

ABCfund
Agri-business Capital

2023 Impact Report



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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 debt 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 December 2021, Calvert acting in its own name but on behalf of Bank of America (BoA) Holding invested into the ABC 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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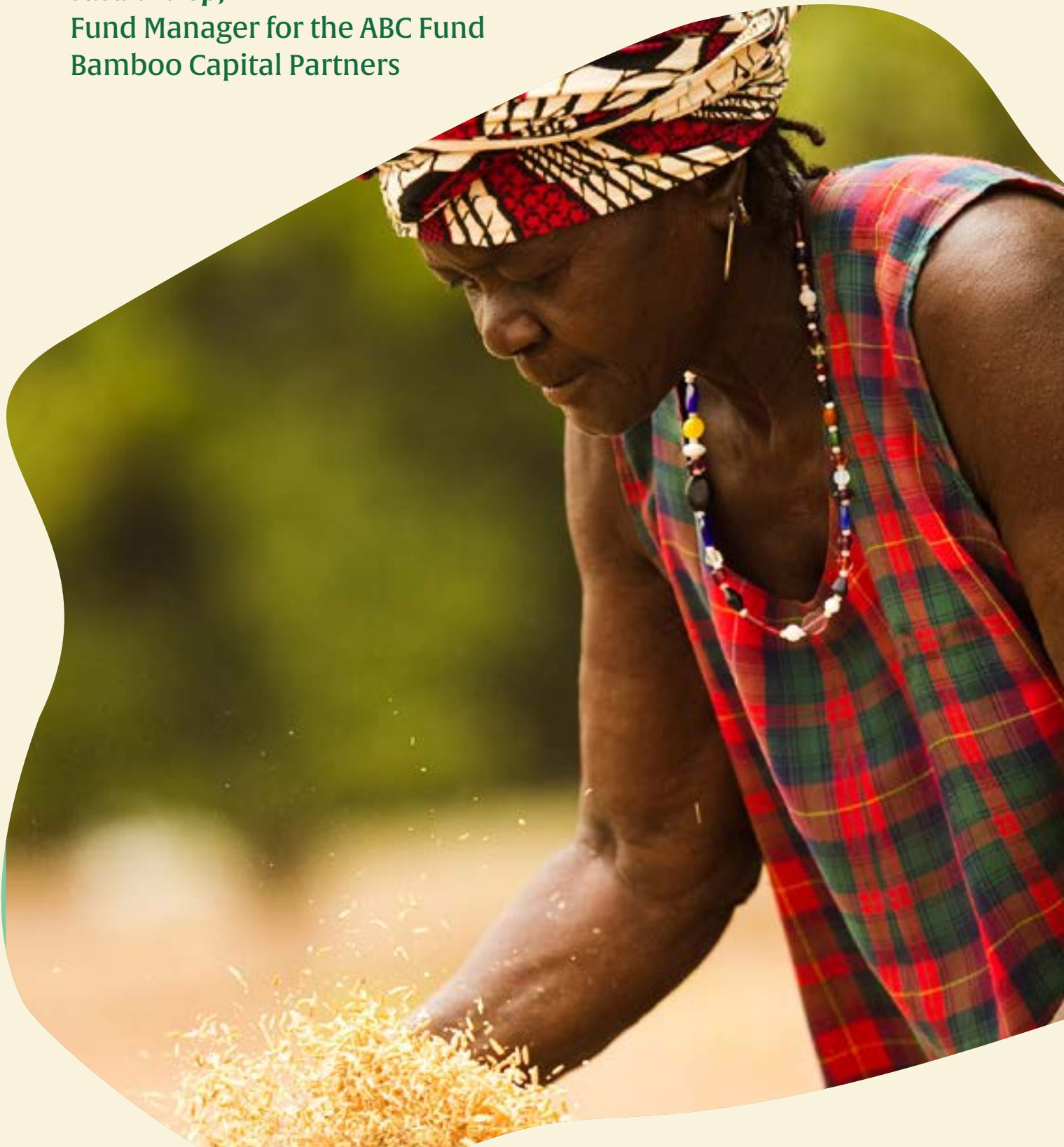
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“ The ABC Fund differentiates itself by pushing the boundaries of impact investing and deploying capital in the regions, sectors and types of businesses that are perceived as riskiest. ”

Susan Tirop,
Fund Manager for the ABC Fund
Bamboo Capital Partners



Opening Remarks

2023 was a significant year for ABC Fund as we celebrated our 5th anniversary. The ABC Fund has achieved significant progress in its mission to support smallholder farmers and agricultural SMEs in developing countries. It provides both financing and technical assistance, focusing on underfinanced but profitable segments of agribusiness value chains. This combined approach helps strengthen the capacities of agri-value chain players and supports revenue-generating activities, ultimately reinforcing food security in rural areas. The fund prioritizes businesses that practice climate-smart agriculture and sustainable production, emphasizing support for women and youth. This approach improves the livelihoods of thousands in rural communities by creating employment opportunities and enhancing food security.

The ABC Fund sets itself apart by pushing the boundaries of impact investing and providing capital to regions, sectors, and types of businesses considered to be the riskiest. The fund showcases a diverse range

of investments in agribusinesses, with about 50% of the investment portfolio being direct investees (SMEs and cooperatives), along with investments in microfinance institutions operating in the agricultural sector. Since 2019, the ABC Fund has provided financing to 33 companies across twelve different countries, benefiting over 724,000 smallholder farmers.

Over the past five years, agricultural value chains have faced significant challenges due to geopolitical, economic, and climatic disruptions. Despite these obstacles, ABC Fund has remained steadfast in its commitment to support its investees. Through flexible financing terms and the mobilization of technical assistance, the fund has empowered agricultural small and medium enterprises to enhance operational efficiency, strengthen value chains, and access new market opportunities. This dedication has led to

tangible successes, such as empowering Ecaokoog, a cocoa cooperative in the Ivory Coast, to secure and execute a lucrative export sales contract. Looking ahead, ABC Fund is committed to expanding its impact by increasing its exposure to farmer cooperatives and SMEs with strong climate resilience. As climate variability continues to affect crop yields across continents, building resilient agricultural systems remains a top priority for ensuring food security.

We also aim to diversify our geographical portfolio, exploring opportunities in more emerging countries.

Our journey is guided by a dedication to pushing the boundaries of impact investing and deploying capital where it is needed most. We invite our stakeholders to join us in this journey as we continue to raise funds and expand our reach to maximize positive change in underserved communities.

Susan Tirop

Fund Manager for the ABC Fund
Bamboo Capital Partners

Didier Tago

Investment Manager,
Injaro Investments Ltd





About the ABC Fund

A blended finance impact fund supporting rural livelihoods

The ABC Fund offers a combination of financial and technical support ultimately benefiting smallholder farmers across various agriculture value chains.

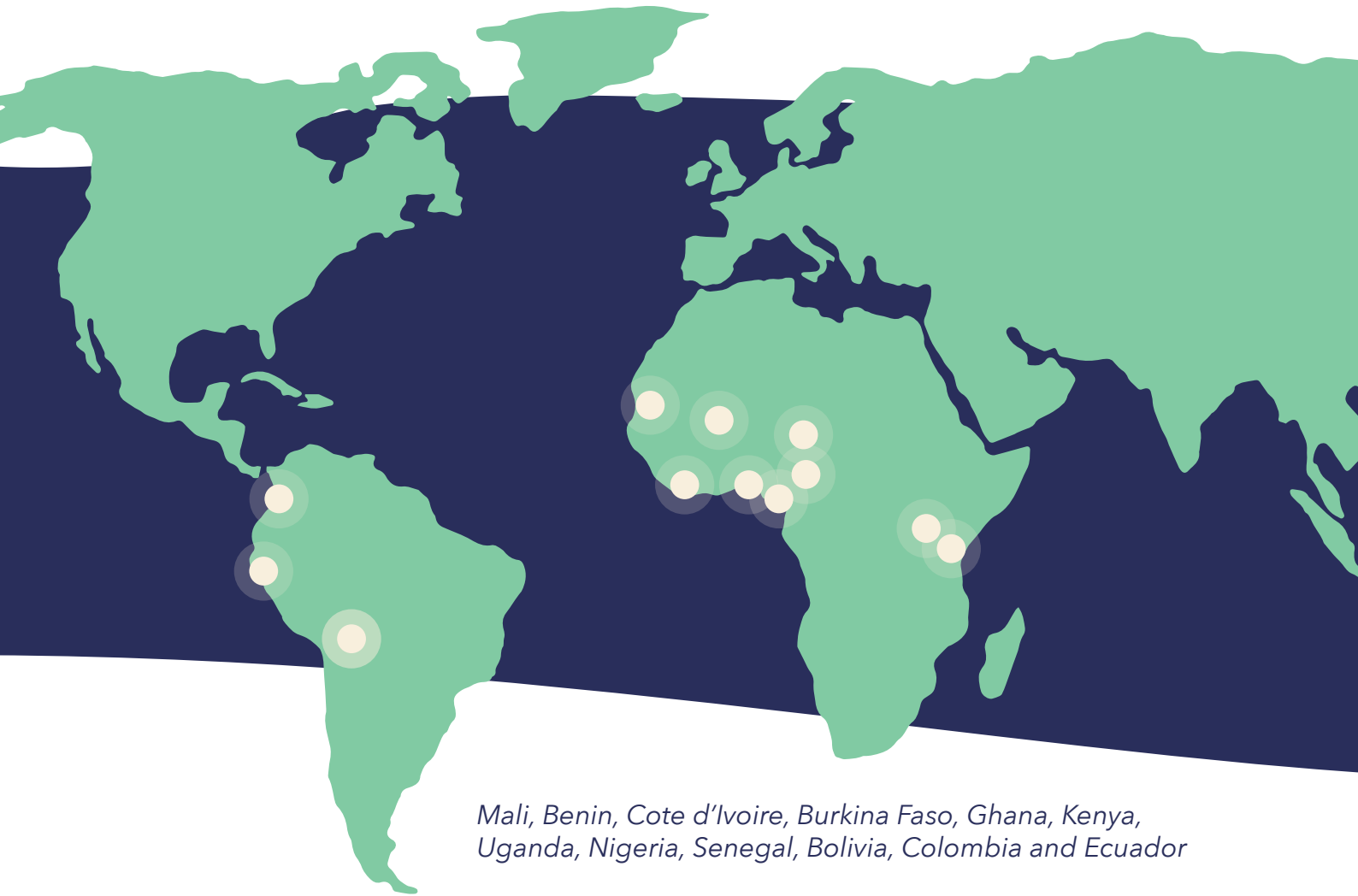
Rural SMEs are the backbone of most developing economies. In Africa, agriculture employs 70% of the workforce and accounts for over 40% of GDP. Despite their importance for the economy of their countries, many small-to-medium sized enterprises (SMEs) in the agriculture sector face limited access to the capital needed to finance their growth. Only less than 5% of commercial bank lending in Africa goes to the agricultural sector and just a portion of this to SMEs.

The Agri-Business Capital (ABC) Fund supports small-to-medium sized agribusinesses in developing countries with the objective to tackle rural poverty and food insecurity, while promoting sustainable agricultural ecosystems. The Fund invests in underserved yet profitable segments of the agriculture sector and offers a set of financial products specifically tailored to the needs of smallholder farmers and agri-SMEs. To reach them most effectively, these products are made available either

directly to farmer organisations and agri-SMEs or indirectly via financial institutions. Since its inception, the ABC Fund has endeavored to support sustainable and inclusive agricultural supply chains through a two-pronged strategy. The Fund's investments are complemented by its technical assistance (TA) offering, which helps de-risk investments, strengthen investees' capacities and generate sustainable livelihoods for smallholder farmers. The Fund's TA facility plays a critical role in offering a comprehensive solution combining financing with technical support to agri-SMEs, farmer cooperatives and financial intermediaries.

Since its launch in February 2019, the Fund has helped address the financing gaps of various players of agricultural value chains, primarily in Africa and other developing economies, by offering tailored financial products directly to farmers' cooperatives and SMEs, and indirectly via financial intermediaries. By end of 2023, the ABC Fund has cumulatively financed 33 companies, including four farmer cooperatives, fourteen agricultural SMEs and fifteen financial intermediaries across twelve countries.

“Countries where the ABC Fund has invested



Through its investments supporting SMEs and farmer cooperatives in some of the world's most challenging geographies, the ABC Fund aims to generate lasting impact. The Fund's unique blended finance structure de-risks and catalyzes investments in areas perceived as high-risk, by offering three tranches with different risk-return profiles. The Fund was initiated by the International Fund for Agricultural Development (IFAD) in partnership with and with funding from the European Union, the Organisation of African,

Caribbean and Pacific States, the Luxembourg Government and AGRA. In 2020, IFAD made a landmark investment into the Fund. IFAD's investment was made possible thanks to financial support from the Swiss Agency for Development and Cooperation. In December 2021, Calvert acting in its own name but on behalf of Bank of America (BoA) Holding, invested into the ABC Fund. The Fund is managed by Bamboo Capital Partners in partnership with investment advisor Injaro.



ABC Fund's investments since inception

New investees over the years

2023

2 Agri-SMEs

JKCC (coffee)
Wish Kenya (macadamia)

1 Farmer Cooperatives

Ecakoog (cocoa)

2 Financial Intermediaries

Locafrique
PAMECAS

2022

4 Agri-SMEs

ANI (cashew)
Promofruits (pineapple)
Groupe Diakhate (poultry feed)
Matale Hill Brothers (coffee)

3 Financial Intermediaries

Success for People
Grace and Mercy
Finamiga

2021

5 Agri-SMEs

Kaworo (grains, seeds)
Établissement Yaffa
& Frères (mango)
ROCFED (mango)
Mali Shi (shea)
Bio Amandes (shea)

8 Financial Intermediaries

Apollo Agriculture
CIDRE IFD
EBO Sacco
Yehu Microfinance Ltd
Premier Credit Kenya
PEBCo
UNACREP
Nyesigiso

2020

3 Agri-SMEs

Dragon Farming (soybean)
Maphlix (tubers, vegetables)
Anatrans (cashew)

2 Financial Intermediaries

INSOTEC
FACTS

2 Farmer Cooperatives

CABF (cocoa)
Ecookim (cocoa)

2019

**ABC fund's first investment in Socak Katana,
a cocoa cooperative in Ivory Coast**



Delivering results for smallholder farmers

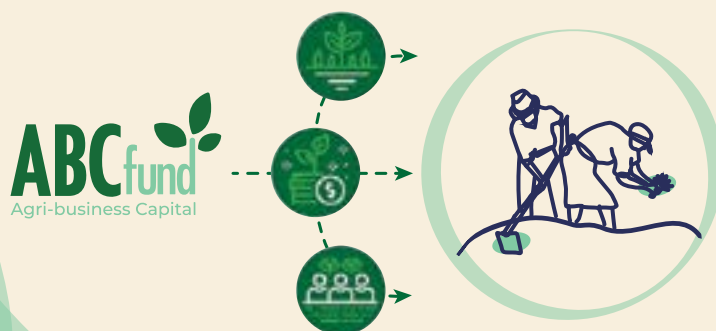
The ABC Fund in 2023

The ABC Fund aims to transform rural livelihoods by generating economic opportunities, enhancing farmer resilience through climate-smart agriculture, and contributing to address food insecurity. To achieve this objective, the ABC Fund provides both financing and technical assistance to organisations that support smallholder farmers. These organisations source raw materials from the farmers, or provide farmers with inputs or various sets of services including finance solutions. Smallholder farmers and rural agri-SMEs play a key role in addressing the challenges of food security and developing sustainable food systems that are resilient against climate change. Their sustainable growth is also key to generating employment and economic opportunities for millions of rural women and young people.

Unlocking access to capital in sustainable agriculture value chains

ABC Fund's investments in cooperatives and agri-SMEs support smallholder farmers by enabling these organisations to provide them with access to markets, inputs, technical support, sometimes pre-financing for their harvest. In 2023, the ABC Fund disbursed a total amount of EUR 7.4 million to farmer cooperatives and agri-SMEs. Some of the organisations financed by the ABC Fund enable their farmers to benefit from sustainability certifications like Fairtrade, which generate a price premium and helps improve their livelihoods. In 2023, the total amount of premiums generated by sustainability certifications across ABC Fund's portfolio companies was EUR 1.86M. The funding provided by the ABC Fund to financial intermediaries enables

The ABC Fund supports smallholder farmers by providing financing and technical assistance to farmer cooperatives, agribusinesses and financial intermediaries.



the Fund to indirectly reach smallholder farmers and agri-SMEs as clients of these institutions. In 2023, the Fund disbursed EUR 5.2 million to financial intermediaries.

In 2023, the ABC Fund invested in five new organisations, including a farmer cooperative in Côte d'Ivoire, two agri-SMEs in Uganda and Kenya as well as two financial intermediaries in Senegal. Additionally, the Fund financed three follow-on transactions, benefitting a cocoa cooperative based in Côte d'Ivoire, as well as a raw cashew nut processor in Burkina Faso and a financial intermediary in Benin. The organisations that the ABC Fund has financed since its inception support the activity of 724,764 smallholder farmers, 61% of whom are women and 37% are young. Out of them, it is estimated that 206,803 smallholder farmers have been directly impacted by the financing provided by the ABC Fund.

The Fund also aims to sustain employment in agribusiness value chains, especially for women and young people. In Africa alone, according to the African Development Bank, about ten to eleven million young people enter the labour market each year where only three million formal jobs are available. SMEs in the agriculture sector have a strong potential to generate jobs for young people in developing economies. At the end of 2023, ABC Fund's investees employ 4,253 people in rural areas, 41% of them being women and 64% youth. During the year, 749 new permanent jobs were created in rural areas within ABC Fund's investees

and a total of 3,495 permanent rural jobs were sustained. Additionally, 312 rural temporary jobs were created in 2023.

Strengthening capacities through Technical Assistance

The ABC Fund supports organisations that generate sustainable jobs and livelihoods for smallholder farmers, not only through its financing but also through its dedicated Technical Assistance Facility (TAF). The TAF offers advisory services pre- and post-investment in strategy, business development, operations, governance, and financial management. The support provided by the TAF enhances the growth and performance of investees, thereby amplifying the impact of the Fund's investments. Created with the support of IFAD, the EU, and OACPS, the TAF is managed by the international not-for-profit organisation Agriterra. Together with its partners Agricord, Advance Consulting, and Rabo Partnerships, Agriterra conducts an initial need assessment as well as an Environmental, Social and Governance (ESG) due diligence of potential investees, identifying areas in need of improvement. Then, when a company receives financing from the Fund or is considered as a strong candidate for investment, the TAF delivers either pre- or post-investment technical assistance addressing these areas, helping mitigate investment risks.

In 2023, the ABC Fund's TAF conducted ten due-diligence assessments focused

on Environmental, Social and Governance (ESG) risk evaluation and identifying technical assistance needs. Cumulatively, 73 due diligences have been carried out with the support of the TA facility since inception of the ABC Fund. Following the need evaluation, technical assistance projects are approved by the Fund's Investment Committee and implemented by the TAF partners. In 2023, fifteen TA projects were carried out. Eight of them were delivered to SMEs, four to cooperatives and three to financial intermediaries. For instance, the savings and credit cooperative EBO in Uganda received technical assistance from the ABC Fund to develop a new marketing strategy and customer value proposition for its irrigation loan product. The technical assistance provided to the cashew nut processor Anatrans focused on the counting, centralization, reconciliation and valuation of the company's assets. The shea butter processor Mali Shi received technical support focused on improving the functioning of its Board of Directors. The support provided to the grains and seeds producer Kaworo helped improve inventory management, develop a sales strategy as well as enhancing its market position. The supply chain finance service provider FACTS received technical assistance on ESG monitoring as well as value chain mapping for rice and grains.

Initially focused on post-investment, the scope of the ABC Fund's TAF has been expanded to include pre-investment technical assistance to better address the various levels and types of assistance that these organisations needed at different stages of their development. Pre-investment TA helps companies bridge the gaps that prevent them from qualifying for investments from international lenders like the ABC Fund. This support focused on investment readiness includes strengthening their business plan, securing off-taker contracts, improving financial management. In some cases, pre-investment TA can help them

complete for the first time an investment application by compiling records and even filling out the application paperwork for the initial investment application when they lack the necessary knowledge and capacity. This type of assistance can be provided when a company is near to meeting the Fund's investment criteria and shows strong potential for securing financing once the missing elements are addressed. In 2023, the Ivorian cocoa cooperative Ecakoog benefited from pre-investment TA to help it secure sales contracts with international buyers. The successful implementation of the pre-investment TA resulted in one new buying contract and the disbursement of a working capital loan to Ecakoog at the end of 2023. This technical support typically directly enhances the cooperative's growth prospects.

Building upon the lessons learnt over three years of work to support ABC Fund's investees, in 2022, the scope of the TAF was further expanded with the introduction of a "value chain TA" offering, which provides support to the farmer organisations that are suppliers of an investee. This type of TA aims to strengthen the value chain of an investee through a holistic approach. Cooperatives and farmer groups supplying the ABC Fund's investees Matale Hill Brothers, JKCC and ANI benefited from technical assistance in 2023. Seven coffee cooperatives supplying the Ugandan coffee processor JKCC as well as one cooperative and two farmer groups supplying another Ugandan coffee processor, Matale Hill Brothers, received support in building a sustainable coffee advisory model, increasing capacities on good governance and leadership, and establishing a robust record and financial management system. Another value TA project was delivered to the URCPA-AD and URCPA-OP members of FENAPAB supplying the cashew nut processor ANI in Benin. This value chain TA assignment included evaluating and improving the functioning of the current purchasing

mechanism, developing a business plan for cashew pre-collection and facilitating negotiations with DFIs and banks for the financing of the business plan, carrying out a training module on financial education to farmers.

In 2023, the TAF also conducted an evaluation of its programs with questionnaires deployed to beneficiary organisations. Overall, the evaluation revealed that the technical assistance has met the expectations of these organisations. Most of them believe that the TA received enhances the professional performance of their organizations. All agree that the consultant's time dedication was well-timed. The learning activities were deemed effective, and the TA materials provided were considered useful. Although the timing of the TA service delivery was good for most investees, two of them (25% of respondents) gave a lower score on this aspect. Some of the investees have explained what has changed to their organization after the TA. For instance, Unacrep has experienced strong improvement with their credit application and risk management, enabling more knowledge and ownership in these fields. EBO has a better understanding of the three-pillar model used during agricultural loan assessment. Finamiga managed to establish a new strategic pipeline within their software development department.

Pre-Investment

Prior to investing in any organisation, 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.



Measuring impact at end-beneficiary level: Key findings from the Anatrans impact study

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, its impact in terms of job creation and key agricultural outputs, as well as data such as the payments and premiums received by the farmers. To go one step further, the Fund conducts in-depth impact studies on a sample of investments to measure more deeply the changes occurred in the lives of the farmers.

With funding from the ABC Fund's TA Facility, a deep-dive impact study was conducted in 2023 on Anatrans, a cashew nut processor based in Burkina Faso, to collect impact information at the level of the final beneficiaries. The insights are based on phone interviews with 274 farmers, conducted by the researchers of the organisation 60 Decibels which was in charge of the deployment of a series of impact studies for the ABC Fund. Of the 274 customers interviewed, 9% were female. The study revealed that Anatrans is positively impacting its farmers' quality of life with about 88% farmers saying that their quality of life has improved and 45% saying it has 'very much improved'. These farmers talk about improved ability to afford education for their children (34%), better housing and living conditions (31%), as well as better transportation (22%). Anatrans is also positively impacting farmers' agricultural practices, with 76% farmers saying that their way of farming has 'very much improved'. This impact is attributed to a reduced use of chemical fertilizers (39%), an increased use of natural fertilizers (30%) as well as the training received from Anatrans (23%).

The impact study also revealed that farmers' production levels and earnings are increasing because of Anatrans. Almost all farmers (95%) report increases in production with two thirds of them using the same amount of land,

suggesting their new farming methods are improving their yields. Similarly, a very high proportion of farmers (90%) report an increase in money earned from cashew nut farming. This increase is mostly attributed to increase in volume sold (81%). Farmers are mostly using the additional income to cover education costs, medical expenses and food expenses. Of those who used it for business activities, over half bought supplies and materials. Among the farmers who used the increase in money to cover food expenses, 88% report increased quantity of meals in the household and 90% report increased quality of meals.

However, Anatrans' farmers need support in boosting their resilience to climate shocks. About 43% farmers experienced climate shocks in their communities in the last two years. Pest or farm disease was the top shock reported (31%), followed by flooding (11%) and drought (10%). Among households affected by the shocks, only 21% have recovered and 79% are still recovering. About 17% farmers report that they were unaffected by the climate shocks which affected their community. Of these, 55% say Anatrans helped their resilience to this shock. The study also helped identify areas where farmers would like to see improvements from Anatrans, related to financial support, pricing, and more engagement with the company.



ABC Fund Theory of Change

Challenges, like under-investment in agriculture, rural poverty, climate change, price volatility of commodities, value chain disturbances, and food insecurity trigger ABC Fund's **Activities**, such as financing solutions and technical assistance tailored to the needs of smallholder farmers, agri-SMEs and financial intermediaries active in the agricultural sector. **Outputs**, such as funding and technical assistance deployed in agri-value chains result in **Outcomes** like increased access to finance, improved agricultural productivity, increased rural employment and economic opportunities, especially for women and young people. Over the long term, **Impacts** generated will include improved livelihoods of smallholder farmers, increased resilience to climate change, and increased food security.

2023 by the Numbers

5

new organizations received investments in 2023

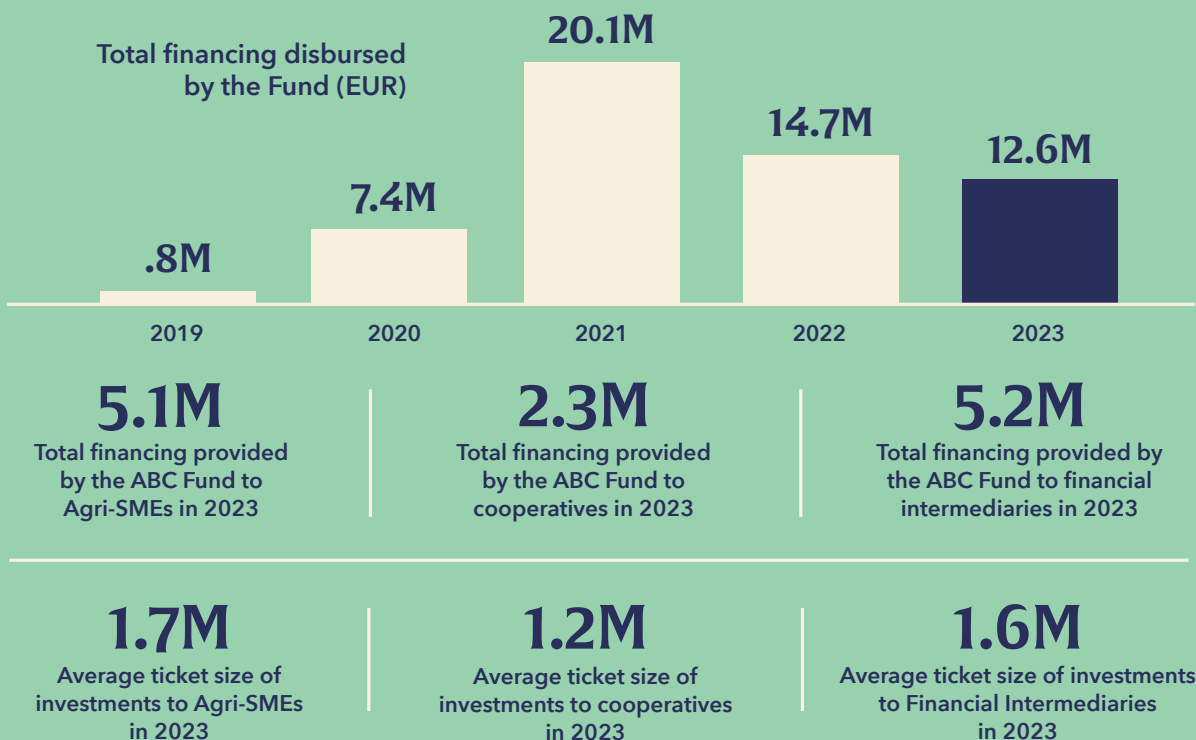
12

countries invested in since the Fund's inception

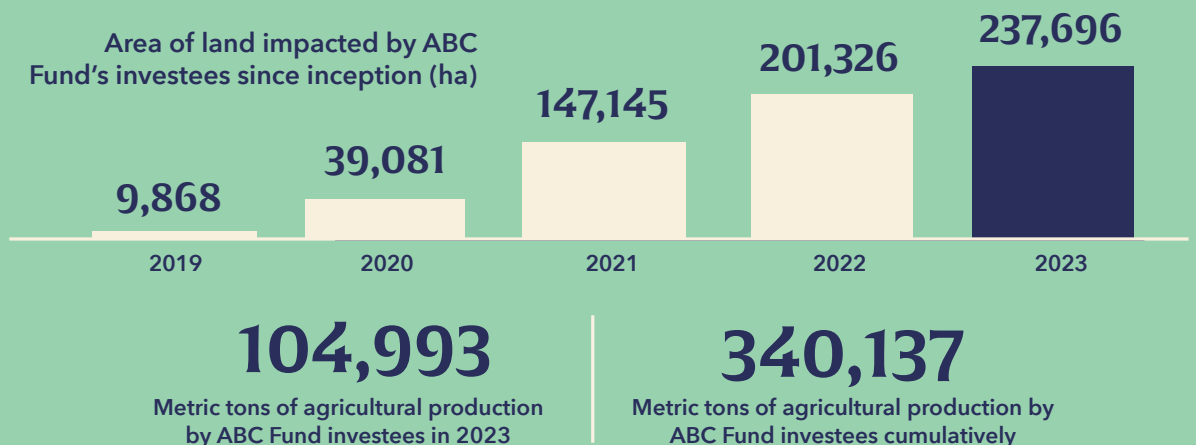
33

investees since the Fund's inception

Improving access to finance in the agricultural sector

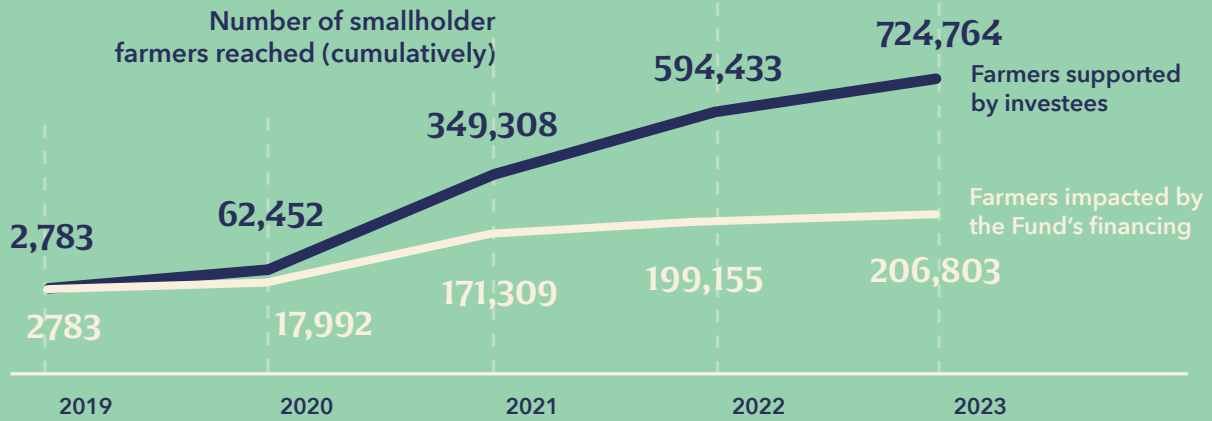


Contributing to business performance in agricultural value chains



2023 by the Numbers

Supporting the livelihoods of smallholder farmers



724,764
Smallholder farmers supported by ABC Fund's investees cumulatively

206,803
Smallholder farmers directly supported by the financing provided by the ABC Fund cumulatively

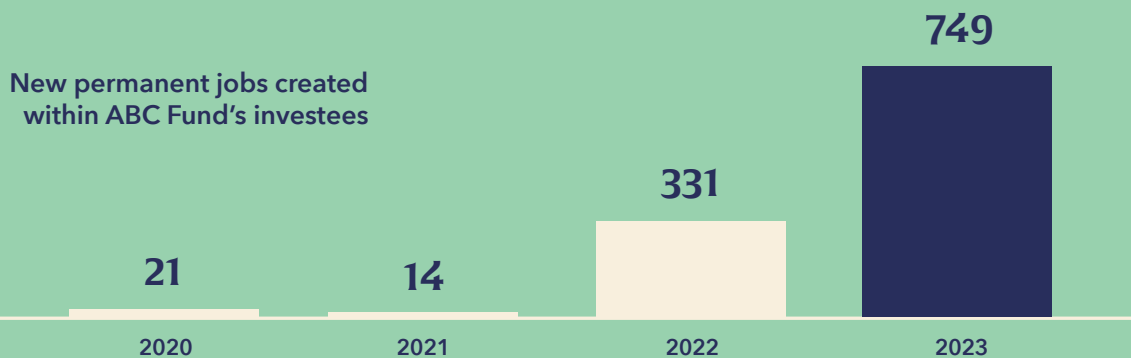
61%
of smallholder farmers supported by ABC Fund investees are women

37%
of smallholder farmers supported by ABC Fund investees are youth (15-35)

EUR 37.4M
Value of payments made to smallholder farmers by ABC Fund-financed cooperatives and SMEs in 2023

EUR 1.9M
Value of premiums paid by ABC Fund-financed cooperatives and SMEs to smallholder farmers over market price in 2023

Sustaining and creating rural employment



4,253
Permanent employees within ABC Fund investees in 2023

1,764
Permanent women employees within ABC Fund investees in 2023

2,715
Permanent employees who are youth (15-35) within ABC Fund investees in 2023

312
New temporary jobs created within investees during the year in 2023



Investment Stories

ABC fund at work

To help improve the livelihoods of smallholder farmers and support rural jobs, the ABC Fund invests in farmer organisations, agri-SMEs and financial intermediaries active in the agriculture sector. Over five years, the Fund has provided financing to thirty-three organisations in various value chains, primarily in sub-Saharan Africa. These

investments, coupled with technical assistance support, have contributed to strengthen the financial and operational capacities of these organizations that serve smallholder farmers by providing them with market opportunities, inputs, technical support as well as financing solutions.



Farmer Cooperative: Ecakoog

Unlocking access to international markets to increase economic opportunities for cocoa farmers

With a production of 1.8 million metric tons in 2023, Ivory Coast is the world's largest cocoa producer. The cocoa industry is a critical component of the country's economy, constituting around 40% of the country's export earnings. However, despite the region's optimal tropical climate, several factors such as limited access to financing and modern inputs hinder the growth of national cocoa production. Helping cocoa farmer groups obtain the financing they need to finance their cocoa production and supporting them in accessing export markets is thus essential to support the country's economy.

Cooperatives play a key role in building sustainable cocoa value chains in Ivory Coast and helping smallholder farmers transition from an informal to an organized production system. They source raw cocoa from their members, process it, store it, and sell it to local and international buyers. Additionally, they provide support to their members on agricultural practices and enable them to obtain sustainability certifications which command a price premium. These premiums improve farmers' livelihoods

and help fund community projects like schools, water pumps, and building renovations. However, many cooperatives struggle to access the working capital needed to finance their cocoa harvest. Local banks typically only disburse loans to cooperatives after the cocoa beans have been delivered to the warehouse at the port, leaving a financing gap for the cost of collection, purchase, storage, and transport from villages to the warehouse.

Ecakoog is an Ivorian cocoa cooperative incorporated in 2012, which now counts 8,233 members. The cooperative is Fair Trade certified and 1,763 of its cocoa producers are Rainforest Alliance certified, in addition to 105 of them being Bio certified. Ecakoog provides valuable services to its farmers including technical assistance in good agricultural practices and responsible social and environmental practices. Ecakoog has been selling cocoa locally until 2021 when it ventured into the international market.

A pre-investment Technical Assistance was provided by the ABC Fund in 2023 to help the cooperative secure export sales contracts. The Technical Assistance

38%

of the world's cocoa is supplied by Ivory Coast

40%

of Ivorian export income comes from cocoa production

8,223

farmers are members of Ecaakoog

22,134

hectares of harvested area by Ecaakoog

6,000

Metric tons of cocoa beans sold by Ecaakoog during the 2022/2023 season

25%

of Ecaakoog's member farmers are young

consisted in evaluating the potential of the cocoa produced by the cooperative on the market, strengthening the capacity of management and staff in charge of sales and developing marketing activities in order to build a commercial strategy including market analysis, stakeholders mapping, product specifications, and marketing presentations. Additionally, the technical support helped connect Ecaakoog to potential buyers through direct contacts. As a result, Ecaakoog has secured a contract of 500MT (EUR1.2M) with AFRICAO, an international Swiss trading company.

The ABC Fund provided a EUR 800,000 working capital facility in 2023 to help the cooperative execute this contract. Indeed, at the start of the cocoa harvest season, cooperatives typically need working capital to pre-finance their annual harvest and provide smallholder farmers with an advance payment for their produce. Without this advance payment, farmers often prefer to sell their cocoa at lower prices to local traders and intermediaries who will enable them to receive immediate cash needed to cover household expenses. By doing so, they do not receive the price premiums associated with certifications and are left vulnerable to potentially unfair middlemen's practices. Thus, pre-financing solutions are essential to support the livelihoods of smallholder farmers and to help cooperatives secure cocoa and

fulfill their commitments to international buyers. With funding from the ABC Fund's TA facility, an impact study was implemented on Ecaakoog by the impact measurement firm 60 Decibels which conducted 250 farmers' interviews. The study highlighted the importance of the cooperative for farmers and the lack of comparable alternatives. Notably, 75% of farmers reported enhancements in their ways of farming thanks to Ecaakoog's training on optimized agricultural practices. Producers benefiting from prepayments (19% of the study's sample) also reported considerable improvements in their life standards - most pre-payment funds being used to pay for education fees, medical expenses and food.

Following the completion of the AFRICAO transaction, Ecaakoog hopes to continue improving its sales and marketing capabilities to secure new export contracts. Such growth will enable the cooperative to increase its impact on farmers and to expand the number of members. Today, exporting cocoa enables the cooperative to collect price premiums from its certifications and to handle the export process itself, together resulting in a profit improvement of at least twelve eurocent/kg. This profit increase also translates into a greater income distributed to smallholder farmers, thus contributing to improving their living standards.



Agribusiness: JKCC

Supporting coffee farmers in Uganda

Uganda is one of the world's major Robusta coffee producer and exporter. With an annual contribution of 20 to 30% of the country's GDP every year, the crop is of significant importance for its economy. Over 1.8 million Ugandan households grow coffee and the country ambitions to considerably expand its production and exports in the coming years. However, coffee processors face several challenges such as pests, diseases, and frequent droughts as well as lack of access to capital and optimized farming techniques. Rural SMEs in Uganda often face obstacles such as lengthy credit request processes and unfavorable terms when trying to access new financing.

JKCC is a Fairtrade certified coffee exporter registered and licensed by the Uganda Coffee Development Agency (UCDA). The company sources high-quality coffee beans from 3,720 smallholder coffee farmers, located across 16 districts in Uganda and organized as an association called the Consortium of Central and Western Farmers Association (COCEWEFA). These farmers sell Fair Average Quality (FAQ) coffee - partially processed coffee beans - to JKCC instead of dried coffee cherries, which enables them to reduce their exposure to price volatility and increases their income by approximately 45% compared to selling

dried coffee cherries. This direct sourcing arrangement cuts out often exploitative "middlemen" and gives farmers the opportunity to benefit from the value addition of primary processing. Farmers are responsible for drying coffee cherries after harvesting using local coffee mills which are equipped with coffee hulling machines. These milling centers serve as collection centers for JKCC. The price of FAQ is determined based on the quality of the coffee and the expected outturn and farmers are usually paid in full for their FAQ coffee within 1 or 2 days of receiving the coffee. In some instances, farmers receive an advance of up to 50% of the value of the expected FAQ after confirmation of delivery of the dried coffee cherries to the hulling centers.

Secondary processing, also known as export grading, then transforms clean coffee (FAQ) into the various coffee grades that meets international standards. JKCC currently outsources this function to large coffee processing mills. Once the coffee is graded, it is bagged based on customer specifications and delivered to JKCC's clients. Coffee waste products such as husks and stones are also usually sold locally by JKCC for a small additional income. Husks are used for farming purposes as manure while the stones are typically used for construction purposes.

58%

of the coffee field work is done by women in Uganda

39%

of female farmers within the JKCC network

3,724

farmers within the JKCC network

35

permanent employees at JKCC

\$562,600

premiums over market price paid to smallholder farmers

7,000

Metric tons of coffee produced in 2023

JKCC has been undergoing rapid sales growth since the obtention of its exporter license in 2020. To support the growth of the company, in late 2023, the ABC Fund provided a EUR 800,000 working capital facility to support the development of JKCC. The investment will enable the company to purchase and trade more volumes of coffee, thereby driving economic activity in rural areas in Central and Western Uganda. The funds will also be used to provide prepayments, which offer farmers more financial flexibility for both their business and personal expenses (material and inputs purchasing, housing, academic fees...).

Together with ABC's financing, JCKK has been supported with two Technical Assistance programs. The first one was aimed at helping seven cooperatives supplying JKCC with their governance and financial management systems. The second Technical Assistance project was directed towards JCKK itself. Several objectives have been defined and specific measures have helped JCKK sustain its growth by better structuring its operations, formalizing its collaboration with COCEWEFA and engaging in international coffee markets. Notably, the Technical Assistance assisted the company in its implementation of Enterprise Resource Planning (ERP) and Outgrower Management systems, with specific employee training sessions. These administrative enhancements

should enable JKCC to better track and map its farmers, thus allowing the company to identify production patterns and monitor premium distributions. As a result, the JCKK team should be able to make better informed decisions and optimize its production. The Technical Assistance also helped JCKK in its process to obtain the Fairtrade certification.

In addition to coffee trading, JKCC began distributing its own roasted coffee brand under the name JK Roasters in 2017. JKCC does not own its own coffee roasting equipment: the roasting and grinding of coffee is outsourced, then JKCC is responsible for packaging and labelling as well as marketing and distribution. The grind roast coffee is offered in different sizes of jars at competitive prices on the local market. This business accounts for less than 1% of the company's operations, however, in the medium-to-long term, JKCC foresees a growth in the local market demand for coffee backed by a growing middle-income class.

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Agribusiness: Groupe Diakhate

Nutritional feed supporting Mali's poultry sector

Mali is a vast Sahelian country with a low-income economy that is exposed to fluctuations in commodity prices. According to the World Bank, extreme poverty reached 19% of the population in 2022 and is set to increase further as a result of soaring consumer prices and weak economic growth. The country's 90% poverty rate is concentrated in the densely populated rural areas of the south. In Mali, two-thirds of the country is comprised of desert or semi-desert land with long periods of drought every year. Worsening droughts are making it increasingly difficult for the population to cope with and recover from food shortages and it is estimated that 3.6 million people are food insecure. The country's poultry sector in Mali has significant potential to help address food insecurity, as between 40% and 80% of the population raises poultry. However, many farmers lack reliable access to input such as chicks and feed, and face high costs for veterinary services, leading to low output levels.

Groupe Diakhate is a poultry feed manufacturer based in Mali. Founded in 2014, the company sources and

transforms raw materials locally to produce highly nutritional feed that has historically supported higher egg-laying rates than traditional feeds (88 to 92% compared to 70 to 75%). The company offers a win-win partnership to cooperatives from whom it sources the raw materials and 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. These veterinarians also offer a 3-week training program fully financed by Group Diakhate to farmers who plan to launch a poultry farming activity.

In 2022, the ABC Fund provided a EUR 450,000 loan to Groupe Diakhate to purchase feed raw materials such as cotton seeds, soybean meal, and maize and to acquire new modern and efficient equipment, including two processing machines and a solar electricity generating system to sustainably power

80%

Percentage of employment generated by the agriculture sector in Mali

35%

Percentage of GDP generated by the agriculture sector in Mali

70-75%

Egg-laying rates supported by traditionally-made feed

88-92%

Egg-laying rates supported by Groupe Diakhate's feed

281

Number of farmers supplying Groupe Diakhate

72%

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

65%

Percentage of women farmers supplying Groupe Diakhate

€450,000

Value of ABC Fund's loan

the process. The investment was intended to enable Groupe Diakhate to strengthen its relationships with farmers and become more involved in the production process with a program of assistance to supply both fertilizers and seeds to smallholder farmers as well as mechanization services to improve their productivity. As of December 2023, the company is working with 29 cooperatives representing 281 farmers.

Groupe Diakhate will also receive tailored Technical Assistance to support its growth and development. This includes creating financial and administrative procedures and manuals, rolling out staff training in these areas, selecting and implementing accounting software linked to an in-house ERP system, and developing formal job descriptions, complaint procedures, and recruitment processes.



Agribusiness: Wish Kenya

Strengthening the macadamia value chain in Kenya

Agriculture provides livelihood to over 20 million people in Kenya. However, climate change introduces unpredictability to the yields of many of the country's top crops (tea, coffee, sugar cane, maize), posing a major threat to millions of farmers living in poverty. As a drought-resilient and high-value export crop, macadamia has the potential to significantly boost Kenya's agricultural exports, enhance the livelihoods of farmers, and improve the country's economic resilience to climate shocks.

Recognizing this opportunity, the ABC fund selected Wish Kenya limited (WKL) for investment in 2023. The company specializes in the processing, marketing and distribution of macadamia nuts and its by-products globally and on the local market. WKL began its operations in 2011 as a macadamia nuts trader, initially purchasing and manually processing macadamia nuts for local macadamia nuts processors and exporters. Over the years, the company expanded and evolved into a semi-automated macadamia processor,

allowing it to provide export-quality macadamia nuts to its clientele. In 2021, WKL transitioned from processing macadamia nuts for exporters to actively participating in the export of macadamia nuts. The company now processes and packages its macadamia kernels in labeled cartons for the export market. Additionally, WKL processes the by-products of the macadamia nuts into macadamia oil and cookies and sells them in the local market to supermarkets and shops. The company's by-products after processing macadamia oil is sold to animal feeds processors in the area. This approach maximizes by-product utilization, leading to improved margins. WKL's macadamia sourcing network involves 13 agents strategically placed across macadamia growing zones and registered with the Agriculture and Food Authority (AFA). Collectively, these agents collaborate with over 600 smallholder farmers. Due to its value addition activities, including processing of macadamia waste into multiple by-products, WKL can offer competitive prices to its farmers.

13.5%

of the world's total macadamia nuts production came from Kenya in 2023

88%

of female workers at Wish Kenya

600

farmers in Wish Kenya's network

200,000

farmers supplement their livelihoods by cultivating macadamia nuts in Kenya

USD 789,898

in payments made to smallholder farmers

911

metric tons of macadamia nuts processed during the 2022/23 season

Anticipating higher demand and based on prospective orders, WKL aims to increase its sourcing of macadamia nuts in the 2023/2024 season. To achieve its sales growth ambitions, WKL would need to procure 1,500MT of macadamia nuts from its network of agents. Since payments to agents and farmers are made immediately or within two weeks after the delivery of the nuts, Wish Kenya needs financing for this purchase. Therefore, in November 2023, the ABC fund provided a USD 500,000 working capital facility to the company. Based on the additional volumes to be sourced, WCL's farmers network will be increased by 200 additional farmers. The investment will thus contribute to strengthening the macadamia value chain in the regions where WCL operates (Central, Eastern and Rift parts of the country), as well as sustaining jobs for youth and women working in the factory.

Besides financial support, in 2023 the ABC Fund's Technical Assistance Facility delivered Technical Assistance addressing several key areas. This included support in the constitution of

an independent board, establishment of a clear business strategy (expansion plans, new products, future financing needs), development of a comprehensive succession plan, and digitalization of operations. Indeed, digitalizing activities such as stock-taking, record keeping and inventory management through the implementation of an integrated ERP system will significantly improve efficiency, thus helping WKL to reduce its costs.

Sources

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Agribusiness: ROCFED

Supportive partnership with a fresh fruits' exporter in Ivory Coast

The agriculture sector is a cornerstone of the Ivory Coast economy, employing about two-thirds of the population and contributing to 25% of its GDP. The country is a leading global producer of cocoa and coffee, which are its main export commodities, but its agricultural production also includes tropical fruits like mango, banana and pineapple. Mango is cultivated in the Northern part of the country. In this area, farmers often lack adequate storage and transport infrastructure, often resulting in important post-harvest losses. Limited access to financing also prevents fruit producers to purchase inputs and improve farming techniques.

To address this challenge, the ABC Fund financially supports ROCFED, a fresh mango exporter based in the Northern region of Côte D'Ivoire. The company sources fresh mangos directly from smallholder farmers or through

aggregators and exports them to European markets. It provides advance payments to its mango suppliers to cover collection and transport costs. The amount paid to farmers is fixed, limiting the producers' exposition to price fluctuations. In addition to purchasing mangos, ROCFED distributes phytosanitary products and provides free trainings to smallholder farmers on best harvesting techniques to ensure trees remain healthy throughout the year and maintain productivity. ROCFED is certified by GLOBAL GAP, GRASP, and Rainforest Alliance.

To help the company achieve its growth prospects, the ABC Fund has provided a working capital facility in 2021. The loan helped ROCFED purchase larger volumes of mangos, at a higher price than the market price, providing a stable revenue for the producers and their families across the region.

110

smallholders farmers directly
supplying ROCFED

1,265

metric tons of mangoes
exported in 2023

80%

of ROCFED's
workers are women

60%

of Ivorian export revenue comes
from agriculture exports

100%

of ROCFED's supplier farmers are
under a sustainability certification

Between 2020 and 2021, the quantity of mangoes purchased increased from 748MT to 1,145MT. However, the low-price levels that resulted from Covid-19 disturbances in 2021 posed major issues to the company's operations. The ABC Fund accompanied ROCFED to overcome this difficult situation and secure additional working capital funding from local financial institutions. In particular, the acquisition of an auto-financed cold room enabled the company to better manage quality risk. A sales volume of about 1,200 MT of mangoes was achieved in 2022 and 1,265MT in 2023. As of December 2023, the company employs 200 seasonal workers, of whom 80% are women and 85% are young people.

A post-investment Technical Assistance program has also been planned. It will mainly focus on the establishment and roll-out of an Integrated ERP System, and the improvement of financial capacities and governance. In addition, a value chain TA program was implemented by the ABC Fund's TA facility, providing farmers with technical trainings on orchard management (pruning, fertilizing), as well as training on contract management with ROCFED.



Financial Intermediary: Premier Credit Kenya

Improving skills and financial inclusion of dairy farmers in Kenya

Although being the continent's strongest region in terms of economic growth, several challenges such as conflicts and severe drought are threatening food security in East Africa. Agriculture is the backbone of the Kenyan economy, contributing to one-third of the country's GDP and over 50% through connections with other sectors. The sector employs over 40% of the Kenyan population and provides livelihood to over 70% of the rural population. Despite the strong contribution of the agricultural sector to the country's economy, over 35% of the Kenyan population is food-insecure. Enhancing the production performance and supporting smallholder farmers and SMEs involved in local food value chains is crucial to improve food security in the country. However, the funding needed to support rural agricultural ecosystems is not always available from local credit institutions or commercial banks.

To address this unmet demand, Premier Credit Kenya began operating in 2014 as a credit only institution providing credit to individuals and SMEs, with an average loan size around USD 500. Premier Credit now has 97 branches, most of them located in rural areas (76) where a majority of households derive

their income from agricultural activities. The company has actively sought to address gender inequality by having 52% of its rural borrowers and 66% of its employees as women. The microfinance institution's unique offer also lies in its ability to process demands and disburse capital faster than any other credit institution in the country.

In 2021, in order to support the growth of Premier Credit's agricultural portfolio, the ABC Fund extended a term-loan facility of EUR 2.0M to Premier Credit. At the time when the ABC Fund assessed the opportunity to support Premier Credit Kenya, the Company had deployed loans suitable for farmers, such as group loans and biogas loans to finance bio-digesters, however these did not compose a significant proportion of the company's loan portfolio. Premier Credit Kenya's agriculture loan clients were mainly served through the SME loan products and Personal loan products. The company saw the ABC Fund as a critical partner in strengthening and scaling their agriculture lending strategy by improving internal capacity to service various agriculture value chains and efficiently assess agriculture credit

70%

Kenyans living in rural areas depend on agriculture for their livelihood

97 Branches

across Nairobi, Central, and Western Kenya. Most of the branches are located in areas where a majority of households derive their income from agricultural activities

1,200

rural employees, of whom 66% are women and 94% are young

KES 72,644

(USD 563)
average loan size

51,584

rural borrowers served with Premier Credit's products

52%

of rural borrowers are women

30%

of rural borrowers are young

31%

of borrowers involved in food crops

risk. The first amount of EUR 1.0M was disbursed to Premier Credit in December 2021. A subsequent investment of EUR 1.0M was made following the institution's demonstrated ability to work with smallholder farmers and agriculture-focused SMEs (mainly for working capital loans). Indeed, from the beginning of 2022 to the end of 2023, the agri-portfolio grew from USD 5.3M to USD 7.7M.

In addition to the capital provided by the ABC Fund, the company received funding for a technical assistance project to support dairy farmers benefitting from Premier Credit's Maziwa loan product (Maziwa means milk in Kiswahili). Dairy milk yields in Kenya remain well below global average and high price volatility often results in thin margins for smallholders farmers. Through its Maziwa loan product, the company provides financing to dairy farmers as well as technical support. The Maziwa loan product allows dairy farmers to access loans with a tenure of 1-12 months and amounts ranging from EUR 12.00 up to EUR 2,500. The loans are approved within 24-48 hours. Premier Credit also gives farmers the

option to take up insurance on their livestock. To deepen the impact of this loan product, Premier Credit was seeking to provide further technical assistance to its Maziwa clients. To this end, Premier Credit Kenya received funding from the Smallholder Safety Net Upscaling Programme (SSNUP), an initiative supported and funded by the governments of Luxembourg, Switzerland, and Liechtenstein. The objective of this technical assistance is to help farmers improve their agricultural practices, skills related to animal husbandry, enterprise development and financial literacy, as well as constructing 15 silage training sites. The project started in 2023 and will be finalized mid-2024.

Sources

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Financial Intermediary: PEBCo Bethesda

Improving access to finance for smallholder farmers and agri-SMEs in Benin opportunities for cocoa farmers

With over 80% of the Beninese population dependent on the agriculture sector and SMEs accounting for nearly 98% of all businesses, enabling agri-SMEs in Benin to access sufficient financing is key to the country's food security and sustainable economic growth. The current financing gap prevents smallholder farmers, numbering approximately 550,000 in 2023, from improving their resilience to climate change. Indeed, limited access to credit constrains the ability of agricultural SMEs to invest in modern equipment, improve productivity, and expand operations. In line with the ABC Fund's mission to address the funding gap faced by SMEs in the agricultural sector, the Fund supports the microfinance institutions PEBCo Bethesda in Benin.

PEBCo Bethesda is an association constituted by the NGO Bethesda and 23 registered Christian churches, initially created as a solidarity group lending mainly to women. With 60

urban and rural branches spread over all 12 departments of Benin, it is now one of the country's largest, most stable and profitable decentralized financial entity (SFD) in the country. Providing a range of short and long-term productive and social loans to its clients, the institution has grown its gross loan portfolio to EUR 37M in 2023, 55% of which is in agriculture. In addition to targeting rural populations and women (respectively 50% and 61% of active borrowers), PEBCo Bethesda also charges one of the most affordable interest rates - 5% below its national counterparts on average.

Since 2019, PEBCo has tried to increase its exposure to loans in diversified essential agricultural products (cotton, soya, rice, maize), some of them contributing to reinforcing food security of the Beninese population's. PEBCo has steadily increased the volume and size of agribusiness loans offered to individuals, groups and cooperatives. Since 90% of loans awarded are short-

27%

of Benin's GDP is generated by the agriculture sector in 2023

60 Branches

branches around the country

80%

of Benin's population relies on agriculture for their livelihood

50%

of PEBCo's loans are allocated to the agricultural sector

42,108

borrowers as of December 2023

69%

of borrowers are smallholder farmers

70%

of farmer borrowers are women

5%

lower interest rate charged compared to other SFDs in the country

term facilities, there is constant pressure on working capital management. To enhance PEBCo's cashflow flexibility, the ABC Fund provided an XOF 1.35bn (approximately EUR 2.05M) loan. This facility has enabled the institution to meet the growing credit demand, increasing its number of agricultural loans disbursed from 7,272 in early 2022 to 16,685 by the end of 2023. Women represent 70% of rural borrowers.

As part of the ABC Fund loan, PEBCo has also received technical and advisory support through the Technical Assistance Facility (TAF). Delivered by TAF partner Rabo Partnership, this assistance was aimed at helping PEBCo enhance its agricultural credit appraisal process. Credit officers were provided with training, especially for larger loans and integrating social and environmental risks in the credit analysis. The objective was to improve PEBCo's risk management and portfolio quality while supporting the growth of the agri-portfolio.

Contacts

Bamboo Capital Partners

Luxembourg

5, Place de la Gare,
L-1616 Luxembourg, Luxembourg
+352 27 87 52 22 80 / 81

Africa

Workable Nairobi, Suite 25
Sanlam Tower, Waiyaki Way,
Nairobi, Kenya
+254 20 2000695

Latin America

Carrera 7 # 6 7-28 Oficina 401,
Bogotá, Colombia
+57 (1) 3225720

Injaro Investments

Côte d'Ivoire

Mezzanine Immeuble Atta II,
Blvd Lagunaire,
Abidjan, Côte d'Ivoire

Ghana

#26 Premier Place II,
22 Senchi Street,
Airport Residential Area,
Accra, Ghana

For more information,
please visit our website at
www.agri-business-capital.com

