

2022 Impact Report



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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 growth and can drive job creation and social development for their communities, 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 funded by the European Union, the Organization of African, Caribbean and Pacific States, the Luxembourg Government and AGRA. IFAD invested in the Fund in 2020 thanks to financial support from the Swiss Agency for Development and Cooperation. In 2022, Bank of America invested in the ABC Fund, becoming the first corporate global financial institution to invest in the Fund. The ABC Fund is managed by Bamboo Capital Partners in partnership with investment advisor Injaro and Technical Assistance provider Agriterra.

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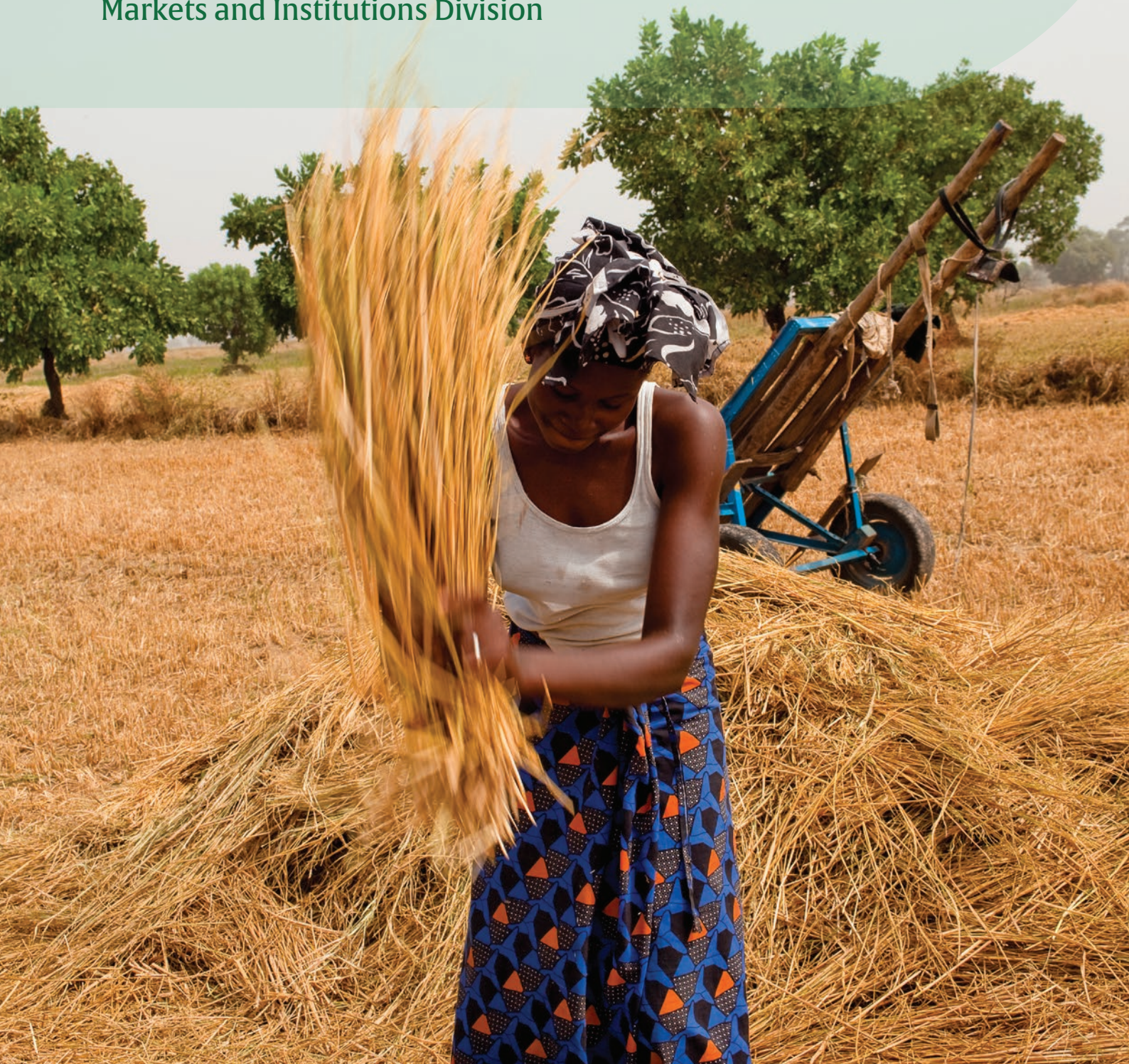
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“ By delivering an integrated package of financial solutions and technical assistance to innovative and impactful private sector organizations, the ABC Fund is supporting agricultural ecosystems and in turn, helping to drive sustainable and inclusive social development for the farmers and their communities where it operates. ”

Thouraya Triki,
Chair of the Board of the ABC Fund,
Director of IFAD’s Sustainable Production,
Markets and Institutions Division



Opening Remarks

2022 proved to be yet another challenging year for many around the world. The war in Ukraine, the ongoing repercussions of the COVID-19 pandemic, and the escalating climate crisis – in the Horn of Africa, rainfall deficits in the March-May rainy season were the most severe on record¹ – contributed towards deeply concerning trends. Amongst them, fertilizer shortages, decreased agricultural productivity, and rising prices of food and other essential items – all of which led to increased food insecurity and growing malnutrition rates. With the world's population steadily increasing, a pressing concern arises: how can we increase production to meet the world's needs without degrading environmental ecosystems? The answer, we believe, lies in agricultural small and medium-sized enterprises (agri-SMEs) who play a critical role in food systems – from supplying input to farmers and collecting, transporting, and processing farmers' yields, to selling products to consumers.

But worldwide, agri-SMEs are chronically underfunded and under-resourced. Too large for microfinance and too small and risky for larger commercial lenders, they fall into the "missing middle." In fact, in sub-Saharan Africa, South and South-East Asia, and Latin America, it is estimated that there is a USD 170 billion financing gap for smallholder farmers.² With limited

funding for agri-SMEs, women and youth often face exclusion in the industry creating an aging and male-dominated sector. With just eight years until we reach 2030 and hopes of achieving Sustainable Development Goals such as ending poverty, zero hunger, gender equality, and sustainable production and consumption patterns, we face a huge challenge.

In this context, the work of the ABC Fund could not be more critical. Delivering bespoke blended financing coupled with technical assistance to underserved yet profitable segments of agri-business value chains in developing countries, the Fund is helping agri-SMEs to develop into more productive, profitable, and resilient organizations. In doing so, it is helping organizations to generate employment and income-creating opportunities within rural communities as well as to tackle food insecurity. Prioritizing companies that promote climate-smart agriculture and sustainable production, and with a particular focus on women and youth, the Fund is transforming the lives of thousands of rural dwellers. Indeed, since its establishment in 2019, it has indirectly supported more than 594,000 smallholder farmers – and in 2022 alone, its investees generated 106,176 metric tons of agricultural production.

“ We are proud to have expanded our geographical footprint to deliver transformative support in 11 different countries – including those typically excluded from investment opportunities. ”

Agri-SMEs are more vulnerable to risks such as weather-related events, market fluctuations, and other uncertainties inherent to the agriculture sector. To finance agri-SMEs successfully, the ABC Fund needs a high risk appetite, continuous monitoring, and practical support for their growth. Achieving agri-SMEs' success involves flexible payment terms and frequent loan agreement adjustments. The fund aims to be a focused, supportive lender while balancing financial returns with the impact it seeks to achieve. In 2022, we are proud to have expanded our portfolio to support seven additional organisations, further expanding our geographical footprint to eleven different countries – including those typically excluded from investment opportunities. Case in point is our work in Mali, where political instability and severe drought have contributed to a deterioration of livelihoods, smallholder farmers suffering from higher-than-average poverty rates, and millions facing food insecurity.³ While few others are investing in SMEs in the country, we continued supporting promising organizations that can deliver meaningful change. In 2022, the Fund also supported Groupe Diakhate, a Malian poultry feed manufacturer which plays a key role in the poultry value chains and in supporting food security.

Beyond direct financing offered to agri-SMEs and farmer cooperatives, the Fund also supports financial intermediaries who play a key role in addressing the financing

needs of small producers and agri-SMEs in its target geographies. Take Nyesigiso, a microfinance institution offering loans and microcredits to rural farmers across six of Mali's nine regions. The ABC Fund was the first to invest in the organization, and our loan (XOF 1.6 million) is supporting it in its efforts to increase its agricultural portfolio size and to provide longer term facilities to its members. Our support, too, has also been catalytic: in the wake of our investment, Nyesigiso succeeded in unlocking additional financial support from two other investors.

Considering the challenges endured throughout the past year, we are immeasurably proud of the organizations that we work with, and all that we have achieved together. But of course, none of the progress made in 2022 would have been possible without the support of our committed partners, investors, and board members, who have not only provided financial backing, investment opportunities, and advisory services – but endless enthusiasm and support for the ABC Fund's mission. We count ourselves incredibly fortunate to stand alongside these resolute organizations and individuals, united in purpose. Cognizant of the challenges that persist, we look forward to continuing this important work in the years ahead – and to together building inclusive agricultural systems.

Susan Tirop

ABC Fund Manager,
Bamboo Capital Partners

Didier Tago

Investment Manager,
Injaro Investments

About the ABC Fund



The ABC Fund is dedicated to supporting agricultural companies in developing countries – with a broader vision of tackling rural poverty and food insecurity, and supporting sustainable and inclusive agricultural ecosystems. To achieve this, the Fund invests in underserved yet profitable segments of agribusiness value chains – and combines this with Technical Assistance to help organizations fulfil their potential. Through this unique two-pronged approach, the Fund aims to achieve meaningful and lasting change for smallholder farmers in the countries in which it operates.

Small and medium-sized enterprises (SMEs) constitute the majority of businesses within the agri-food sector in developing countries, and it is widely recognized that they have the potential to transform global food systems and to help achieve Sustainable Development Goals (SDGs) such as the eradication of poverty and promoting inclusive growth. But worldwide, many SMEs struggle to access the funds needed to help them develop and grow.

Since its establishment in 2019, the ABC Fund has striven to address these financing gaps by offering investments

specifically tailored to SMEs' needs in some of the poorest countries on earth. To achieve this effectively, the Fund delivers customisable financial products to a wide range of players – both directly to farmers' cooperatives and SMEs and indirectly via financial intermediaries – helping them to increase productivity, and in turn, generate employment and income to improve rural livelihoods and address food insecurity. Its flexible financial products are accompanied by expert technical support, helping organizations reach their full potential and de-risking investments (see “Boosting Impact and Reaching Potential” below).

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 SMEs, and creating sustainable employment opportunities - particularly for women and young people.
- Boosting resilience amongst smallholder farmers, including via the development of climate smart agriculture.
- Addressing food insecurity through the production of crops for consumption (and the generation of necessary incomes to enable the purchase of staple foods).

The Fund conducts a rigorous due diligence process, meaning that all companies selected for investment have met the Fund's investment criteria. As well as their financial credentials, organizations are only selected if they display an ability to contribute towards the Fund's impact objective of supporting smallholder farmers. The Fund also reviews their commitments and ability to address food security, promote sustainable and climate-smart agriculture, and support young and female smallholder farmers.

Partners

Born from observations in the field, the ABC Fund was initiated by the International Fund for Agricultural Development (IFAD). Today it is funded and supported by a network of partners who all share a vision of transforming rural livelihoods, including the European Union (EU), the Organization of African, Caribbean and Pacific States (OACPS), the Luxembourg Government, and AGRA - as well as IFAD, whose investment was made possible thanks to support from

the Swiss Agency for Development and Cooperation (SDC).

The Fund is managed by Bamboo Capital Partners in partnership with Injaro, who provide investment advice, and Agriterra, who lead the delivery of the Fund's Technical Assistance programme.

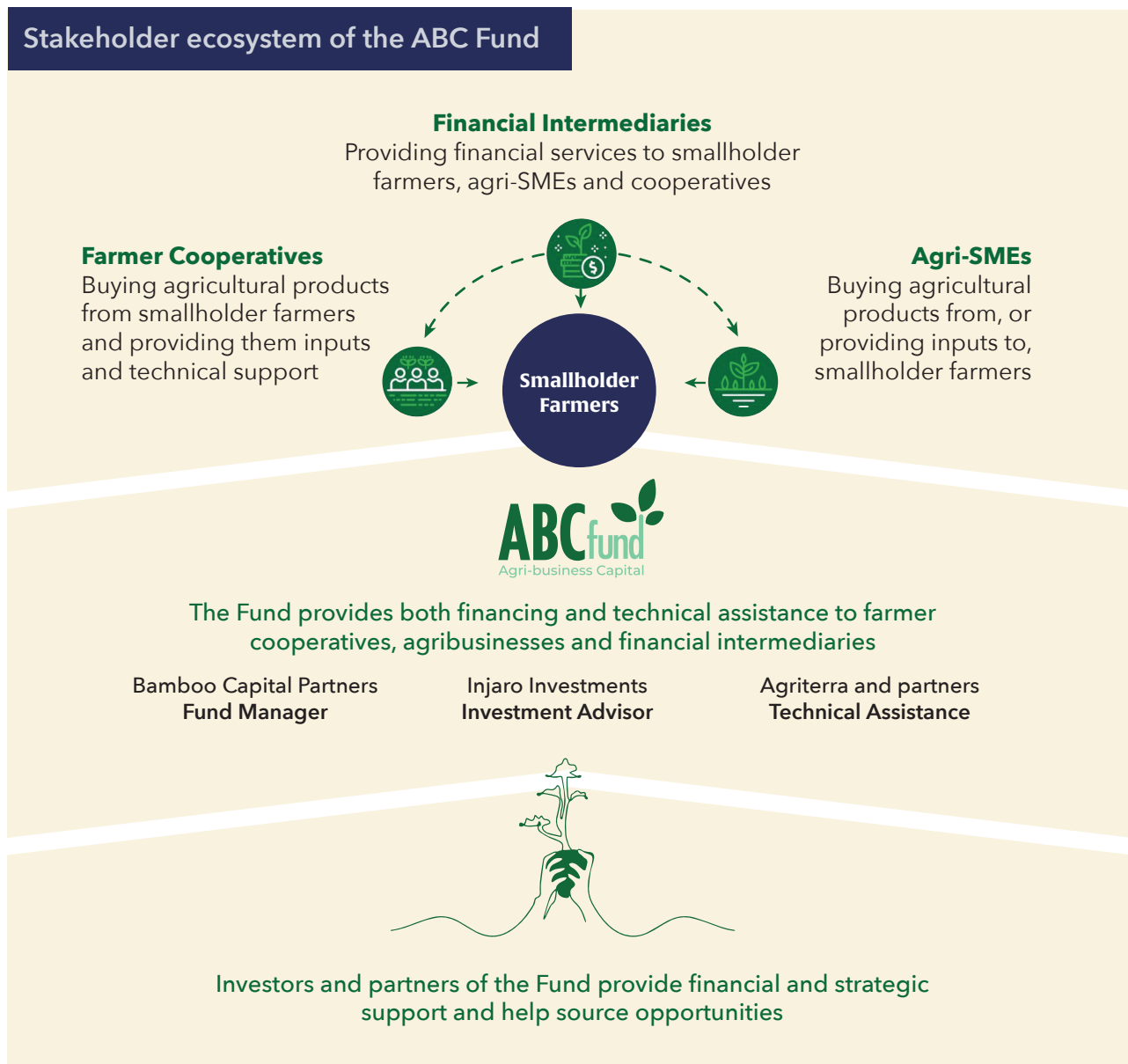
Boosting Impact and Reaching Potential: The Technical Assistance Facility (TAF)

To help investees grow and become reliable, successful investment partners, the ABC Fund offers them practical and timely Technical Assistance (TA). Providing advisory services on areas such as strategy, business development, operations, governance, and financial management, the Fund's Technical Assistance Facility (TAF) delivers invaluable support that helps investees improve their growth and performance, deepening the impact of each investment.

Created with the support of IFAD, the EU, and OACPS, the TAF is managed by Agriterra - an international, not-for-profit agri-agency. Together with its partners Agricord, Advance Consulting, and Rabo Partnerships, Agriterra conducts due diligence assessments of potential investees, identifying areas in need of improvement. Then, when a company is selected for investment, the TAF delivers technical assistance addressing these areas, mitigating investment risks.

Cognizant of the fact that organizations require very different levels and forms of assistance, and that this assistance may be needed at different stages of their development, the scope of the TAF has been enlarged to also include pre-investment TA offerings. One such type of pre-investment TA helps potential investees to complete the initial investment application when they lack the knowledge and capacity to do-so on their own. This includes helping them to compile records, develop business models, and even complete the application paperwork itself.

Stakeholder ecosystem of the ABC Fund



Another form of pre-investment TA offered by the Fund helps companies to bridge the gaps that prevent them from being eligible to receive investments from international lenders like the ABC Fund. This form of assistance can be delivered when a company is close to meeting the Fund’s investment criteria and has strong potential for receiving financing once the missing elements are established. One example of this was the TAF’s delivery of support to a bio-fertiliser producer in Mali addressing several key Environmental, Social, and Governance (ESG) risks, and strengthening its business performance – which included optimizing the design of the company’s new production site; introducing a wider range of products to improve soil structure and fertility, in order to support a greater range of

crops; and improving the company’s governance by recruiting key staff members and formalizing key policies and processes. On another occasion, the TAF delivered support to a Ghanaian company producing maize, rice, soya beans, sesame seeds, and grains which was focused on improving its human resources and financial management.

In 2022, the scope of the TAF was also further extended with the addition of “Value Chain TA,” offering support to the suppliers of a potential investee.

Impact Management

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

policies include an Impact Framework which 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 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 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.

Impact Measurement: Going One Step Further with End-Client Impact Studies

Measuring the impact of its investments is central to the ABC Fund’s strategy. The regular impact measurement conducted by the ABC Fund includes monitoring of key impact data collected for each investment, in line with the Fund’s Impact

Framework. The Fund’s key impact indicators capture the outreach of the Fund to smallholder farmers, especially women and young people, and the payments and premiums received by these farmers – as well as its impact in terms of job creation and key agricultural outputs. Going one step further, the Fund aims to conduct impact studies that will enable it to measure improvements in the lives of the farmers.

With funding from the ABC Fund’s Technical Assistance Facility, an impact study of the investee EBO was conducted in 2022 in order to capture impact at the farmer level. The study, led by 60decibels, saw 293 clients interviewed and revealed that EBO is positively impacting its clients’ quality of life – with 42% responding that their quality of life has “very much improved” (above 60decibels’ benchmark) and 78% reporting that their quality of life has improved. On top of this, 61% of customers reported an improvement in business income, with 33% saying it has “very much increased.” Among the customers reporting that their lives have improved, 46% talked about increased savings – however 8% of respondents also reported that they are living below the USD 1.90 poverty line. The study also identified areas where EBO could further improve – specifically, within the areas of customer service and the loan application process.

Long-Term Impact

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

The image displays seven Sustainable Development Goals (SDGs) icons arranged in two rows. The top row contains icons for: 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), and 8. Decent Work and Economic Growth (purple square with white bar chart). The bottom row contains icons for: 10. Reduced Inequalities (pink square with white balance scale), 13. Climate Action (green square with white globe), and 17. Partnerships for the Goals (blue square with white interlocking circles).

Investing with Impact

The ABC Fund in 2022

In 2022, the ABC Fund continued to deliver transformative support to underserved but high impact agri-SMEs, cooperatives, and financial intermediaries. During the year, the Fund delivered a total of EUR 14.7 million worth of investments to companies operating in Benin, Bolivia, Burkina Faso, Colombia, Côte d'Ivoire, Ecuador, Ghana, Kenya, Mali, Nigeria, and Uganda. These included investments in 7 new companies, as well as follow-on transactions with companies that had previously received financing from the Fund.

Inclusive Financing for Smallholder Farmers

Over the course of the year, the ABC Fund took steps to fulfil its ambition to support smallholder farmers with a series of investments to 7 new organizations (4 agri-SMEs and 3 financial intermediaries) as well as other companies in which the Fund had previously invested. This series of investments fully deployed the Fund's capital available for investments. The average loan size ranged from as low as EUR 242,000 to EUR 4 million - with investment size varying according to organization type: an average EUR 2.12 million for financial intermediaries, EUR 1.67 million for cooperatives, and EUR 1.25 million for SMEs.

By the end of 2022, the ABC Fund had invested just over EUR 43 million in 28 companies cumulatively, including 3 farmer cooperatives, 12 agricultural SMEs, and 13 financial intermediaries. Together, this represents almost 595,000 smallholder farmers - around 200,000 of whom were directly impacted by the Fund's financing. To-date, 67% of smallholder farmers supported by ABC Fund investees are women.



Direct and Indirect Investment

The ABC Fund not only provides direct cash injections to agri-SMEs and cooperatives, helping them to increase productivity, better benefit from participation in value chains, and strengthen resilience – it also provides support to microfinance institutions delivering financial services to smallholder farmers, SMEs, and cooperatives. This helps to improve the local accessibility of financial services for the agricultural sector.

Investments have quickly proven to be impactful, despite the challenges many faced in the wake of the global economic downturn. Since receiving a credit facility, Groupe Diakhate already increased its annual revenue by 5%, while Success for People was able to disburse 650 loans to farmers with an average size of USD 1,500. (For detailed investment stories, see pp 13-26.)

New organizations to receive investments in 2022 included:

Matale Hill Brothers Ltd, a secondary coffee processing company in Uganda purchasing coffee beans from smallholder farmers and traders across the country;

Promo Fruits, one of Benin's largest pineapple juice producers, procuring fresh fruit from local cooperatives and providing smallholder farmers with access to an end market;

Africa Négoce Industries, a raw cashew nut processor in Benin helping smallholder farmers to enjoy steady access to markets with stable prices;

Groupe Diakhate, a poultry feed manufacturer in Mali, sourcing raw materials locally and supporting higher egg-laying rates with its nutritional products;

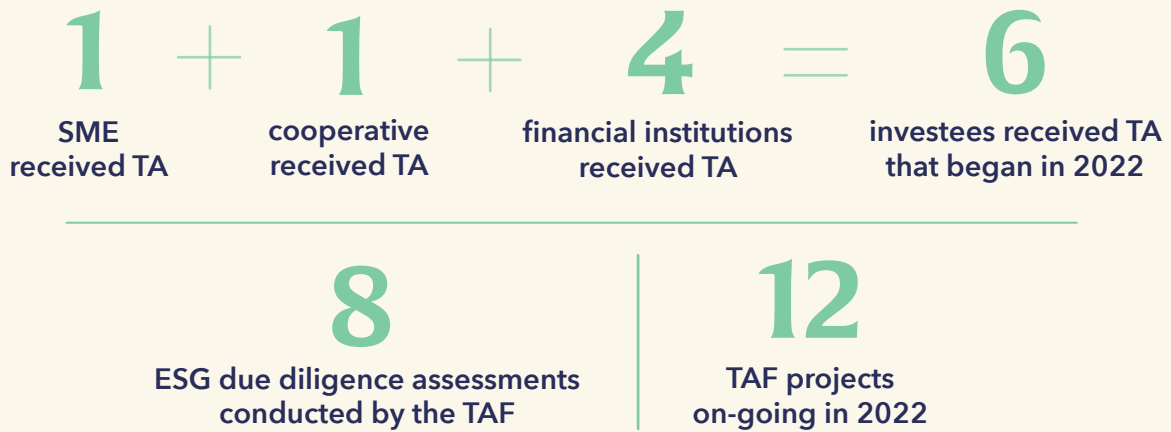
Success for People, a Ghana-based microfinance institution offering savings and credit opportunities to small and micro enterprises, for whom 83% of clients are women and 73% are between the ages of 24 and 35;

Uni2 (formerly Finamiga), the fastest growing microfinance institution in Colombia, whose central emphasis is upon strengthening microbusiness and rural agricultural initiatives through productive credit loans;

Grace and Mercy, a non-bank microfinance institution in Nigeria addressing the financial needs of economically disadvantaged and marginalized women working in small trading and micro-productive activities.

DELIVERING TECHNICAL ASSISTANCE

In order to help investees grow and become successful investment partners, the ABC Fund continued to deliver tailored and timely Technical Assistance (TA) throughout the year - both before and after investments.



Deepening Investment Impact

The Technical Assistance Facility (TAF) conducted 8 due-diligence assessments in 2022, selecting 4 organizations to receive TA. In total, 12 TA projects were still on-going in 2022 - with 5 SMEs, 5 financial intermediaries, and 2 cooperatives. Where possible, assistance was provided by local experts in the countries in which the Fund works. Alternatively, it was delivered by international experts, allowing investees to leverage resources from the TAF's network. The delivery of TA is always a collaborative process, with investees both requesting support in specific areas and receiving input and advice from the TAF and fund managers.

The needs of investees vary considerably. Amongst financial intermediaries, key areas identified as requiring support in 2022 were digitization and the need to develop online apps to speed up financial

service delivery; risk management; and environmental management. In Colombia for example, the TAF helped Uni2 to strengthen its technological architecture, supporting it in the development of an app allowing loan officers to complete forms, take photographs, and submit information to head office digitally rather than couriering or posting paperwork (see: "Investment Stories - Financial Intermediaries").

Often informally operated, SMEs and cooperatives, meanwhile, commonly required support in developing governance structures as well as Enterprise Resource Planning (ERP) systems. In Uganda for example, the TAF assisted Matala Hill Brothers Ltd to implement an ERP system, including an Outgrower Management System, as well as ongoing help in identifying new markets for its coffee and in acquiring FairTrade certification - a crucial step in generating a price premium.

2022 by the Numbers

7

new organizations received investments in 2022

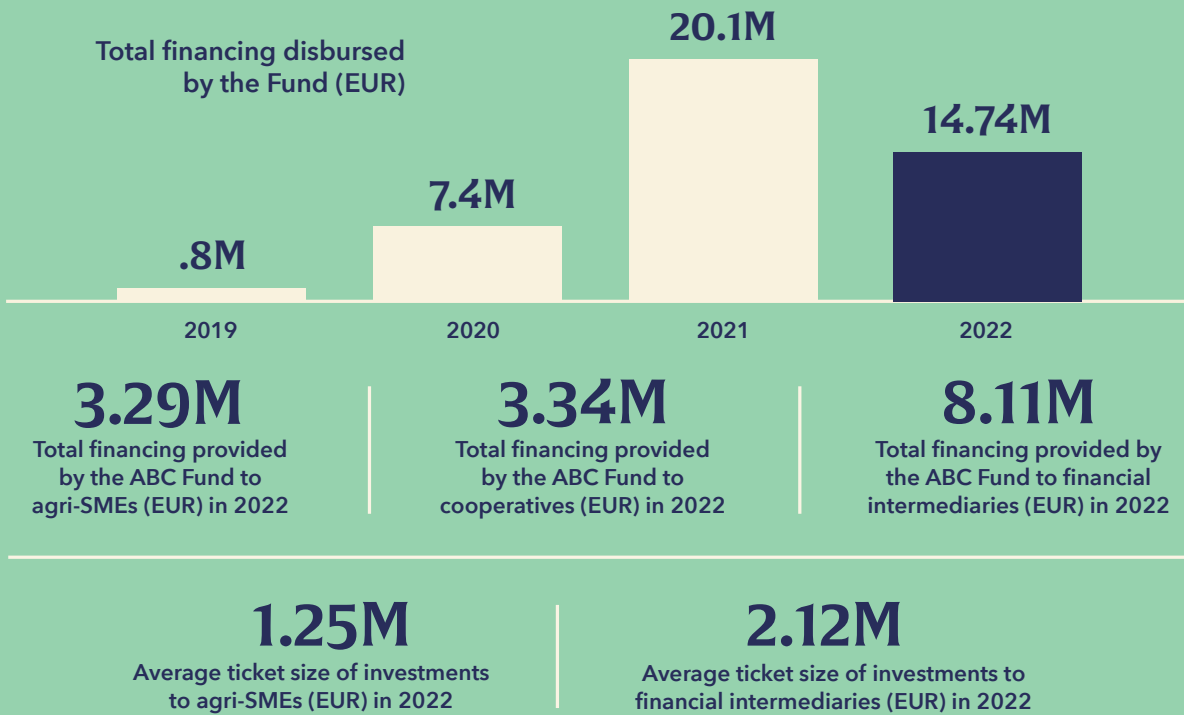
11

countries invested in since the Fund's inception

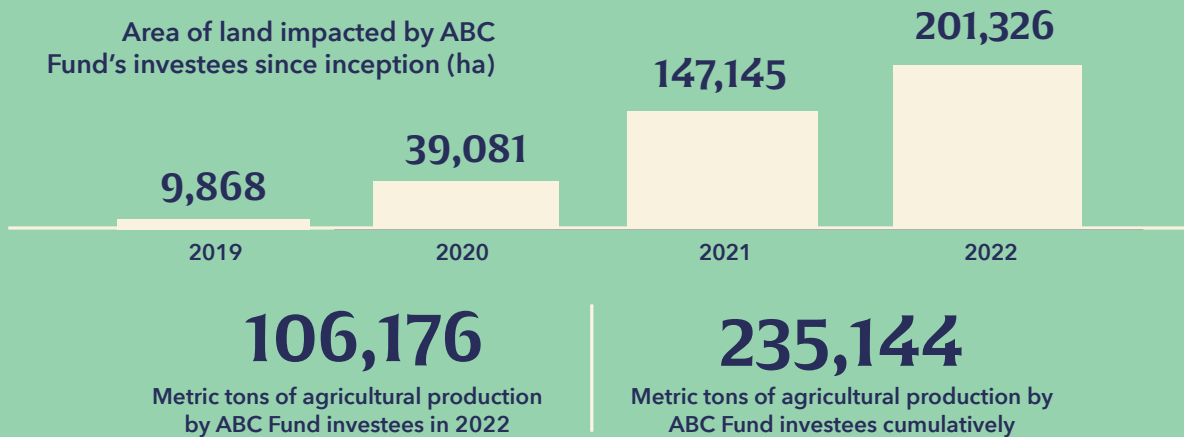
28

investees since the Fund's inception

Improving access to finance in the agricultural sector

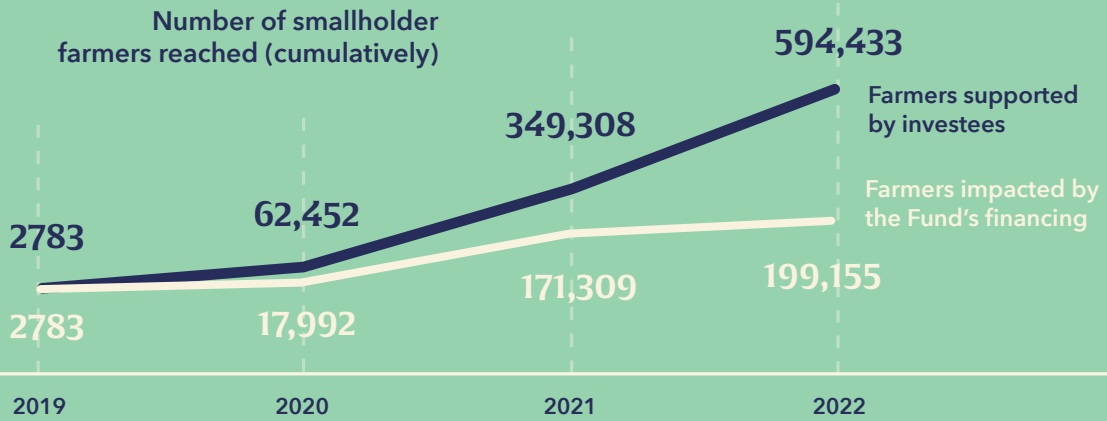


Contributing to business performance in agricultural value chains



2022 by the Numbers

Supporting the livelihoods of smallholder farmers



594,433
Smallholder farmers supported by ABC Fund's investees cumulatively

199,155
Smallholder farmers directly supported by the financing provided by the ABC Fund cumulatively

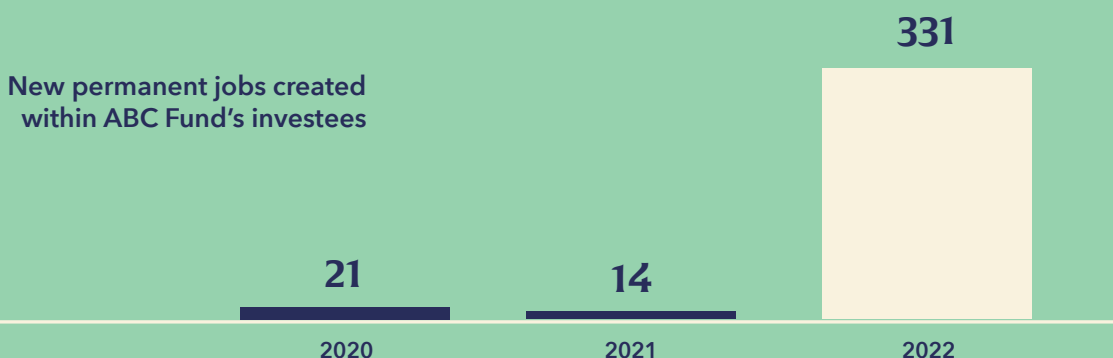
67%
of smallholder farmers supported by ABC Fund investees are women

16%
of smallholder farmers supported by ABC Fund investees are youth (15-35)

130.4M
Value of payments made to smallholder farmers by ABC Fund-financed cooperatives and SMEs in 2022

1.9M
Value of premiums paid by ABC Fund-financed cooperatives and SMEs to smallholder farmers over market price in 2022

Sustaining and creating rural employment



3,820
Permanent employees within ABC Fund investees in 2022

1,333
Permanent women employees within ABC Fund investees in 2022

2,373
Permanent employees who are youth (15-35) within ABC Fund investees in 2022

73
New temporary jobs created within investees during the year in 2022

Investment Portfolio



	Location	Company	ABC Fund Financing (cumulative)	
Farmers' cooperatives	Côte d'Ivoire	Socak Katana	EUR 4,700,000 (4 investments)	
	Côte d'Ivoire	Ecookim	EUR 4,640,000 (3 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 4,800,000 (2 investments)	
	Burkina Faso	Kaworo	EUR 450,000	
	Mali	Etablissement Yaffa & Frères	EUR 250,000	
	Mali	Mali Shi	EUR 800,000	
	Mali	Groupe Diakhate	EUR 450,000	
	Côte d'Ivoire	Bio Amandes	EUR 800,000	
	Côte d'Ivoire	ROCFED	EUR 300,000	
	Benin	Africa Négoce Industries	EUR 800,000	
	Benin	Promo Fruits	EUR 800,000	
	Uganda	Matale Hill Brothers Ltd	USD 257,200	
	Financial Intermediaries	Kenya, Uganda	FACTS	USD 2,000,000
		Ecuador	INSOTEC	USD 3,000,000
Kenya		Apollo	USD 4,000,000 (2 investments)	
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	
Ghana		Success for People	EUR 1,000,000	
Nigeria		Grace and Mercy	USD 2,000,000	
Colombia		Uni2	USD 3,000,000	

Groupe Diakhate: Transforming Mali's poultry sector

80%

of employment is generated by the agriculture sector in Mali

35%

of GDP is generated by the agriculture sector in Mali

90%

of chicken meat production occurs in rural areas

€450,000

value of ABC Fund's loan

80-85%

egg-laying rates supported by traditionally-made feed

90-94%

egg-laying rates supported by Groupe Diakhate's feed

250

farmers supplying Groupe Diakhate

65%

of farmers supplying Groupe Diakhate are women

72%

of farmers supplying Groupe Diakhate are young (15-35)

Since crisis hit Mali in 2012, millions of people in the country have experienced food insecurity. Indeed, it is estimated that each year during this period, an average of 3.6 million people (18% of the country's population) have struggled to access sufficient food. The country's poultry sector has significant potential to help address this challenge, as it is estimated that between 40% and 80% of the population raises poultry. However, many farmers lack reliable access to input such as chicks and feed, and face extremely high costs for veterinary services, leading to low output levels.

In 2022, the ABC Fund began financing Groupe Diakhate, a poultry feed manufacturer based in the country. Founded in 2014, the company sources raw materials locally to produce highly nutritional feed that has historically supported higher egg-laying rates than traditional feeds (90 to 94% compared

to 80 to 85%). The company also offers attractive prices, as well as a customer loyalty program offering farmers a discount of up to 10%. Alongside this, Groupe Diakhate has a team of veterinarians who are dedicated to monitoring and assisting clients, helping address issues such as breeding techniques and farm hygiene, and providing advice on medical issues such as the importance of vaccinations.

The ABC Fund delivered a EUR 450,000 loan to enable Groupe Diakhate to purchase raw feed materials such as cotton seeds, soybean meal, and maize; to acquire more modern and efficient equipment - including a solar electricity generator to sustainably power production; and to grow its workforce. With this investment, which was delivered in May, Groupe Diakhate increased its annual revenue by 5%, generating EUR 922,137 in 2022, and

selling some 1,267 tonnes of animal feed – and this was before new equipment had even arrived. As of December 2022, the company is working with 26 cooperatives representing 250 farmers, 65% of whom are women and 72% are youth (15-35).

Groupe Diakhate will also benefit from the delivery of Technical Assistance, tailored to support the growth and

development of the company. The areas that have been identified for assistance include the creation of financial and administrative procedures and manuals, and roll-out of staff training in these areas; the selection and implementation of accounting software and the connection of this with an inhouse ERP system; and the development of formal job descriptions, complaint procedures, and recruitment procedures.

“Groupe Diakhate sources raw materials locally to produce highly nutritional feed that has historically supported higher egg-laying rates than traditional feeds.”



Promo Fruits: Financing Benin's pineapple value chain

70%

of employment in Benin is generated by the agriculture sector

30%

of Benin's GDP is generated by the agriculture sector

2,683

smallholder farmers supplying Promo Fruits

34%

of smallholder farmers supplying Promo Fruits are women

70%

of smallholder farmers supplying Promo Fruits are youth (15-35)

In December 2016, the Beninese government adopted an ambitious 5-year development program banking on agriculture as the principal lever of growth in the country. To achieve this growth, authorities have specifically promoted several agricultural value chains - including high-value crops such as pineapple. But while the country's tropical climate provides ideal growing conditions for the fruit, quality issues and low yields have hindered the development of the sector. Hopes that it could be strengthened by the development of pineapple processing (converting fruit into juice or dried snacks) have also been challenged by a lack of adequate facilities as well as limited coordination between farmers and businesses.⁴

To address this challenge, the ABC Fund selected one of Benin's largest pineapple juice processors to receive investment in 2022. First established in 2003, the Initiative pour la Relance de l'Ananas, now Promo Fruits, procures fresh fruit from local cooperatives and processes them into premium juices and nectars free from preservatives or additives.

Based in Allada in the south of Benin, one of the country's largest pineapple production areas, the organization also facilitates farmers' access to agricultural inputs and provides free technical assistance to improve the quality of their production. Input prices are deducted from the price paid to farmers when fruits are delivered.

Recognizing the company's potential, in April 2022 the ABC Fund delivered an EUR 800,000 investment to Promo Fruits. This financing was used to cover working capital needs, to import materials needed to manufacture juice cans, and to purchase equipment to produce polytunnels which smallholder farmers can use to create the optimum temperature and humidity for fruit growing. In recent years, the company's revenue has increased significantly: from EUR 6.3 million in 2021 to approximately EUR 8.3 million in 2022. Accompanying this has been an increase in the value of payments made to producers: from EUR 1.9 million in 2021 to EUR 3.2 in 2022, and, with the support received from the ABC Fund, the company is aiming to grow further.

Prior to investment, several areas within the company were identified as needing development – such as a maintenance plan for the production plant and its mechanic and electric instalments, and staff training in this area; an environmental and social strategy; and a

road map for the company’s conversion from SARL to SA. These will shortly be addressed by the Technical Assistance Facility, helping Promo Fruits secure its standing as a key actor within Benin’s agricultural sector.

“Promo Fruits procures fresh fruit from local cooperatives and processes them into premium juices and nectars free from preservatives or additives.”



Dragon Farming Ltd: Strengthening the soya value chain in Ghana

39

employees at Dragon Farming Ltd

1,240

smallholder farmers supply Dragon Farming Ltd

72%

of Dragon Farming Ltd's employees are youth (15-35)

EUR 1,692,308

total value of payments made to smallholder farmers during 2022

2,877MT

of raw soya beans purchased by Dragon Farming Ltd with the ABC Fund investment

An essential and affordable source of protein for livestock, fish, and humans, the soya bean is an indisputably important legume. Providing numerous opportunities for value chain actors, from seed and grain production to meal processing, it also has considerable potential to improve livelihoods and reduce poverty. But in Ghana, whose northern regions provide an ideal environment for cultivating soya, poor quality and a production sector that has struggled to keep up with demand has instead seen imports grow significantly – challenging the country's ability to benefit from the legume's associated job creation and poverty reduction.

Recognizing the potential of the soya bean value chain for rural development in Ghana as well as its nutritional importance, in 2020 the ABC Fund approved a working capital loan of EUR 800,000 for Dragon Farming Ltd – a company which processes raw soya beans into soya bean meal, full fat soya, soya flour, and soya oil. Sourcing soya beans locally from a network of farmer cooperatives and aggregators which represent thousands of smallholder

farmers, the company uses its significant nutritional expertise to develop high-quality, organic products which it sells to local customers including feed millers and poultry farmers. To help achieve quality, it delivers training for smallholder farmers, supplies inputs such as seeds, and provides equipment like tarpaulins to assist farmers in the harvesting season. Currently operating nationally, the company hopes to expand internationally.

The ABC Fund's loan was the first international funding that Dragon Farming received. Intended to help the company scale-up its operations and increase its profitability, the investment was ring-fenced for increasing the volume of soya beans purchased from its network by 40%. Aggregating higher volumes of raw materials, the company has been able to speed up its production turn around, as well as expand its staff from 35 in 2020 to 39 in 2022 – including hiring temporary employees during the peak season to help it meet high demand from buyers.

While Dragon Farming's huge potential

was immediately obvious to the ABC Fund, the company was experiencing several organizational challenges which were impacting its ability to grow. These included inefficiencies in processing, which were leading to unnecessary waste of materials and time; and high employee turnover due to uncertainty about tasks and roles. So alongside investment, the TAF helped the company to improve its production efficiency, to clarify job descriptions and establish formal contracts in line with ILO standards, and to provide health

and safety training. Small changes such as this have been transformative. Job satisfaction, for example, quickly improved leading to a more stable workforce. Alongside this, efforts were also made to improve supply chain monitoring in order to strengthen the value chain, including by training the supply chain manager in detecting and reporting child labour. With this assistance, the company is now in prime position for expansion.



Bio Amandes: Supporting 7,500 women's livelihoods in Côte D'Ivoire

54,000

women whose livelihoods depend on shea in Côte d'Ivoire

7,300

women smallholder farmers are within Bio Amande's network

520MT

of production in 2022

€625,000

in payments made to women smallholder farmers in 2022

€62,500

in premium paid to women smallholder farmers in 2022 above market prices

32

permanent employees

Food insecurity is a pervasive challenge in Côte d'Ivoire, particularly for rural households in the north, northeast, and west of the country,⁵ who also suffer from higher levels of poverty than urban households. An industry with significant potential to create jobs and generate livelihoods is shea butter production. More than 54,000 women in the country collect shea kernels, constituting an important source of income and contributing to poverty reduction and gender equality within rural areas. However, many regularly face constant price changes and inconsistent demand, leading to financial uncertainty and insecurity.

Selected for investment by the ABC Fund in 2021, Bio Amandes is a shea butter processor and exporter based in Ferkessédougou, in the north of Côte d'Ivoire. Producing certified shea butter through the grinding of shea kernels and processing of raw shea butter, the company is the country's only industrial shea butter processor. All raw materials

are sourced locally, providing vital incomes to some 7,300 women in 60 different villages.

In 2021, the ABC Fund delivered two lines of credit to Bio Amandes. The first was a capex loan for the acquisition of a shea butter refining unit, intended to help the company increase its revenues and profitability by enabling it to produce higher-value refined shea butter. The second was a working capital facility for the purchase of raw materials from women's groups, allowing more female producers to benefit from a reliable end-market with fixed prices. Although the new refining unit will not be completed until early 2023, the company has already seen exponential growth. In 2022, Bio Amandes paid more than EUR 625,000 to female suppliers - a 90% increase compared to the previous season.

On top of financial support, in 2022 the ABC Fund's Technical Assistance Facility delivered Technical Assistance

addressing several key areas. This included support in implementing an Enterprise Resource Planning (ERP) system, developing a supply strategy and operational plan, establishing a social and environmental impact monitoring tool, and analyzing the Hazard Analysis Critical Control Point

(HACCP) principles and International Standards Organization's (ISO) requirements for the new refinery unit. The refurbishment of Bio Amande's factory to comply with HACCP is also planned for 2023, along with the development of a system to monitor environmental issues.

“In 2022, Bio Amandes paid more than EUR 625,000 to female suppliers – a 90% increase compared to the previous season.”



UNACREP: Providing Benin's farmers and agricultural cooperatives with Access to Stable Financing

70%

of employment is generated by the agriculture sector in Benin

30%

of GDP is generated by the agriculture sector in Benin

130,000

UNACREP members

68%

of UNACREP's loans are allocated to Benin's rural regions

61%

of UNACREP's loans are allocated to the agricultural sector

40%

UNACREP members are women

13,289

loans were disbursed by UNACREP to farmers in 2022

66%

of UNACREP borrowers were involved in food crops in 2022

In the mid 1980s, Benin - like several neighbouring West African countries - suffered a crippling financial crisis in which the country's banking system disintegrated. Since then, most of the country's SMEs - especially those operating in key sectors such as agriculture and trade - have been unable to access sufficient financing, leaving them struggling to grow and increase productivity. Considering that agriculture generates some 70% of Benin's employment and 30% of its GDP, and that SMEs represent approximately 98% of all businesses in the country,⁶ the need to provide SMEs with access to finance, particularly those within the agricultural sector, is clearly key to the country's long-term sustainable development.

In line with the ABC Fund's mission to address the funding gap faced by SMEs in the agricultural sector, in June 2021 it disbursed financing to UNACREP, a microfinance institution based in Benin's capital, Porto-Novo. Providing both short- and long-term loans and microcredits, it also collects deposits and savings, and delivers training to build clients' capacity. With a network of over 130,000 members - 40% of whom are women - the organization has 65 branches, including dedicated agricultural financing hubs in areas with limited bank access and some of the country's lowest financial inclusion rates. Activities are concentrated largely around the seven value chains that are best organized in the country and which are characterized by high demand (maize, cotton, palm oil, rice, cashew nuts, soya, and pineapples).

Delivering a XOF 1 billion loan (approximately EUR 1.5 million) to scale-up UNACREP's agriculture portfolio from an equivalent of EUR 5.4 million to EUR 6.9 million, the ABC Fund targeted its investment to help the organization provide an increased number of agri-loans and to provide its borrowers with more stable and long-term financing. In fact, it is estimated that the debt injection will generate between 4,500 and 6,000 new agri-loans along the investment timeline - split between smallholder producers, village groups and cooperatives, and female entrepreneurs. Already, the organization has been able to go some way in achieving this anticipated growth - having delivered 3,552 loans to farmers in 2021, in 2022 it delivered 13,289. Of these borrowers, 66% are involved in food crop production.

As part of the ABC Fund loan, UNACREP also received post-investment technical and advisory support through the Technical Assistance Facility (TAF). Delivered by TAF partner Rabo Partnership, this support was designed to improve agriculture credit knowledge at the branch level and included a training session for loan officers and credit analysts - many of whom subsequently reported that they had an improved understanding of their clients' needs, and that they could now better translate these needs into loan applications. The Technical Assistance also sought to improve the organization's operational risk framework and mitigation activities. Staff participated in strategic sessions exploring risk management, and UNACREP was supported in hiring its first Operational Risk Manager - a role which will soon head a new Operational Risk Department.



Nyesigiso: Inclusive financing to address food insecurity in Mali



80%

of employment is generated by the agriculture sector in Mali

35%

of Mali's GDP is generated by the agriculture sector

300

permanent staff employed by Nyesigiso

50,950

Nyesigiso borrowers in 2022

37,704

Nyesigiso rural borrowers in 2022

62%

of Nyesigiso's rural borrowers are women

37%

of Nyesigiso borrowers are young (15-35)

50%

of Nyesigiso borrowers are involved in cultivating food crops

260,000

Nyesigiso members

Between 2016 and 2019, the Malian economy grew at a rate of 4.7% each year, with agriculture contributing 30% of this growth. However, the sector - which employs nearly 80% of the country's population - remains underexploited, with most farm holdings extremely small, disconnected from markets, and struggling to access financing. Indeed, agricultural credit comprises just 5.5% of overall private sector credit in the market - and most of this is directed to the cotton sector. The sector is also acutely vulnerable to commodity price fluctuations and climate change, posing a threat to food security.

In 1993, a new project was initiated in Mali, focused on encouraging farmers to save during the off-season so that they could utilise these reserves for farming

activities at other times of year. Quickly proving a success, it was soon replicated in all but one of the country's regions. In 1997, the project was formalized into an independent decentralized financial entity called Nyesigiso, with a remit to collect savings from members and to provide them with loans and microcredits. Boasting more than 260,000 members including farmers, producers, processors, and cooperatives, the company is today the country's second largest microfinance institution. Critically, over the past half decade it has actively sought to address gender inequality within the sector by offering specific loan products for female farmers - and as of December 2022, 62% of its rural borrowers are women.

Noting its potential to support hundreds of thousands of smallholder farmers in

the country, the ABC Fund distributed XOF 1.6 billion (approximately EUR 2.4 million) to Nyesigiso in December 2021. Intended to help the company provide longer term facilities to its members and to increase its agriculture portfolio by a third, the investment is also supporting Nyesigiso in its efforts to support diversified food value chains and to improve food security in the country. Already, 50% of its borrowers are involved in the food crop value chain, but with the ABC Fund's support, Nyesigiso plans to increase the credit available for farmers cultivating under-financed crops such as rice, potato, onion, and maize.

Prior to investment, the Fund's Technical Assistance Facility identified two key areas that were inhibiting the company's potential for development. The first was the lack of a client satisfaction feedback system, which left the organization unable to gauge members' views on products, services, and distribution and thus ill-equipped to develop strategies for future growth. The second was the need to boost resilience by developing the organization's risk management, improve operational efficiency, and optimize use of its management information system. These two areas will be addressed in 2023, when Nyesigiso receives post-investment Technical Assistance from Rabo Partnership.

“With the ABC Fund’s support, Nyesigiso plans to increase the credit available for farmers cultivating under-financed food crops such as rice, potato, onion, and maize.”



Uni2: Ambitious microfinancing for Colombia's smallholder farmers

USD 23M

Uni2's gross loan portfolio

45,350

loans disbursed by Uni2 since its inception

15,250

active Uni2 clients

16.5%

of Uni2 clients live in vulnerable conditions

2.8%

of Uni2 clients live in extreme poverty

4,850

smallholder farmer borrowers

USD 1.2M

Value of Uni2's CULTIVA portfolio

40.3%

of smallholder farmer borrowers are women

Colombia is one of the most unequal countries in the world. After decades of armed conflict, large numbers of Colombians live in poverty - but poverty rates are substantially higher in rural areas than urban areas. This inequality is also reflected in national credit provision: while the agricultural sector employs almost 17% of the country's population, agricultural credit represents just 7.3% of total credit issued (mainly because poor infrastructure has left many rural areas extremely difficult to access). With micro-, small, and medium-sized agricultural producers thus struggling to access financing, many are failing to reach their full potential - constraining the country's overall economic growth.⁷

Founded in 2014 by two young entrepreneurs, UNI2 (formerly Finamiga) has been one of Colombia's fastest growing microfinance institutions for the past 2 years. Operating in more than 220 Colombian municipalities - amongst which forty-nine are

post-conflict zones - the company focuses on lending to the country's poorest smallholder farmers, with a central emphasis on strengthening microbusiness and rural agriculture initiatives through productive credit loans. Amongst its four credit lines, its CULTIVA microcredits allow farmers to increase their productivity and income by enabling them to acquire supplies such as tools, fertilizer, and machinery, while its larger CARGA microcredits allows them to purchase vehicles to transport their goods.

Committed to carefully monitoring the impact of its loans to ensure that they are associated with improved quality of life, UNI2 regularly conducts poverty assessments of all its clients (using a set of ten questions known as the Poverty Probability Index [PPI]). If they observe clients' PPI scores worsening, UNI2 seek to assess and, where possible, address causes to ensure a sustainable impact with their clients.

In May 2022, the ABC Fund completed a USD \$3,000,000 loan to UNI2, providing the organization with additional liquidity and growth capital, enabling it to disburse an extra 4,000 agricultural loans and 1,000 vehicle loans for smallholder farmers. Despite the country's unstable and difficult financial environment, the Fund's financing has already helped the company to achieve significant growth: from supporting 1,491 CULTIVA clients in December 2021, to reaching 2,105 by December 2022. In 2023 the company is currently reaching more than 4,847 small farmers with its products and services - 40% of whom are women farmers and 44% of whom are young people.

Prior to the investment, the ABC Fund's Technical Assistance Facility (TAF) and UNI2 collaboratively identified several key areas that required strengthening

in order for this venture to achieve maximum impact. Principal amongst these components was the organization's technological architecture, which required support to ensure mid- to long-term infrastructure stability as well as improved efficiency.

With the help of three expert developers from Rabobank, the company's web application was enhanced and optimized, while the design and groundwork for a new mobile application with offline capability was also completed. Once in operation, this new application will allow loan officers to complete forms and capture images when visiting clients in areas without internet. These can then be digitally submitted via the APP after they have returned to an area with internet coverage, increasing efficiency and



Endnotes

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