership with Injaro as investment advisors and with technical assistance led by Agriterra.

Disclaimer

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Highlights of the ABC Fund

With its mission to transform rural livelihoods, the ABC Fund offered vital support to smallholder farmers and SMEs in 2021—doubling its investment portfolio, despite the challenges presented by the pandemic.

2021 was a challenging year for many communities, with COVID-19's economic shocks continuing to have a devastating impact upon millions of lives and livelihoods. Amongst some of the most vulnerable to this crisis were smallholder farmers and small- to medium-sized enterprises (SMEs), many of whom already lacked the necessary resources to reach their full potential while simultaneously facing the worsening effects of climate change. Amidst deepening levels of poverty and dire warnings of growing food insecurity, the need to support agricultural value chains, which are key employment and income generators in most developing countries, is greater than ever before.

With its mission to transform rural livelihoods, the ABC Fund offered vital support to smallholder farmers and SMEs in 2021 despite the challenges presented by the pandemic. Providing 20.1 million EUR worth of investment, it supported 15 SMEs, cooperatives, and financial intermediaries operating in seven countries in 2021. Cumulatively since its inception, the ABC Fund has invested in 21 companies representing over 350,000 smallholder farmers. Out of them, the Fund is estimated to have directly benefited over 170,000 smallholder farmers through its financing.

Delivering financial products directly to five agribusinesses—two mango producers in Mali and Côte d'Ivoire, a grain and seed producer in Burkina Faso, and two shea processing facilities in Mali—the ABC Fund helped to increase productivity amongst underserved but profitable businesses, as well as sustain the livelihoods of thousands of smallholder farmers and create job opportunities in some of the world's poorest rural regions. Women and young people benefited from this in particular, with many ABC Fund investees prioritising these demographics within their growth plans. In its effort to improve smallholder farmers' ability to access financial services, the Fund also provided loans to eight financial intermediaries in Uganda, Kenya, Benin, Mali, and Bolivia, offering services such as credit-lending, farming input and advice, and the collection of savings and deposits. These organisations were able to support 90,373 smallholder farmers in 2021. The Fund's financing helped them to—amongst various schemes—improve service provision, leverage additional loan portfolio, and promote greater resilience via the delivery of environmental adaption solutions.

As part of the ABC Fund's strategy to further support smallholder farmers, its Technical Assistance Facility (TAF) continued to deliver expert, hands-on technical assistance

20.1M

euros of investments made in 2021

14

new permanent jobs created within investees in 2021

550

new temporary jobs created within investees in 2021

171,309

smallholder farmers cumulatively supported by the ABC Fund's financing, since inception and until December 2021

15

investments in 2021

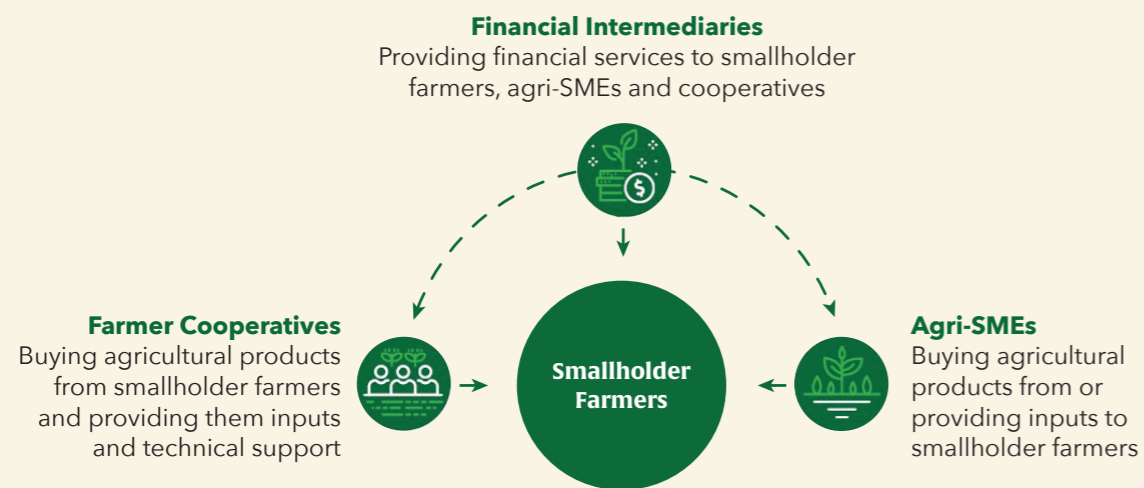
41%

female farmers

and advisory services to investees as a complement to its financial products. Managed by Agriterra and its partners, the TAF provided technical assistance (TA) to nine investees, helping them to harness their full potential while simultaneously de-risking investment. The support addressed areas including environmental adaption, digitalization, governance, HR, and supply chain monitoring. Importantly, the TAF also introduced specific pre-investment support for prospective investees as a new means of supporting agribusinesses.

Throughout 2021, the Fund received invaluable support from its network of donors, partners, and board members. Towards the end of the year, an important milestone was also achieved by way of the Fund's first injection of commercially oriented capital. Joining the Fund's network of donors, the Bank of America delivered a five million USD investment, providing invaluable evidence that the ABC Fund's unique blended finance structure works. Given the Fund's rapidly growing investment portfolio and impressive impact record, it is anticipated that other commercial investors will follow suit.

STAKEHOLDER ECOSYSTEM OF THE ABC FUND



The Fund provides both financing and technical assistance to farmer cooperatives, agribusinesses and financial intermediaries

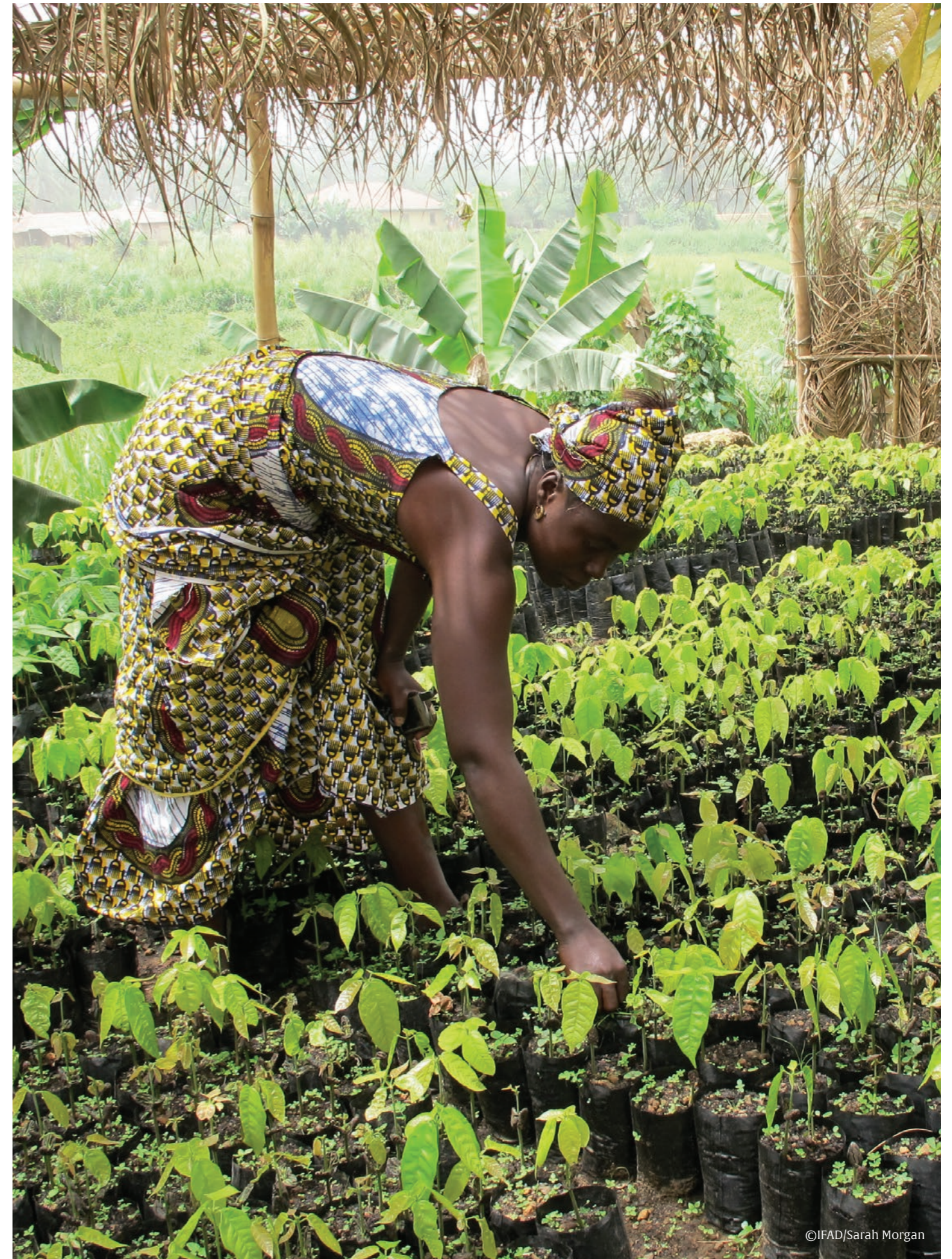
Bamboo Capital Partners
Fund Manager

Injaro Investments
Investment Advisor

Agriterra and partners
Technical Assistance



Investors and partners of the Fund provide financial and strategic support and help source opportunities



©IFAD/Sarah Morgan

Foreword



The need for sustainable solutions to support rural communities has therefore rarely felt so pronounced. »»

Jean-Philippe de Schrevel

Founder and Managing Partner,
Bamboo Capital Partners

For many around the world, 2021 was an extraordinarily difficult year. The COVID-19 pandemic, emerging global recession, climate crisis, and worsening food insecurity wreaked havoc upon the lives of millions, threatening livelihoods and deepening levels of poverty and malnutrition among countless communities. Critical in addressing some of these challenges, smallholder farmers in developing countries themselves faced seemingly overwhelming difficulties. These included rising production costs and environmental degradation, as well as extremely limited access to finance—leaving many reporting significant income losses and declining living standards.

The need for sustainable solutions to support rural communities has therefore rarely felt so pronounced. Dedicated to providing support where it's needed most—even in the most challenging of environments—and delivering vital support to underserved segments of agribusiness value chains, the ABC Fund navigated 2021's troubled waters with determination to generate lasting, meaningful impact for smallholder farmers.

Providing its integrated package of financial products and technical assistance across investments in Africa and Latin America, the Fund intended to contribute to bolster agricultural supply chains—and in turn, transform the livelihoods of tens of thousands of rural dwellers. While some may have shied away from investments like these in 2021's difficult and uncertain environment, we accelerated the pace of our investments and were able to expand our geographical footprint to assist 15 innovative and impactful organisations in seven different countries. In addition, we continued to provide support to our existing portfolio of investees and actively engaged with them to help them overcome the difficulties they faced—sometimes adjusting our payment schedule and helping them find solutions to the challenges encountered. To go one step further in delivering impact, the Fund provided technical assistance to its investees in various areas according to the needs identified, as well as pre-investment technical assistance to help agri-SMEs facing several challenges to become investment-ready.

To date, our investments are estimated to have directly benefited over 170,000 smallholder farmers— out of the 350,000 working with our

investee companies. The Fund has played a key role in helping them overcome the challenges related to the current global crises. From financing Mali's first industrial shea processing facility, directly generating 34 jobs and enabling the company to finance 100,000 (mainly female) local shea nut collectors, to helping a leading microfinance institution in Bolivia to provide an additional 8,000 agricultural loans to small agricultural producers and SMEs, we contributed to real, transformational change across a diverse portfolio. (To read more about our 2021 investments, see: "Investment Stories.") Our financing included investments in both local and international currencies. Beyond addressing working capital needs, the Fund's financing covered CAPEX needs and provided subordinated debt.

To support its impact strategy, the ABC Fund has set up a unique blended finance structure aimed at catalysing private sector capital for smallholder farmers. 2021 saw an achievement in this regard with our first partnership with a corporate global financial institution, recognising our ability to improve the livelihoods of thousands of smallholder farmers and to help meet the UN Sustainable Development Goals in rural areas. Bank of America delivered a five million USD investment, providing proof that private and public sector capital can come together to deliver meaningful impact within developing countries' undervalued investment space. (To read more about our blended finance structure, see: "About the ABC Fund.") While 2021 may have only been our second year of operations, we have established and are strengthening our position within the agri-finance ecosystem within our countries of operation.

Of course, none of these achievements and remarkable progress would have been possible without the support of our donors, partners, and board members. We are extremely fortunate to work with such a committed group of organisations and individuals, all of whom share our mission to drive economic and social development in some of the world's poorest regions—through their financing, their provision of investment opportunities, or their delivery of advisory services. We look forward to continuing this important work together, and to transforming even more lives in the years to come.

Jean-Philippe de Schrevel

Founder and Managing Partner,
Bamboo Capital Partners

Jerry Parkes

Chief Executive Officer,
Injaro

About the ABC Fund

“ Smallholder farmers and rural SMEs are the backbone of agricultural value chains in most developing countries. However, many agribusiness SMEs face barriers including limited access to land and water and insufficient technology, and lack the finance and investment needed to operate and grow. ”

Jerry Parkes
CEO,
Injaro Investments

The Agri-Business Capital Fund is a unique blended finance impact fund, which invests in underserved yet profitable segments of agribusiness value chains in developing countries.

Smallholder farmers and rural SMEs are the backbone of agricultural value chains in most developing countries. Indeed, farms of two hectares or less collectively produce some 31 percent of the world’s food on less than 11 percent of its farmland. They are also key employment and income generators and have the potential to drive inclusive social development within their communities. However, many agribusiness SMEs – especially in Africa, the Caribbean and Pacific regions – face barriers including limited access to land and water and insufficient technology, and lack the finance and investment needed to operate and grow. While agriculture accounts for about 70 percent of all employment and more than 40 percent of GDP in Africa, less than 5 percent of commercial bank lending goes to the sector.¹

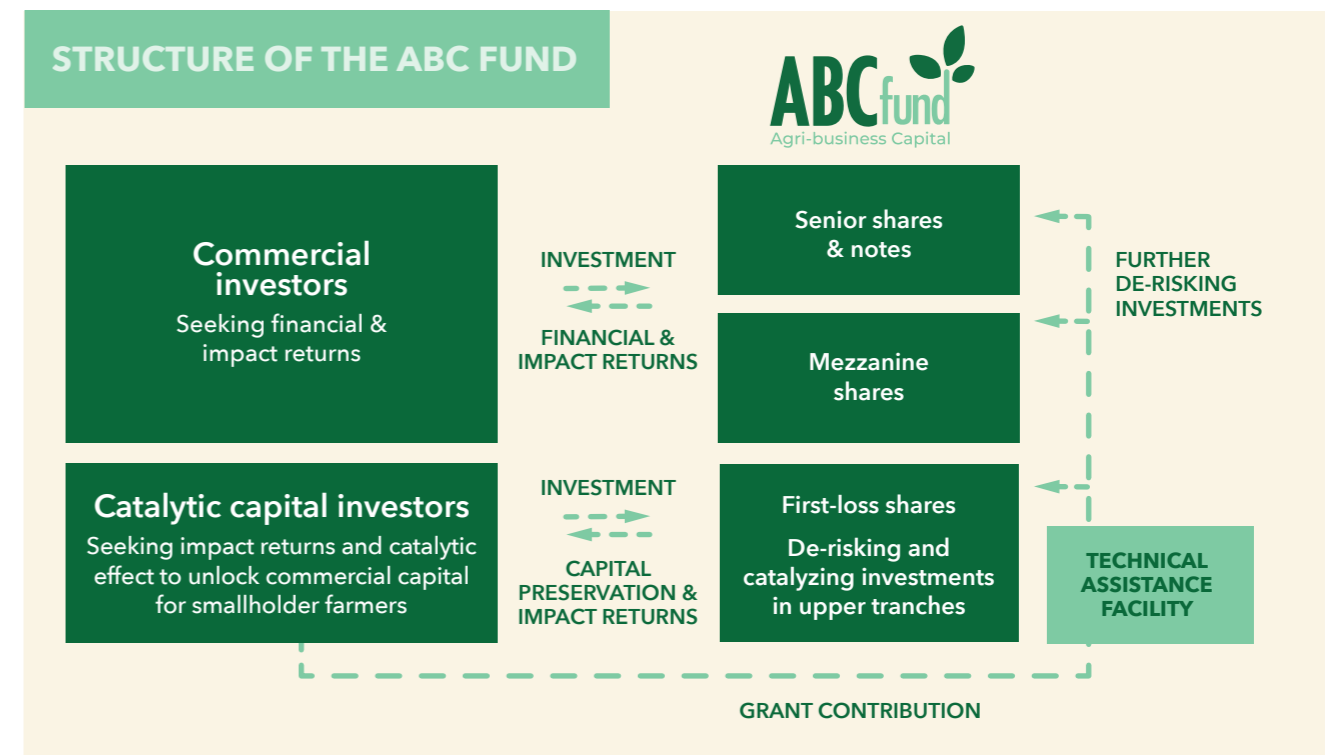
Since its establishment in 2019, the Agri-Business Capital Fund, “ABC Fund,” has striven to build sustainable and inclusive agricultural supply chains through a two-pronged approach. Tailored financial

products, including loans and equity, are offered directly to farmers’ organizations and SMEs, as well as indirectly via financial intermediaries. Complementing this, the Fund’s technical assistance facility delivers expert technical advice to investees to help them harness their full potential—boosting the impact of the Fund’s investments (for more, see: “Technical Assistance”). Together, this support provides investees with the capacity and capability to integrate markets, unlock unrealized economic gains, address supply shortages, and adapt practices to ensure resilience.

By establishing a platform that supports agricultural ecosystems across developing countries—primarily in Africa, the Caribbean, and Pacific regions—the ABC Fund’s vision is to transform rural livelihoods by creating economic opportunities for smallholder farmers and agri-SMEs and supporting sustainable employment opportunities, particularly for women and young people. Across its investments, the fund aims to improve resilience amongst smallholder

31%
Percentage of the world’s food produced by farms of 2 hectares or less

<5%
Percentage of commercial bank lending provided to the agriculture sector in Africa



farmers, including via the development of climate smart agriculture, and addressing food insecurity through the production of crops for consumption as well as the generation of necessary incomes to enable the purchase of staple foods.

To achieve its ambition of delivering lasting, meaningful impact, the Fund possesses a unique innovative blended finance structure which de-risks and catalyses investments in geographies and entities that are often perceived as too risky by commercial investors. Its architecture is made of three tranches of different sizes, risk-return profiles, and maturity. A sizeable level of potential loss is taken by investors in the first-loss tranche, enabling an attractive risk adjusted financial return for the mezzanine and senior tranches. This enables it to attract commercial capital into markets and sectors in which it would otherwise not invest.

The Fund was initiated by the International Fund for Agricultural Development (IFAD), and is funded and supported by a network of committed partners, all of whom share the Fund's wider vision. They include the European Union (EU), the Organization of African, Caribbean and Pacific States (OACPS), the Luxembourg Government, the Alliance for a Green Revolution in Africa (AGRA), as well as Bank of America. The Fund also received financial support from IFAD, whose investment was made possible thanks to support from the Swiss Agency for Development and Cooperation (SDC).

The ABC Fund is managed by Bamboo Capital Partners in partnership with Injaro, who provide investment advice, and Agriterra, who provide technical assistance advice.

The ABC Fund's Impact Monitoring Process

Impact management is at the heart of the ABC Fund and is deployed at each step of the Fund's investments.

The Fund's Impact Framework defines its Theory of Change and guides its impact measurement process at both investee and fund level, as well as the prevention and management of Environmental, Social and Governance (ESG) risks.

Pre-Investment

Prior to investing in any organization, the ABC Fund investment teams ensure that the potential investment is aligned with the Fund's impact

thesis, and provide analyses of the investment's potential impact. During the due diligence process, an independent Environmental, Social, and Governance (ESG) risk assessment is conducted by the Technical Assistance Facility partners, and is then submitted to the Investment Committee. Projects with high ESG risk scores are not selected for investment. The combination of these analyses inform the investment decision.

Investment

Conditions related to the reporting of selected impact indicators and monitoring of ESG risks are included in the investment agreement.

Post-investment

The impact of each investment is tracked throughout its timeline via annual reporting provided by Fund investees. Where significant ESG risks have been identified, the ABC Fund also monitors the investee's progress in monitoring and mitigating those risks. Additional in-depth impact analyses may be carried out if resources are available.

The Fund's focus on women and youth is applied throughout the screening process, investment decisions, impact monitoring, and Technical Assistance activities, and the impact on these two groups is tracked from start to finish of each investment.

LONG-TERM IMPACT

Improved livelihoods of smallholder farmers, particularly women and youth, while promoting sustainable and climate-resilient practices

The infographic displays seven UN Sustainable Development Goals (SDGs) icons arranged in a grid. The icons are: 1. No Poverty (red square with white figures), 2. Zero Hunger (yellow square with white bowl and steam), 5. Gender Equality (red square with white female symbol), 8. Decent Work and Economic Growth (purple square with white bar chart), 10. Reduced Inequalities (pink square with white double-headed arrows), 13. Climate Action (green square with white globe and eye), and 17. Partnerships for the Goals (blue square with white interlocking circles).

Sorting of cocoa beans at the Socak Katana cooperative, Côte d'Ivoire. @IDC



2021: Accelerating our deployment

2021 was the second full year of operations of the ABC Fund, which started its investments at the end of 2019. Throughout 2021, the ABC Fund strove to support underserved smallholder farmers and agribusiness SMEs in its effort to help them achieve their growth potential and drive economic development within their respective communities. To reach them most effectively, the Fund provided direct investments to smallholder farmers and SMEs, as well as indirectly via financial intermediaries.

In total, the ABC Fund provided 20.1 million EUR worth of investment and more than doubled its investments, from 8 companies during 2020 to 15 this year, operating in Mali, Benin, Côte d'Ivoire, Burkina Faso, Kenya, Uganda, and Bolivia. Of these, 13 were new investees: 5 agri-SMEs and 8 financial intermediaries. The Fund also re-invested in two cocoa cooperatives in Côte d'Ivoire who had both finalized a first loan cycle. To bolster the impact of these investments and to harness the full potential of investees, technical assistance was also delivered to nine companies –both pre- and post- investment. The support provided addressed areas including digital development, environmental and social performance, production, governance, and HR.

By the end of 2021, the ABC Fund had invested 28.3 million EUR in 21 companies cumulatively, including three farmer cooperatives, eight agricultural SMEs, and ten financial intermediaries, which together represent some 350,000 farmers in nine countries in Africa and South America.

Direct Investments in Farmer Cooperatives and Agri-SMEs

By providing cash injections direct into agribusiness SMEs and farmers' cooperatives, the ABC Fund is increasing agricultural productivity in low- and middle-income countries within a sector which has the potential to create job opportunities for millions of people—including women and young people. It also enhances food security, reduces poverty levels, and promotes economic growth.

In 2021, the ABC Fund provided 5.9 million EUR worth of loans, individually ranging from 250,000 EUR to 2 million EUR, to two farmer cooperatives

and five agricultural SMEs in Burkina Faso, Mali, and Côte d'Ivoire. Identified by the Fund for their market potential and ability to improve the livelihoods of smallholder farmers, these investees are active in value chains ranging from grain and seed production to cocoa and shea butter processing. In total, the ABC Fund's financing supported some 80,936 smallholder farmers across these investments.

Indirect Investments via Financial Intermediaries

To help improve local accessibility of financial services for the agricultural sector, the ABC Fund also provided support to microfinance institutions delivering financial services direct to smallholder farmers, as well as financial intermediaries assisting other players within the agribusiness value chain, such as cooperatives and agribusiness SMEs.

In total, the Fund invested 14.2 million EUR in eight financial institutions and intermediaries located in Kenya, Benin, Bolivia, Uganda, and Mali. Loan sizes ranged from 500,000 to 4.7 million EUR. Amongst these intermediaries was a microfinance company providing financial services to disadvantaged communities in rural Kenya; Benin's largest agribusiness financier, which delivers short- and long-term loans and microcredit; and a savings and credit cooperative in Uganda whose mission is to serve rural smallholder farmers by providing them with sustainable financial services. 90,373 smallholder farmers were directly impacted as a result of the ABC Fund's investments, with farmers receiving loans worth an average of 7,801 EUR.

28.3 million EUR

Disbursed cumulatively by the ABC Fund since inception

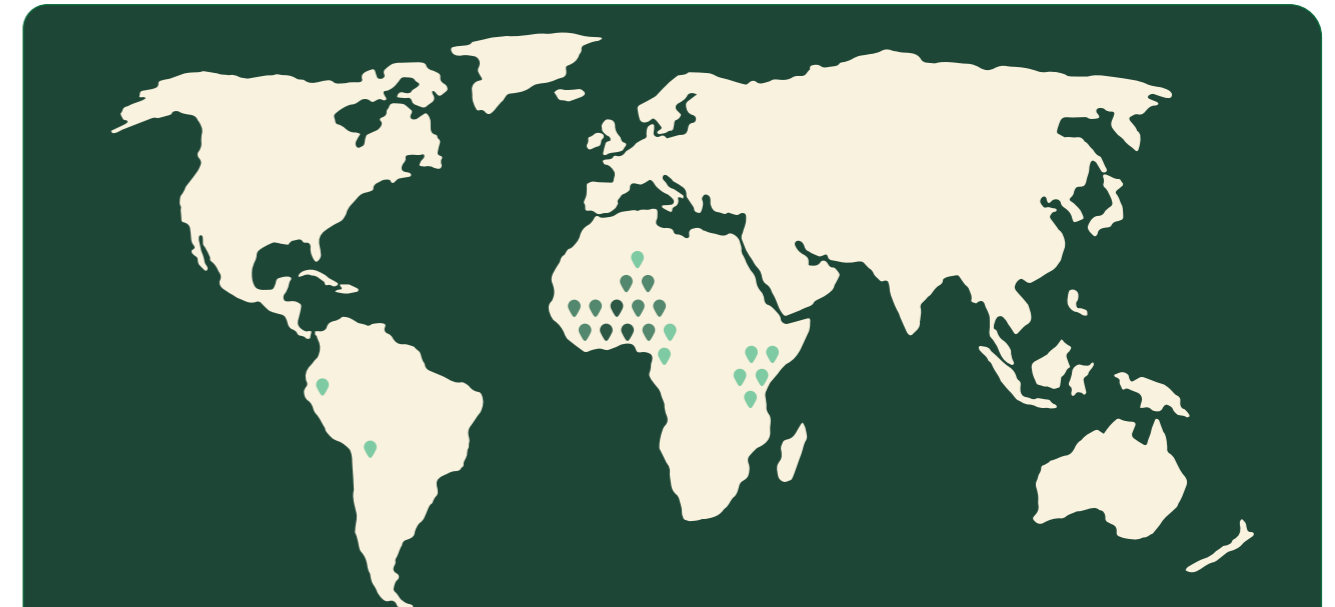
5.9 million EUR

Worth of loans provided to two cooperatives and five agricultural SMEs by the Fund in 2021

14.2 million EUR

Invested in eight financial institutions and intermediaries by the Fund in 2021

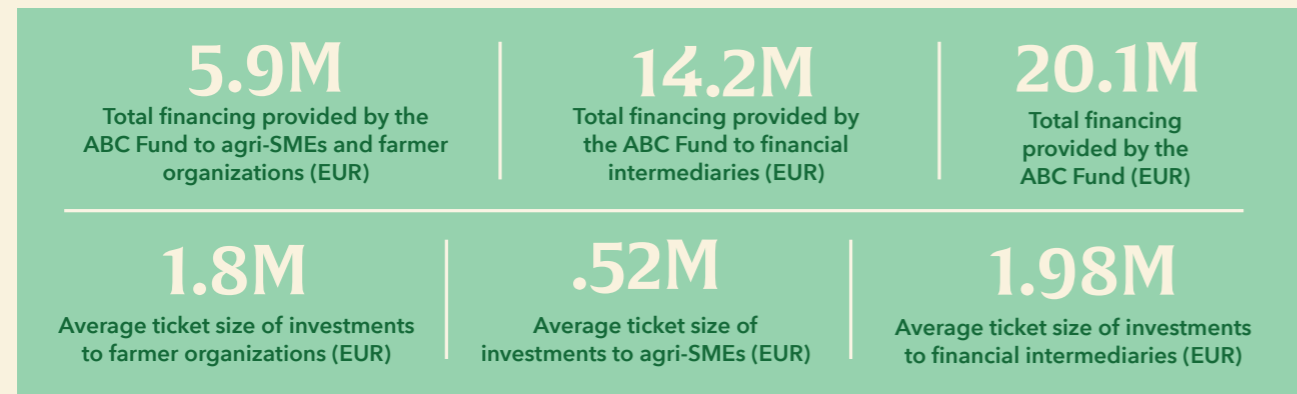
Investments as of 2021



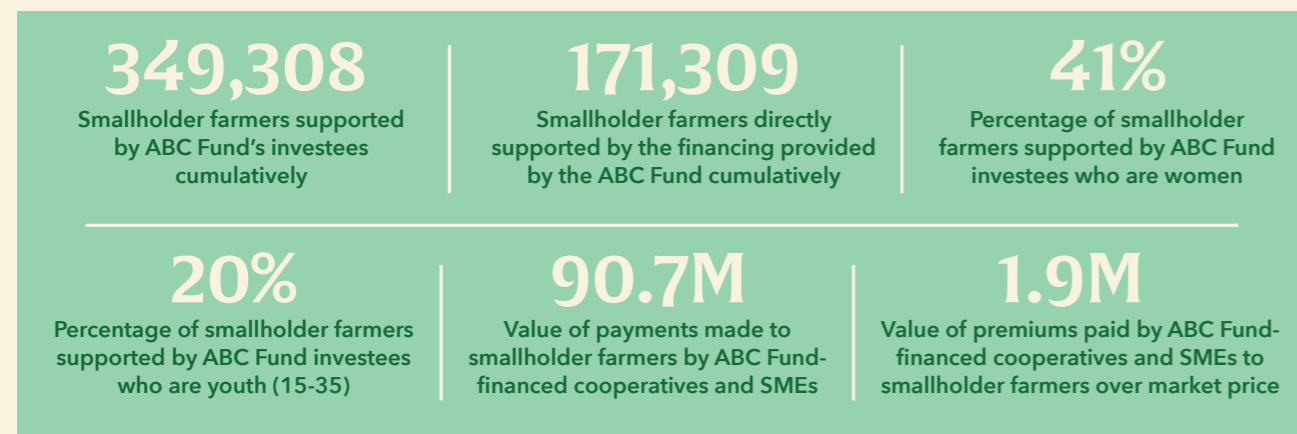
	Location	Company	ABC Fund Financing (cumulative)
Farmers' cooperatives	Côte d'Ivoire	Socak Katana	EUR 3,200,000 (3 investments)
	Côte d'Ivoire	Ecookim	EUR 2,800,000 (2 investments)
	Côte d'Ivoire	CABF	EUR 800,000
Agribusiness SMEs	Ghana	Dragon Farming	EUR 800,000
	Ghana	Maphlix	EUR 395,653
	Burkina Faso	Anatrans	EUR 800,000
	Burkina Faso	Kaworo	EUR 450,000
	Mali	Etablissement Yaffa & Frères	EUR 250,000
	Mali	Mali Shi	EUR 800,000
	Côte d'Ivoire	Bio Amandes	EUR 800,000
	Côte d'Ivoire	ROCFED	EUR 300,000
Financial Intermediaries	Kenya, Uganda	FACTS	USD 2,000,000
	Ecuador	INSOTEC	USD 3,000,000
	Kenya	Apollo Agriculture	USD 1,000,000
	Kenya	Yehu Microfinance Ltd	KES 130,000,000
	Kenya	Premier Credit	EUR 2,000,000
	Benin	PEBCo	XOF 1.35 billion
	Benin	UNACREP	XOF 1 billion
	Bolivia	CIDRE IFD	USD 4,700,000
	Uganda	EBO Sacco	UGX 4.4 billion
	Mali	Réseau des Caisses d'Epargne et de Crédit Nyesigiso	XOF 1.6 billion

2021 in Numbers

Improving access to finance in the agricultural sector



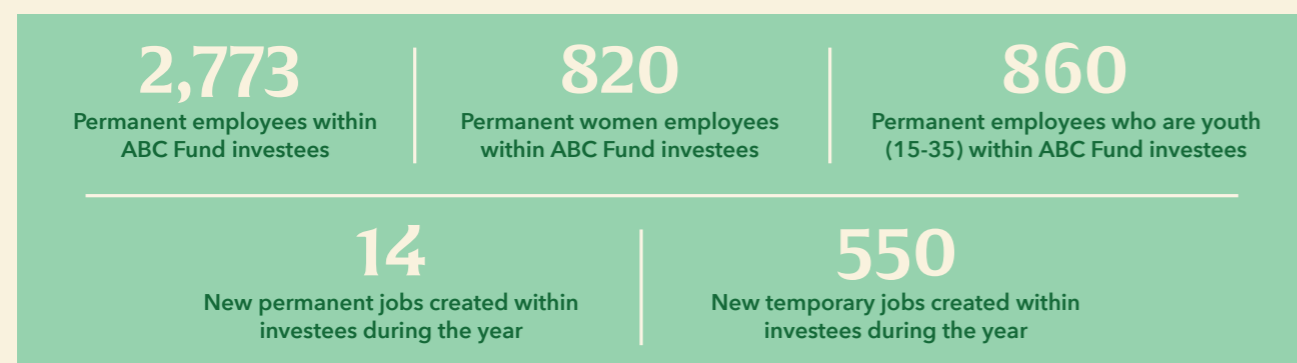
Supporting the livelihoods of smallholder farmers



Contributing to business performance in agricultural value chains

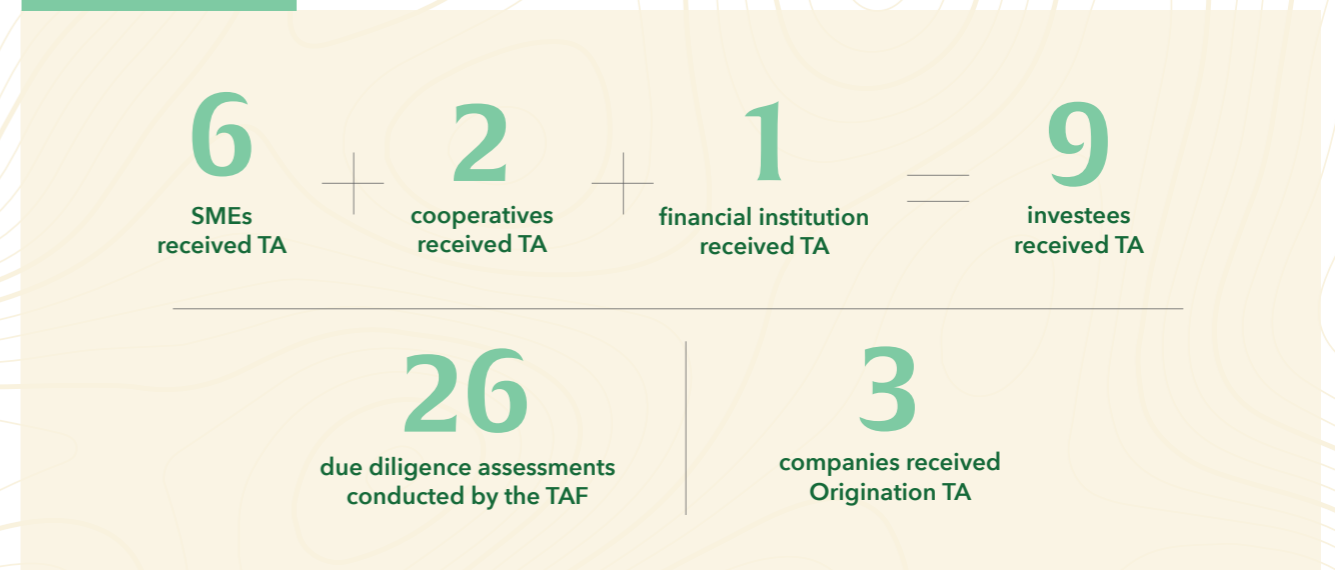


Sustaining and creating rural employment



Technical Assistance

KEY FIGURES



Ensuring that investees can harness their full potential is of central importance to the ABC Fund's quest to promote sustainable economic and social development. This is why, alongside the provision of financial products, the ABC Fund offers practical and timely advisory services for financial intermediaries, cooperatives, and SMEs in key areas such as strategy, environmental adaption, governance, operations, and financial management.

Created with the support of the International Fund for Agricultural Development (IFAD), the European Union (EU), and the Organization of African, Caribbean and Pacific States (OACPS), the Technical Assistance Facility (TAF) is managed by Agriterra—an international, not-for-profit agri-agency. Together with its partners (Advance Consulting, Rabo Partnerships, and Agricord), Agriterra conducts due diligence assessments of potential investees, identifying risks and areas requiring improvement. If a company is then approved for financing, the TAF

delivers technical assistance (TA) addressing these areas—strengthening the company and de-risking investment.

In 2021 the TAF undertook due diligence assessments of 26 prospective investees. These were presented to the ABC Fund's investment committee together with TA plans addressing identified gaps, to help inform the committee's investment decisions. Importantly, TA plans are adjustable. Indeed, with many investees and prospective investees facing decreased cash

“The TAF delivers technical assistance addressing risks and areas requiring improvement—strengthening the company and de-risking investment.”

Agnes Janszen
Director of the ABC Fund's Technical Assistance Facility, Business advisor for Agriterra

Agribusiness SME Investment Stories

flows as a result of the COVID-19 pandemic, some plans were revised in 2021 to ensure they focused on the most pressing needs or were adapted to ensure the company was not overwhelmed by multiple simultaneous workstreams.

The areas addressed by the TAF tend to vary according to the type of investee. Amongst SMEs, in 2021 several TA interventions focused on the development of Enterprise Resources Planning (ERP) systems, ESG monitoring tools and HR management. Such support has a significant impact. Following the successful roll-out of TA to a Ghanaian soybean processing company (Dragon Farming), which helped the company to develop an HR manual and standardized contracts, the organization reported improved levels of job satisfaction and higher staff retention rates. TA was also provided to Anatrans, a raw cashew nuts processor based in Burkina Faso, to identify key areas in its production chain where there were deforestation risks and to effectively address these risks. Surveys were conducted with farmers to gather qualitative data, and findings were then analysed and compared with relevant national laws, certification standards and social and economic drivers of deforestation. Based on the findings of this study, a mapping report and detailed action plan will be elaborated with the help of a cartographer to mitigate deforestation risks within Anatrans' production network.

Financial intermediaries, meanwhile, more commonly required support within fields such as environmental management, agricultural financing, risk management, and business

“With many investees facing decreased cash flows as a result of the COVID-19 pandemic, several technical assistance plans were revised to ensure they focused in the most pressing needs.”

Juliette Hensgens
Project Manager at Rabobank International,
TA Partner for the ABC Fund

continuity. Amongst various new and emerging areas requiring TA in 2021 was the need for investees to develop digitally. With many countries continuing to witness movement restrictions and office closures amidst the ongoing COVID-19 pandemic, the need for digital agri-finance products that enable organizations to bypass these barriers and continue operations—such as the ability to channel loans and gather savings electronically—was frequently highlighted. Hand in hand with this was a growing need for TA addressing IT and cyber security issues.

In the second half of 2021, the TAF started to provide pre-investment TA for potential ABC Fund investees lacking international finance experience. Recognizing that many organizations do not possess all of the necessary documents to even start the ABC Fund application process, the TAF introduced an “Origination TA” to perform a pre-screening and to help potential investees become due diligence ready. This includes support in preparing and compiling necessary records such as business models and financial histories, down to helping companies to complete the application paperwork itself. Not only does this improve an organization's investment chances, but it also helps to de-risk the Fund's investments by providing a deeper level of engagement. In 2021, the TAF delivered Origination TA to three companies—one of which (a Kenyan coffee bean producer and exporter) has since successfully passed through to the due diligence stage.

“Origination TA not only improves an organization's investment chances, but it also helps to de-risk the Fund's investments by providing a deeper level of engagement.”

Willemijn Blokland
Senior Business Advisor at Advance Consulting,
TA Partner for the ABC Fund

KAWORO TACKLING FOOD INSECURITY IN BURKINA FASO

Kaworo is an agribusiness based in Burkina Faso producing grains and seeds, including maize, millet, sorghum, rice, sesame, and cowpea.

KEY FIGURES

20%

Percentage of Burkina Faso's population suffering from food insecurity

80%

Percentage of Burkina Faso's population employed within the agricultural sector

120

Number of additional out-growers as a result of the ABC Fund's loan

€450,000

Value of the ABC Fund's loan

1,510

Total area of land (ha) cultivated by Kaworo's out-growers

Today, more than 3.5 million people in Burkina Faso—roughly 20 percent of the country's population—are suffering from food insecurity. In some areas of the country, the population is even experiencing “catastrophic” levels of food insecurity, and the combination of COVID-19, climate change, and conflict means that levels of hunger are only set to rise.ⁱⁱ While agriculture employs some 80 percent of Burkina Faso's population and generates approximately one third of its GDP, the sector is characterized by low crop productivity and is dominated by subsistence farming.ⁱⁱⁱ

“Smallholder farmers within Kaworo's out-grower scheme are provided with farming inputs such as seeds, fertilizer, pesticides, and weedicides, as well as mechanization services on credit, contributing to increased productivity.”

Solène Prince-Agbodjan
Direct Investments Manager for the ABC Fund, Injaro

As part of the ABC Fund's ambition to contribute towards ending food insecurity, in 2021 it approved a 450,000 EUR loan for Kaworo—one of five SMEs added to the Fund's portfolio during the year. An agribusiness located in Dédougou, western Burkina Faso, Kaworo is dedicated to addressing agricultural inefficiencies and food insecurity by producing and supplying key food crops for local sale. Grains and seeds, including maize, millet, sorghum, rice, sesame, and cowpea, are grown on its own 600-hectare farm as well as through an out-grower scheme, which currently employs 562 growers (25 percent of whom are women and 18 percent are youth) who cultivate an additional 1,510 hectares. When demand exceeds supply, produce is also purchased from smallholder farmers outside its network. Smallholders within its out-grower scheme are provided with farming inputs such as seeds, fertilizer, pesticides, and weedicides, as well as mechanization services on credit, helping to encourage increased productivity. The cost of these services is deducted from the farmers' proceeds upon sale. Smallholder farmers in urgent need of finance before the harvest are also provided with microloans with zero interest rate.

Kaworo can sell up to 2,800 tons of grain and 1,115 tons of seeds, and—based on average yields—has an overall production capacity of 5,850 tons. During the 2020/2021 farming season, the company made payments totalling 384,000 EUR to its out-grower network. However, with credit provided by the ABC Fund, Kaworo expects to increase the number of out-growers it works with—providing income to an additional 120 smallholder farmers and sustaining revenues for its existing network for the 2021/2022 farming season. The company will also provide higher quality seeds to its out-growers with the aim of boosting productivity and increasing growers' revenues. In total, the ABC Fund's credit is expected to generate an additional 407,000 EUR in payments to Kaworo's out-growers during the 2021/2022 farming season. To effectively manage this growth, Kaworo has hired six new employees—all of whom are under the age of 35—and has constructed a storage facility with a 1000 metric ton (MT) capacity. Three additional storage units with similar capacities are also being built and will be available for use in 2023.

“Kaworo will receive technical assistance to formalize and strengthen its governance structure, and to develop a bankable business plan to support its longer-term goals.”

Agnes Janszen
Director of the ABC Fund Technical Assistance Facility, Business Partner at Agriterrra

Alongside a cash injection and as part of the ABC Fund's support package, Kaworo will receive technical assistance to formalize and strengthen its governance structure. This will include establishing a board of directors, developing an accounting and auditing protocol (including the appointment of a qualified auditor), and improving and formalizing HR and out-grower policies and processes. The organization will also be aided in developing a bankable business plan, which will support its longer-term goals of increasing its value addition by entering the flour market; diversifying through the production of fertilizer; expanding into new markets and increasing margins. This business plan will be used internally to support decision-making, as well as externally to attract additional investment.



Stocks of grains and seeds
at Kaworo, Burkina Faso.
@Injaro

INVESTMENT STORY #2

MALI SHI SUPPORTING MALI'S FEMALE SHEA COLLECTORS

Mali Shi is an industrial shea butter processing company based in Mali.

KEY FIGURES

3,356

Tons of shea butter produced by
Mali Shi in 2020/2021

34

Number of new jobs
being created

98%

Female percentage of Mali
Shi's shea collectors

€800,000

Value of the
ABC Fund's loan

42.3%

Percentage of Mali's population living
below the poverty line (2021)

120,000

Number of shea collectors which Mali
Shi plans to work with

26,000

Number of shea collectors in Mali Shi's
network during the 2020/2021 season

Accounting for nearly 20 percent of global supply, Mali currently ranks as the world's second largest shea nuts producer. The collection of shea kernels, which are primarily used for the manufacture of shea butter, serves as an important source of income for the country's rural communities, especially for women. Indeed, an estimated three million rural harvesters, the vast majority of whom are women, work in Mali's shea value chain. However, inadequate processing technology has, to date, limited the development of an industrial shea butter transformation sector, denying the country the ability to benefit from the lucrative international shea butter market. With more than 40 percent of the country's population living below the poverty line, this represents a major missed opportunity.

“Mali Shi goes further than providing collectors with an income. Committed to women's empowerment, it also delivers capacity building activities in areas such as the management and administration of cooperatives, as well skills training to boost productivity.”

Diardé Ba Bousso
Supply and R&D Manager,
Mali Shi

Recognising this, in 2021 the ABC Fund delivered a loan to Mali Shi, the country's first operational industrial shea butter processing plant. The company procures 100 percent of its shea kernels locally before processing them into unrefined shea butter at its plant in the suburb of Bamako. The unrefined shea butter is then exported for use within the food and cosmetics industries. Shea kernels are predominantly sourced from 89 cooperatives and farmer associations, with some also purchased from local traders, providing smallholder collectors with access to market and a stable revenue during the shea harvest season, which runs from late May to September. In total, Mali Shi worked directly with nearly 26,000 collectors and with tens of thousands of collectors indirectly through traders during the 2020/2021 season, and produced 3,556 tons of unrefined shea butter.

However, Mali Shi goes further than providing collectors with an income. Committed to women's empowerment, the company also delivers capacity building activities to women cooperatives in areas such as management and administration, as well as skills training to boost productivity, efficiently convert shea fruits to kernels, use renewable energy to dry

larger volumes of kernels, and ensure quality by creating the correct conditions for storing kernels. Looking ahead, the company plans to help diversify its collectors' incomes to ensure they are financed throughout the year, not just during the short shea season. For instance, Mali Shi is helping them develop the production of other crops such as fonio the rest of the year and has recently launched a pilot to produce cooking oil, separated out of the shea butter.

Mali Shi can currently process 100 tons of shea nuts per day to produce 45-47 tons of unrefined shea butter. Requiring working capital to step up its production rate, Mali Shi is using the ABC Fund's 800,000 EUR credit line facility to help finance the 2021/2022 harvest, as well as to grow its network of collectors to 120,000 – 98 percent of whom will be women. To oversee this growth, the company is in the process of creating an additional 34 jobs with youth being appointed to the majority of these roles, providing an invaluable entry point for young workers into the shea market. Amongst the new roles being generated are 10 new field agents, members of the Mali Shi team who procure kernels locally and store them until they are transported to the processing plant. These agents remove the need for intermediaries (traders), and channel income directly to collectors themselves.

As one of the two social lenders of Mali Shi, the ABC Fund assists the company in its efforts to attract further investment. The Fund will also provide technical assistance to support its growth. As well as supporting Mali Shi in optimizing its supply chain, increasing energy efficiency, and introducing renewable energy sources, the ABC Fund's technical assistance will address Mali Shi's strategic decision-making capacity through the establishment and roll-out of an integrated Enterprise Resource Planning (ERP) system and the improvement of its financial capacity and governance structure.

Appreciating the potential of the shea industry, in 2021 the ABC Fund supported another shea butter processor, Bio Amandes, in neighbouring Côte d'Ivoire with a similar 800,000 EUR investment. Using the financing in both working capital and capital expenditure, Bio Amandes is acquiring new equipment to produce a larger quantity of unrefined shea butter, a laboratory to perform quality checks, and a new production line, in addition to increasing the volume of shea kernels purchased. The loan will enable a growing number of women, from 7,300 pre-investment to 7,500 post-investment, to earn a reliable income and is also supporting direct job creation within the company.

Shea collector for Mali Shi, Mali.
@Mali Shi



Financial Intermediary Investment Stories

INVESTMENT STORY #1

CIDRE INNOVATIVE DEVELOPMENT SOLUTIONS FOR BOLIVIA'S POOREST RURAL REGIONS

CIDRE IFD (Centro de Investigaciones y Desarrollo Regional – Institución Financiera de Desarrollo) is a microfinance institution operating in rural Bolivia, with a specific focus on the sustainable development of small agricultural producers.

KEY FIGURES

7%

Percentage of CIDRE's clients living in municipalities with little or no access to banking services

25%

Percentage of agricultural loans provided by CIDRE to female credit holders

60%

Percentage of CIDRE's loans allocated to Bolivia's rural regions

63,000,000

Total value of CIDRE's agricultural portfolio (USD)

5,898

Total number of agricultural loans distributed by CIDRE in 2021

4,700,000

Value of the ABC Fund's loan (USD)

66%

Percentage of CIDRE's agricultural clients producing fruit and vegetables

35,000,000

Estimated additional loan portfolio to be leveraged by CIDRE in the next five years on the back of the ABC Fund's support (USD)

8,000

Estimated number of new agricultural loans to be provided by CIDRE in the next five years

Over the past decade, Bolivia has witnessed steady economic growth and living standards have improved for many. However, these improvements have not reached all sections of Bolivian society, and today the country remains the poorest nation in South America. Large swathes of the country's rural population, which represents one third of the total population, continue to face poverty, hunger, and malnutrition: some 59 percent of the rural population is reported to be living in "moderate" poverty, and 33 percent in "extreme" poverty. The country is also becoming increasingly dependent on imported food supplies due to inefficiencies and low competitiveness within the local agriculture sector—both of which are largely due to smallholder farmers' lack of access to credit.^{iv}

"An innovative microfinance institution dedicated to rural development and food security in Bolivia"

Jose Alejandro Torres
Senior Investment Manager,
Bamboo Capital Partners

In 2021, the ABC Fund selected to support CIDRE IFD, an innovative microfinance institution dedicated to rural development and food security within the country. Originally founded as a not-for-profit civil association and now Bolivia's second largest lender within the agricultural sector, CIDRE provides financial solutions tailored towards the sustainable development of small agricultural producers and SMEs in the country's poorest rural regions. With more than 40 years' of experience providing microcredit and commercial loans, serving almost 80 percent of the country's municipalities, and issuing some 5,898 agricultural loans in 2021, the ABC Fund recognised CIDRE's potential to transform the livelihoods of significant and growing numbers of smallholder farmers.

CIDRE's unparalleled understanding of the challenges faced by Bolivia's smallscale producers has enabled it to develop a host of innovative solutions to ensure farmers across the country access financial inclusion. These include the use of unconventional collateral—including cattle, trees, crops, and various forms of machinery—to secure loans, and the recent

launch of savings accounts for producers as well as a mobile banking application. Mindful of the important role that women and young farmers play within the sector, CIDRE pays a particular attention to these oft-overlooked groups and increases efforts to help them access its financial products. Currently 25 percent of its agricultural clients are women and ten percent are under the age of 25. CIDRE is in the process of developing a specific program targeting young producers.

Committed to environmental management and ensuring the productivity of smallscale producers in the face of climate change, CIDRE simultaneously prioritises the provision of credit to enable farmers to adapt their practices, such as the development of irrigation and water management systems. These projects are of particular importance for fruit and vegetable growers—who make up 66 percent of CIDRE's agricultural clients and whose productivity is essential in guaranteeing local food security. As part of its commitment to sustainable environmental management, CIDRE has recently partnered with the World Wildlife Fund (WWF) to promote green loans and to provide technical assistance to farmers on environmentally sustainable practices.

As an ABC Fund beneficiary, CIDRE received a subordinated debt facility in order to support the organisation's plan to expand its loan portfolio. Subordinated debt will serve as Tier 2 capital, helping to catalyse the raising of additional debt and attracting new equity investors. Unlike other beneficiaries, CIDRE will not receive technical assistance because it is already receiving such support from other financiers and donor organizations.

Thanks to the Fund's assistance, CIDRE forecasts a period of substantial growth in which it will be able to expand its portfolio of underserved clients and meet the increasing demand for financial services across Bolivia. Not only will the ABC Fund's support directly allow CIDRE to grow its loan portfolio by some 800 loan operations and increase the number of smallholder farmers within its portfolio (84 percent of which will be women), but the solid capital base will be used to leverage an additional loan portfolio of up to 35 million USD. This could equate to up to 8,000 additional loans over the next five years.

CIDRE client, Bolivia.
@CIDRE IFD



APOLLO A DIGITAL SOLUTION FOR KENYAN SMALLHOLDERS

Apollo Agriculture is a Kenyan ag-tech company which uses machine learning and automated operations technology to help smallholder farmers access everything they need to maximize their profitability.

KEY FIGURES

40%

Percentage of Kenya's population working in the agricultural sector

72,000

Number of smallholders served by Apollo

17,000

Number of smallholders under the age of 35 served by Apollo

95%

Percentage of Apollo's smallholders engaged in the production of food crops

10,000,000

Value of loans disbursed during 2021 (USD)

33,000

Number of female smallholders served by Apollo

Agriculture is a cornerstone of Kenya's growing economy. The sector contributes approximately 25 percent of the country's GDP, accounts for 65 percent of the country's export earnings, and employs more than 40 percent of the total population (including large numbers of women and youth) and 80 percent of the rural population.^v However, despite steady growth from the 1960s onwards, agricultural productivity has stagnated in recent years as a result of many smallholders' limited access to finance and appropriate technical advice, as well as environmental factors including soil infertility and land degradation. The cost of key products such as fertilizer have also skyrocketed in the past two years as a result of the COVID-19 pandemic. This has left many farmers struggling to increase the scale and productivity of their operations, leaving rural areas facing poverty and food insecurity.^{vi}

"Apollo's model clearly works. Of 240 Apollo farmers interviewed in 2021, 89 percent reported increased productivity since working with the company, while 71 percent stated that their productivity had 'very much increased.'"

Kenrick Kambo
Investment Manager,
Bamboo Capital Partners

In June 2021, the ABC Fund provided a one million USD credit facility to Apollo, a rapidly growing Kenyan ag-tech company whose unique digital approach helps give access to financial solutions for thousands of underserved Kenyan smallholders. Using a network of more than 1,000 field agents employing Apollo's mobile app and software, the company gathers key information on new applicants which is subsequently evaluated using automated machine learning technology to determine credit eligibility. Information gathered includes land size (which is calculated using GPS data and satellite imagery) as well as details such as the structure of an applicant's building, their level of education, and any additional income streams within the household.

Smallholders approved for loans—which come in the form of farming input, such as seeds and fertilizer—receive a voucher code via SMS message, which they

can redeem on a cashless basis at one of Apollo's 350+ distribution facilities across the country. These loans are later repaid via mobile payments. Working with local insurance providers who assess expected yields, Apollo supports smallholders if production falls below this threshold by reducing the value of these repayments. As part of its commitment to boosting farmers' resilience and productivity, farmers receive pre-recorded Interactive Voice Responses (IVR) and SMS messages that cover key topics. These are provided in the farmer's preferred language and are delivered at specific intervals during the planting period leading up to the harvest, helping to ensure that farmers follow best practices. Farmers need only click on the received SMS message and are able to listen to the advice given. Currently, the company has seen about an 85% rate of engagement with their farmers who actively listen to the full message, with a target to get this up to 90%.

Since its establishment in 2016, Apollo has seen significant and sustained growth—in spite of the financial challenges brought by the COVID-19 pandemic. Indeed, between 2019 to 2021, the number of smallholder farmers served by the company grew from approximately 8,000 to more than 70,000. Almost half of these borrowers are female, and one quarter are below the age of 35. Its model also clearly works: of 240 Apollo farmers interviewed in 2021, 89 percent reported increased productivity since working with the company, while 71 percent stated that their productivity had "very much increased."

With support from the ABC Fund, alongside several other funders, Apollo has started to build upon this successful model, extending its area of operations within Kenya while forecasting a three-fold increase in the disbursement of loans by 2023. Having largely supported subsistence maize cultivation, in 2021 it also launched its 'Jichagulie' pilot (Swahili for "choose for yourself") in response to feedback from farmers. This program allows smallholders to select the agricultural inputs they receive, thereby catering to their individual needs while also enabling a shift towards more profitable, commercial farming. At an organisational level, Apollo has expanded its team to better support its growth path and will soon benefit from technical assistance targeting specific areas identified by the ABC Fund as requiring development. Specifically, it will be supported in developing an environmental, social, and governance (ESG) policy.



Client field, Kenya.
@Apollo

INVESTMENT STORY #3

EBO OFFERING QUALITY FINANCIAL SERVICES TO RURAL SMALLHOLDER FARMERS IN UGANDA

EBO is a savings and credit cooperative organization providing financial services to smallholder farmers in Uganda.

KEY FIGURES

80%

Percentage of EBO loans provided to the agricultural sector

13,000

Number of borrowers benefiting from EBO's financial services

95%

Percentage of EBO's clients based in rural western Uganda

80%

Percentage of Uganda's land which is arable

35%

Percentage of Uganda's arable land currently being cultivated

11,000,000

EBO's Gross Loan Portfolio (USD)

55%

Percentage of women among EBO's active borrowers

Over the past decade, Uganda has experienced high economic growth and a significant decline in poverty. However, 34% of the rural population still lives below the national poverty line, compared to 14% of the urban population. Despite the importance of agriculture in Uganda's economy, which contributed around 24% to the Gross Domestic Product (GDP) of the country in 2021 and currently employs more than 70% of the population, the sector still has great potential to develop further. Indeed, according to the Food and Agriculture Organization (FAO), Uganda's fertile agricultural land has the potential to feed 200 million people, and despite 80% of the country's land being arable, only 35% is currently being cultivated.

“90% of EBO's clients using the agricultural loan are involved in food crops production.”

Ngare Muhindi
Investment Manager,
Bamboo Capital Partners

Recognizing this, in 2021 the ABC Fund provided a 4.4 billion Ugandan shilling loan to EBO SACCO, a savings and credit cooperative society with nearly 48,000 members, which provides sustainable financial services to almost 12,000 borrowers, most of whom are smallholder farmers operating predominantly in the agriculture and food crops sector in rural Uganda. EBO, an acronym for “Ebirungi Birugo'mututu”, which translates into “Good things come from sweat”, was initially founded as a Rotating Savings and Credit Association (ROSCA) in 1995 covering a single community, and has since grown into an established Savings and Credit Cooperative Organization (SACCO) and plans to become a Microfinance Deposit Taking Institution (MDI) in future, regulated by the Bank of Uganda.

EBO's mission is to serve rural smallholder farmers by providing them with quality financial services that promote improved livelihoods of the rural and peri-urban poor. Out of EBO's eight branches, all of which are based in western Uganda in three districts, seven are based in rural towns. Similarly, out of EBO's 165 employees, 158 are based in rural areas. As a result, 95% of EBO's clients are based in rural western Uganda, and over 80% of the institution's loans have been deployed to groups and individuals engaged in the agriculture sector. Out of EBO's 14 loan products, five of which specifically target the agricultural sector, the agricultural loan is by far the most successful, representing 75.8% of all products sold. This loan specifically targets individuals involved in farming activities such as crop production, animal rearing, poultry breeding, fish farming as well as agricultural value-added activities and the financing of agricultural inputs and services. EBO estimates that 90% of its clients using the agricultural loan are involved in food crops production, thus contributing to food security in Uganda. EBO currently has a USD 11 million Gross Loan Portfolio (GLP).

The financing provided by the ABC Fund will enable EBO to provide more than 2,000 new agriculture loans to smallholder farmers, extend its services into new regions of the country, while maintaining its focus on empowering rural smallholder farmers, and increase by 15% the share of agriculture activities in its loan book. By doing so, the ABC Fund's investment will contribute to EBO's target of reaching more than 300,000 clients. The ABC Fund's support will also include technical assistance to ensure this expansion is properly managed, with the deployment of well-structured products and properly managed credit risk with effective agriculture finance expertise.

EBO client, Uganda
@EBO Sacco



Endnotes

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