

# Breaking new ground

Improving the lives of  
smallholder farmers in  
a challenging year

**IMPACT REPORT 2020**





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# Summary

The year 2020 has seen the deployment of the first series of investments of the Agri-Business Capital (ABC) Fund, a blended finance impact fund launched in 2019 with the goal of helping to tackle rural poverty in developing countries by supporting the transformation of rural areas into thriving, sustainable and inclusive ecosystems, generating economic opportunities for smallholder farmers, especially women and young people. During 2020, the ABC Fund invested in eight organizations that all play a significant role in supporting smallholder farmers. The Fund supported three farmer cooperatives in Côte d'Ivoire, three agri-SMEs in Burkina Faso and Ghana, as well as two financial intermediaries in Kenya and Ecuador.

The support provided to the cocoa cooperatives enabled them, and their members, to secure their access to markets and revenue. With the ABC Fund's financing, the three cooperatives were able to meet their commitments and continue sourcing and selling the production of their farmers. They provided pre-financing to their members for the harvest and enabled them to qualify for certifications that generate a price premium, helping improve their livelihoods while also supporting community projects. Cooperatives play a key role in offering market access and revenues to smallholder farmers who are otherwise at the mercy of local traders buying their production for a much lower price.

The Fund also supported agri-SMEs with a focus on value chains that have the potential to transform the livelihoods of smallholder farmers. The projects supported included a raw cashew nut processor that collects Fairtrade and organic cashew nuts from farmer groups and operates a production facility located in Burkina Faso, which provides employment to over 2,000 people, most of whom are women. The second investee produces and processes tubers and vegetables in Ghana and recently developed the production of a high yielding variety of sweet potato which, together with good agronomic practices, increased the overall yield of its producers. The third one, also based in Ghana, processes raw soya beans into products adapted to the nutritional needs of farmed animals, which it sells to local feed millers, poultry farmers, tilapia feed producers and input suppliers.

The ABC Fund also enabled microfinance institutions active in the agriculture sector to boost their lending to smallholder farmers, despite the challenges posed by the pandemic. The Fund provided a revolving credit facility to a provider of short-term trade finance solutions for SMEs in Kenya and Uganda primarily operating in the agriculture sector. Beyond its primary geographies, the Fund also financed a microfinance institution offering financial services to smallholder farmers in Ecuador, one of the countries hardest hit by Covid-19 in Latin America.

Technical assistance complemented the financing provided to these organizations, to help them strengthen their processes, build resilience and scale their impact. The technical assistance provided support in areas including business planning, strategy, accounting, human resources, and risk monitoring. Beyond post-investment support, some pre-investment technical assistance activities were undertaken, benefitting two agribusinesses.

During this challenging year, the Fund played a counter-cyclical role by providing much needed capital to underserved smallholder farmers, cooperatives and SMEs, either directly or through financial intermediaries, as well as technical support. By doing so, the Fund helped them overcome the challenges caused by the crisis, while enabling them to strengthen their business and improve their resilience to future shocks.





**3 farmer cooperatives,  
3 agri-SMEs and 2  
financial intermediaries  
financed, representing  
62,452 farmers and  
2,352 employees**

**644 new jobs created  
within investees  
during 2020**

**Post-investment  
Technical Assistance  
delivered to 6  
investees**

**Pre-investment  
Technical Assistance  
delivered to 2  
agribusinesses**





# Foreword

The driving force behind the ABC Fund is to help reduce rural poverty among smallholder farmers and build inclusive food systems, providing economic opportunities to women and young people and increasing resilience to climate change. Breaking new ground, the concept was to bring together both partners and capital in a way which has never been done before, through an innovative fund structure, de-risking strategy and ecosystem approach, injecting both financing and technical expertise into some of the most underserved segments of value chains.

No one could have predicted the first activities of this fund would occur in the storm caused by the Covid-19 pandemic. During 2020 we focused on supporting tangible, pragmatic interventions to deliver impact primarily in Africa and other countries like Ecuador – a country which has been hit hard by the pandemic. Despite the challenging context we faced this year, the fund has been able to deliver investments to eight impactful organizations, undertake technical assistance, operate remotely and on site, where possible. We have innovated and we have adapted. The ABC Fund injected capital at a much-needed time to key players of agricultural value chains. At this crucial point in time, we are proud to have been able to continue meeting and progressing our mission of helping to reduce poverty by securing markets and revenues for smallholder farmers, while improving resilience.

We have also been laying foundations for the future, and we are confident that the ABC Fund will continue to deliver meaningful impact in the years to come. As we continue and accelerate our work to deliver on our objective to support sustainable and inclusive agribusiness value chains, and ultimately improve the lives of smallholder farmers, I would like to thank our partners, Board members and investors, whose relentless support, encouragement and financial backing is critical to our work. We remain resilient and resolute in our ability to make significant strides in the last mile.

**Emanuele Santi**

Fund Manager for the ABC Fund  
Bamboo Capital Partners





# About the ABC Fund

The ABC Fund is a blended finance impact fund which invests in underserved segments of agribusiness value chains in developing countries, with the ultimate goal to tackle rural poverty and support sustainable and inclusive agricultural ecosystems.

In many developing countries, small scale farms and small-to-medium sized enterprises (SMEs) are the backbone of the economy and the main producers of food. Their contribution is key to enabling a sustainable and inclusive economic development, and providing employment opportunities to young people in their communities. They have a high potential for growth, driven by the increased demand for food products from a swelling world population. However, most of them lack the capital and the capacity needed to grow and reach that potential. The unmet demand for financing from smallholder farmers is estimated at US\$170 billion in sub-Saharan Africa, South and South-East Asia, and Latin America.

The ABC Fund has been designed to address the financing and capacity gaps facing smallholder farmers and rural SMEs. It offers a set of financial products, including loans and equity, specifically tailored to their needs. To reach them most effectively, these products are made available either directly to farmers' organisations and SMEs, or indirectly via financial intermediaries. To further catalyse positive impact in agribusiness value chains, the Fund combines its investments with technical assistance support to help strengthen the capacities of its target organizations.

The vision of the ABC Fund is to set up a global platform to support agricultural ecosystems across developing countries, primarily in Africa, the Caribbean and Pacific regions. The Fund was initiated by the International Fund for Agricultural Development (IFAD) in partnership with, and is currently funded by investments from, the European Union, the Organization of African, Caribbean and Pacific States (OACPS), the Luxembourg Government, the Alliance for a Green Revolution in Africa (AGRA) and IFAD. The IFAD investment was made possible thanks to the financial support from the Swiss Agency for Development and Cooperation (SDC). The ABC Fund is managed by Bamboo Capital Partners in partnership with Injaro as investment advisors and with technical assistance led by Agriterro.

Breaking new ground, the Fund is unique and innovative in its collaborative approach – delivered via an ecosystem of partners who share the same vision. While it is ambitious in its scope and its reach, the Fund was born of observations from the field and is therefore grounded in being very operational and outcomes driven.







#### **Thouraya Triki**

Chair of the Board, ABC Fund,  
Director of Sustainable Production,  
Markets and Institutions Division,  
IFAD

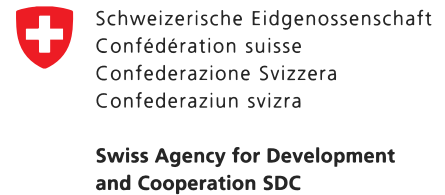
"The ABC Fund connects the dots which surround food security and poverty by addressing key barriers in agribusiness supply chains, combining financing with Technical Assistance. It channels capital where it is most needed through a blended finance structure able to de-risk the investment and attract patient capital. It builds upon the strengths of an ecosystem of partners who share our vision and ambition. During the year 2020, the ABC Fund has been able to provide a counter-cyclical response to the Covid-19 crisis, by bringing capital and expertise and targeting it where it was most needed, at a time it was most needed. In these challenging times, the ABC Fund has played a key role to deliver measurable impact and to make a long-lasting difference to the communities we serve."





### With support from:

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### Managed by:

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### Technical Assistance:

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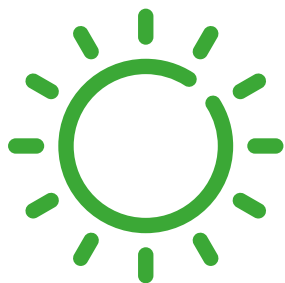
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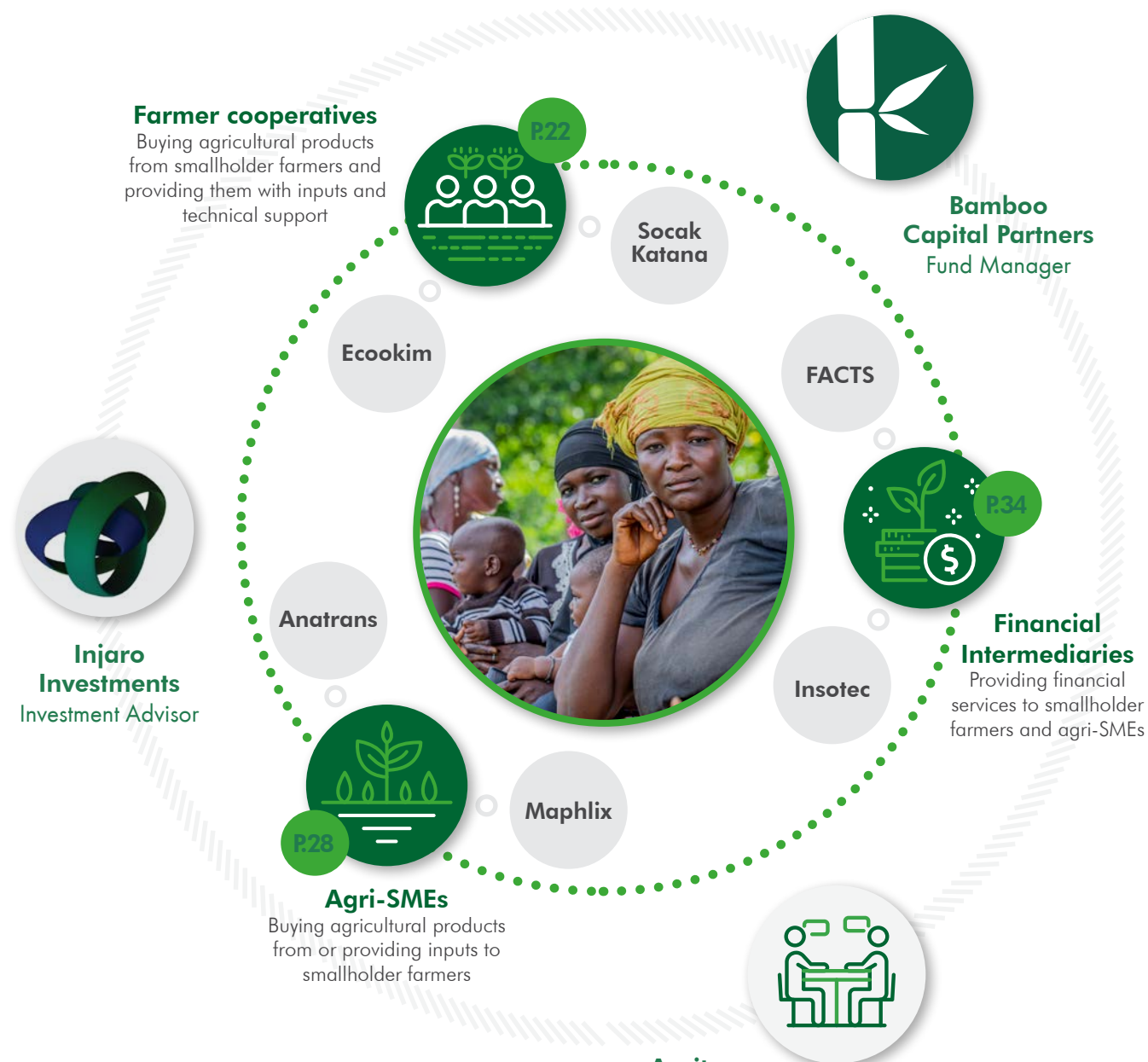
In partnership with:







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



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

**Agriterra and partners**  
Technical Assistance







**Jerry Parkes**  
CEO, Injaro Investments

"During the year 2020, the ABC Fund has supported eight organizations, with the objective to help preserve and increase farmers' earnings in challenging times. Improving earnings for rural farmers has an important multiplier effect as each

farmer typically supports several household members. We look forward to making more investments that demonstrate the power of impact capital to improve lives in rural agricultural communities."



## Impact thesis of the ABC Fund

### Addressing rural poverty through investments in smallholder farmers and agri-SMEs

Smallholder farmers and rural agribusinesses face significant challenges in most low and middle-income countries, ranging from competition for land and water to climate change and the economic shocks associated with Covid-19. Underinvestment in agriculture, coupled with rising and highly variable input prices, and the effects of climate change on biodiversity and ecosystems, have left them vulnerable and restrained their growth, limiting their capacity to help reduce rural poverty and build sustainable food systems.

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. In Africa alone, 10 to 12 million young people enter the labour market every year. But smallholder farmers and agri-SMEs often struggle to obtain the capital they need to grow, improve their productivity, strengthen their resilience to climate change and better benefit from participation in value chains.

The ABC Fund seeks to address the financing gap facing smallholder farmers and agri-SMEs in developing countries, while helping them strengthen their capacity, improve their productivity, secure their access to markets and sustain their incomes and livelihoods. By supporting smallholder farmers, the Fund aims to contribute to food security, help sustain and create rural jobs especially for women and young people, and drive progress towards the Sustainable Development Goals in the countries where it operates.

Empowering women and youth within rural communities is essential to fighting hunger and poverty and to achieving sustainability in agriculture. Across its investments, the ABC Fund pays particular attention to projects that promote employment for women and young people in rural areas, as well as access to productive financial resources.

The ABC Fund has identified four underlying themes having a strong potential for transforming agricultural value chains and improving smallholder farmers' livelihoods:



- Enhancing market participation and integration of agri-SMEs and smallholder farmers;



- Addressing bottlenecks in the value chain, such as fragmented market structures, low yields and labour productivity, lack of logistical and storage infrastructures;



- Creating value by expanding certification, traceability, local transformation and value addition for exports;



- Promoting climate-smart agricultural technologies and innovation that benefit smallholder farmers by helping them improve their environmental performance and adapt to the impacts of climate change.

## SUSTAINABLE DEVELOPMENT GOALS





**Jean-Philippe de Schrevel**

Founder and Managing Partner  
Bamboo Capital Partners

"The ABC Fund has delivered clear on-the-ground impact in the last 12 months. The Fund's investments and Technical Assistance activities positively impacted thousands of farmers, sustained

and created jobs and helped strengthen cooperatives and agri-SMEs. Access to finance for smallholder farmers in Africa and beyond is a serious and pressing issue, but the ABC Fund provides a tangible and credible solution. Carefully screening our investments based on their impact potential, and measuring the impact delivered year after year, is core to the ABC Fund's activities."



## Impact monitoring process

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



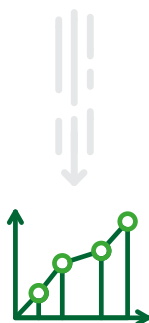
### Pre-Investment

Prior to investing in any organization, the ABC Fund investment teams ensure that the potential investment is aligned with the impact thesis of the Fund. During the due diligence phase, an independent Environmental, Social and Governance (ESG) risk assessment is conducted by the Technical Assistance Facility partners, and is submitted to the Investment Committee. The ABC Fund does not invest in projects with high ESG risk score. Further analyses on the expected impact of the investment are also provided. These analyses inform the investment decision.



### Investment

Upon approval of the investment, the ABC Fund defines with the investee organization the selected impact indicators to be monitored and reported on throughout the investment timeframe. Conditions are also included in the investment agreement related to the monitoring of ESG risks.



### Post-investment

During the timeframe of the investment, the impact of each investment is tracked through the impact reporting provided by the Fund's investees on an annual basis. In case significant ESG risks have been identified, the ABC Fund also monitors the progress reported by the investee in monitoring and mitigating those risks. Additional in-depth impact analyses may be carried out upon availability of resources.

The Fund's lens on women and youth is applied across the screening process, investment decisions, impact monitoring and Technical Assistance activities. The impact on women and young people is tracked along the lifetime of each investment.



**Marie Puaux**  
Head of Impact  
Management  
Bamboo Capital  
Partners

"The ABC Fund's impact management process is guided by a rigorous impact & ESG framework which has been designed together with our sponsors and Technical Assistance partners, and is inspired by industry best practices. Each investee must bring a significant contribution to the Fund's impact goals, but also provide confidence that potential ESG risks are properly mitigated. Prior to any investment, a thorough ESG due diligence is conducted on site by our technical assistance partners."

ABC Fund certified:



LUXFLAG  
Label



# Delivering impact in 2020

## Supporting the livelihoods of smallholder farmers



**3 farmer  
cooperatives**



**3 agri-SMEs**



**2 financial  
intermediaries**



**62,452**

**Smallholder farmers  
impacted by investee  
organizations**

**17%**  
**women farmers**

**15%**  
**young farmers**

**17,992**

**farmers directly  
impacted by the ABC  
Fund's financing**



**EUR 30.4 million**

**payments made to farmers by  
cooperatives and agri-SMEs**

**EUR 2.3 million**

**price premiums generated  
by sustainability certification**

## Sustaining and creating rural employment

**2,352 employees**

**within ABC Fund's investees**

- 1,830 women employees
- 503 young employees

**644 new jobs created**

**within investees during the year 2020**





## Strengthening business performance in agricultural value chains



**39,000 hectares**  
of agricultural area



**35,200 metric tons**  
of agricultural production



**EUR 3.1 million**  
of investments impacting  
food crops

## Improving access to finance in the agriculture sector

**EUR 7.4 million of financing**  
invested in 2020

- ✧ EUR 4.4 million to agri-SMEs and farmer organizations
- ✧ EUR 3 million to financial intermediaries providing financial services to small-holder farmers and agri-SMEs

**Ticket size of investments:**

- ✧ From EUR 200,000 to 800,000 for farmer organizations and agri-SMEs
- ✧ From EUR 1 to 4 million for financial intermediaries

**Average ticket size of ABC Fund's investments in 2020:**

- ✧ Farmer organizations: EUR 787,000
- ✧ Agri-SMEs: EUR 666,000
- ✧ Financial intermediaries: EUR 1.5 million



## Technical Assistance delivered in 2020

**2 agribusinesses received pre-investment Technical Assistance**

**3 agribusinesses, 2 farmer cooperatives and 1 financial intermediary received post-investment Technical Assistance**



# Stories from the field



## **Mrs. Carmen Piedad Cusquillo Pacalla, client of INSOTEC, Ecuador**

Mrs. Carmen Cusquillo Pacalla is a professional farmer living in the Chimborazo province of Ecuador. She is also the mother of two children. She has been growing peas, lupines and corn for eight years. She has been a client of INSOTEC since 2017 when she received her first loan for \$2,000 to finance the purchase of agricultural inputs. In February 2021, she was granted a new loan for \$7,500, which she used to purchase fertile land to expand her crop production near Riobamba. Mrs. Cusquillo is currently in her seventh credit cycle. Initially, she sold her products to customers in her area. Later on, she began to offer corn, peas and alfalfa seeds in the Riobamba wholesale market. Today, she has permanent clients from the city of Ambato in the Tungurahua province. Year after year, Mrs. Carmen managed to have a greater diversity in her crops. From only corn plantations, she extended her activities to the cultivation of legumes such as peas, lupine and alfalfa. According to the crop cycle of the cereals and legumes, she hires about six to eight people throughout the cycle, who help with the sowing, weeding and cultivation. With the revenues from her agricultural activities, she has the objective of providing housing for her children near the Polytechnic School of Riobamba, where they study.



## **Mrs. Lucila Maribel Tituaña Maiquiza, client of INSOTEC, Ecuador**

Mrs. Lucila Tituaña is 27 years old. She is married and has a seven-year-old daughter. She lives in Píllaro, in the Tungurahua province of Ecuador. She has been working in the agricultural sector for around eight years, focused on sowing potatoes, beans, corn, and raising pigs and dairy cattle. She sells her products locally to customers in the areas adjacent to where she lives. She was granted a loan for \$5,600 which she used to grow her activities, plant corn and purchase dairy cattle. She also increased her cultivation of hay used to feed her cattle as well as for local sale. Having started out by planting crops on land rented from relatives, she now owns her own land for her agricultural activities. She has increased the number of dairy cattle – one of the main sources of income for her household. With the increase in her income, she has been able to provide quality education for her seven-year-old daughter.



## **Jean-baptiste Koalaga Toudassida, member of the Capedig cooperative, Ecookim Union, Côte d'Ivoire**

Mr. Jean-baptiste Koalaga Toudassida is a cocoa producer and a member of the CAPEDIG cooperative, which is part of the Ecookim Union. The ABC Fund's financing to Ecookim has helped the cooperative to make pre-payment to its members. "I am very excited and honored to work with the cooperative. Thanks to the financing received, the cooperative has a good turnover and we producers have our money in time to meet our needs. This is a guarantee for us."



## **Madi Kabre Passogonoma, member of the Capedig cooperative, Ecookim Union, Côte d'Ivoire**

M. Madi Kabre Passogonoma is a cocoa producer and a member of the CAPEDIG cooperative, which is part of the Ecookim Union. "Thanks to the funding that our cooperative receives, I am no longer worried when I have to sell my cocoa because the cooperative pays me on the spot and I no longer need to make several trips to the cooperative to collect my money. I am very happy and I hope that for each campaign our cooperative will be financed for the happiness of its members. I thank our union which continues to work for us small producers."





### **Stella Kimemia, CEO of Classic Foods, client of FACTS, Kenya**

Classic Foods Ltd is an agribusiness company based in Kenya, carrying out food processing and distribution of high quality and affordable food products, including pasteurized milk, yoghurt, maize flour, real fruit juice, honey, tomato sauce and animal feeds. The company provides training to its farmer suppliers. "We are constantly seeking to build the capacity of the farmers we work with in the supply chain." Classic Foods is a client of FACTS. "FACTS can act much faster than banks, which helps us anticipate unexpected circumstances. FACTS doubled our credit line the day after our dairy plant burned down".



### **Fidelis Wanjiku, Director and founder of Bulk Resources Limited, client of FACTS, Kenya**

Bulk Resources Limited started operations in 2017. The company supplies fresh exotic fruits and vegetables from farmers in different parts of the country and sells them to the local markets including supermarkets and wholesale markets. Bulk Resources Limited was onboarded by FACTS as a client in October 2019 and currently has a working capital facility of KES 12 million (over USD 100,000) from FACTS. "With the assistance of FACTS, I have been able to meet my short-term working capital needs hence giving me the opportunity to scale up. Making early payments for my invoices has enabled me to pay my suppliers on time so that I get quality produce and increase my turnover and profitability."



### **Mrs. Golou Dosso, member of the cooperative Socak Katana, Côte d'Ivoire**

Mrs. Golou Dosso has been a member of the cooperative Socak Katana, based in Côte d'Ivoire, since 2015. She produces cocoa on a parcel of 1.7 hectare and sells her production to the cooperative. On average, she produces 850 kg of cocoa during a season. Since she joined the cooperative, she saw improvements on her plantation. "I put into practices the training received from the cooperative and I am now happy with the yields." With the revenues generated from the cocoa sales, she finances the education of her children and other expenses such as food. "Today, I have the ability to buy a rice bag even before I finish consuming the previous one."

**During the year 2020, the ABC Fund supported 8 organizations operating in 6 countries: Côte d'Ivoire, Burkina Faso, Ghana, Kenya, Uganda and Ecuador.**



### **Mrs. Kadissa Pafagnam, member of the cooperative Socak Katana, Côte d'Ivoire**

Mrs. Kadissa Pafagnam is a member of the cooperative Socak Katana in Côte d'Ivoire. She produces cocoa and sells her production to the cooperative which has enabled her to secure her income and send her children to school. "Life was hard, but since we started working with the cooperative, we are very happy. Now we do our job, and if the job is well done, we get support to educate our children."



**Agnes Janszen**

Director of the Technical Assistance Facility, ABC Fund, Business advisor for Agriterra

"The Technical Assistance component of our approach is really important as it de-risks the investments and reduces the ESG risks, on one hand, while building capacity for investees and strengthening their development at the same time."



# Technical Assistance

The ABC Fund's strategy is to support the agricultural ecosystem. The Technical Assistance Facility (TAF) was created with the support of IFAD, the European Union and the Organisation of African, Caribbean and Pacific States (OACPS), as a separate facility connected to the ABC Fund, that provides advisory services on areas such as strategy, business development, operations, HR, marketing, governance, and financial management, to SMEs, farmer organisations and financial institutions.

The facility is managed by the international, not-for-profit agri-agency Agriterra, which operates in emerging and developing economies. Agriterra was founded by Dutch farmers' organisations and cooperatives 24 years ago as an organisation for international peer-to-peer agricultural cooperation. Agriterra leads the facility and delivers technical assistance together with a network of partners with expertise in ABC Fund's target value chains: Agricord, Advance Consulting and Rabo Partnerships.

The objectives of the technical assistance facility are to improve the growth and performance of ABC Fund's investees by providing suitable and timely Technical Assistance. The TAF supports investees to help them grow and become reliable, successful investment partners. The Technical Assistance is provided to the three types of investees of the ABC Fund: financial intermediaries, cooperatives and SMEs – optimizing the Fund's impact by providing technical expertise in a cross-ecosystem approach. According to the need, the Technical Assistance support can be brought both before and after investments.

The year 2020 has seen the launch of the technical assistance work of the ABC Fund. The pandemic presented challenges to the delivery of the assistance on the ground, due to lockdowns and restrictions on international travel. Part of the due diligence and Technical Assistance work had to be carried out remotely. However, thanks to the network of implementing partners of the TAF, with staff in the countries of the investments, work could still be carried out in the field with all of the appropriate precautions.

"There are definitely unique characteristics of the consortium which are beneficial in terms of the partners involved. Covid-19 raised challenges in implementing the Technical Assistance, but Agriterra and its consortium of partners have offices and staff in the countries where the Fund operates. Some on-the-ground due diligence has been undertaken, while the rest has been managed remotely. The key is that even during these challenging times, we have managed to progress", says Agnes Janszen, business advisor for Agriterra. "It has hampered us in terms of the number of deals in the Technical Assistance trajectory. And there is nothing like being onsite to undertake an ESG and Technical Assistance needs assessment but we are confident that the trajectory will pick up again soon."

Prior to implementing the Technical Assistance support, Agriterra, along with its partners, conducts assessments of the Environmental, Social and Governance (ESG) performance of the prospect investee, through ESG questionnaires which identify where the gaps are. A Technical Assistance proposal is prepared based on the needs identified. The Technical Assistance interventions are designed in close partnership with the fund manager, investee and the investment committee. "We also ensure there is a cash contribution from the investee which incentivises them to be both engaged and to make the most of the assistance we are able to provide. In combination, this will definitely improve our ability to make an impact," added Agnes Janszen.



# Cooperatives

Cooperatives are people-centred enterprises, owned and managed by their members. They play a key role in agribusiness value chains, by buying the production of their member smallholder farmers, processing it and selling it to local or international buyers. By doing so, they generate revenues for smallholder farmers and help them sustain their livelihoods. However, they are usually underserved when it comes to accessing finance. This lack of financing is an important constraint to the sustainable growth and expansion of their activities.

The cocoa industry is particularly underserved by local lenders. Côte d'Ivoire is the world's largest cocoa producer, supplying 40% of the world's cocoa. However, local banks in the country typically disburse loans to cooperatives once the cocoa beans have been delivered into the warehouse at port, leaving a financing gap to cover the cost of cocoa beans collection and purchase, storage and transportation from villages to warehouses. Added to this, the financial needs were even higher for cocoa cooperatives during 2020, with rising cocoa prices in Côte d'Ivoire and Ghana following the establishment of the Living Income Differential, an initiative aimed at ensuring a better income for smallholder farmers and tackling farmer poverty.

The ABC Fund has been designed to fill the financing gap facing farmers' cooperatives by providing them with financing solutions that aim to help transform rural areas into prosperous ecosystems, generating economic opportunities and improving the lives of farmers, their families and their communities.

At the beginning of the cocoa harvest season, providing financing solutions to cocoa cooperatives is key as they need to offer a pre-payment to their farmers for their production. This pre-payment is crucial at a time when farmers are also seeking cash to pay school fees. Without the cooperative's pre-payment, farmers are often forced to undersell their production to local traders in return for immediate payment, rather than selling it to the cooperative. By doing so, they have to accept a cheaper price and they will be unable to benefit from certifications and associated premiums accessed via the cooperative. Having a certification, such as Fairtrade, UTZ or Organic, allows the cooperatives and their members to benefit from a price premium above market price. The additional revenue not only benefits members' income, but it also contributes to community projects, especially those with a focus on young people and women.

In order to help cocoa cooperatives secure their procurement and support the livelihoods of their member smallholder farmers, the ABC Fund has provided working capital financing and technical assistance to three cocoa cooperatives based in Côte d'Ivoire in 2020. Ecookim and Socak Katana are two of them.







**Yvonne Chileshe**

Expert Commodities and Value Chains development, Organisation of Africa, Caribbean and Pacific States (OACPS) Secretariat, Board Member of the ABC Fund

"The ABC Fund, an initiative supported by the Joint ACP-EU Private Sector Development Framework, has contributed to the empowerment of cooperatives and cocoa farmers in Côte d'Ivoire by improving their ability to use and access finance for investments in sustainable production, allowing cocoa farmers to become true entrepreneurs."









# Socak Katana

Based in Côte d'Ivoire, the Socak Katana cooperative procures raw cocoa from smallholder farmers before processing it ready for sale to local and international buyers. Its mission is to improve the income levels and living conditions of the cocoa producers by helping them transition to an organised production system. The cooperative has 3,085 members, of which a third are young people.

In 2020, the ABC Fund was one of five lenders enabling Socak Katana to support its operation by facilitating the purchase of cocoa beans and ensuring revenues for cocoa producers. Socak Katana makes advance payments to the farmers for their annual cocoa production. By being members of the cooperative, smallholder farmers gain access to certifications which generate a higher price for their production as well as financing for projects that benefit the entire community. In 2020, half of Socak Katana's premium income was spent on inputs, equipment to collect the cocoa beans, and the construction of two nine-classroom schools and the distribution of school stationery for the producers' children.

The ABC Fund provided two loans to Socak Katana. The loan disbursed in 2020 was the second one provided to the cooperative. The first one, provided in 2019, helped maintain the revenues of more than 2,700 farmers and generate access to markets for an additional 300 farmers who joined the cooperative during the 2019/2020 cocoa season. During the financed cocoa harvest, Socak Katana's turnover increased by twofold, mostly driven by the increase in cocoa prices, while the volume of sales increased by 40% and the surface cultivated by 36%.

Socak Katana also recruited more employees, both permanent and temporary, to manage the increase in sales and volume of cocoa, creating more jobs locally. The number of permanent employees grew by a third, from 12 to 16 during the 2019/2020 cocoa season. "Via Socak Katana, the ABC Fund supports job opportunities for local communities and the cooperative's 3,000 members. As well as monetary support, the financing also contributes to local social programmes that aim to benefit the entire community with a focus on education, school kit and sanitation," said Solène Prince-Agbodjan, Credit Portfolio Manager at Injaro.

As well as financing, the ABC Fund also provided technical, advisory services and training to Socak Katana to help the cooperative develop a strategic plan and strengthen financial and risk management processes.



## Technical Assistance

Despite the constraints of the COVID-19 pandemic, a strategic plan was developed with the assistance and facilitation of Agriterre. This plan has given a strategic focus to the cooperative for the next 5 years. Technical assistance was also provided to strengthen financial management through a workshop and follow-up action plan, identifying jointly the missing processes and key performance indicators. The technical assistance facility helped with the implementation of a financial management system and the creation of a reporting cycle, with a follow-up of the action plan over 2021. Finally, the technical assistance facility supported the development of a Child Labour Continuous Prevention Plan including the linkage of the cooperative with the organization International Cocoa Initiative (ICI), to strengthen internal processes and develop a plan for an awareness-raising campaign on child labour in the production areas.



**3,085 smallholder farmer members, including 1,025 young people**

**16 permanent employees**

### During the financed harvest:

- 300 new members of the cooperative
- 9 817 metric tons of cocoa sold, 87% for export
- 11,400 hectares of cultivated land
- EUR 599,000 of premiums generated







## Technical Assistance

Enterprise Cooperative Kimbe (Ecookim) is a union of 29 cocoa cooperatives operating across 12 provinces in Côte d'Ivoire, the world's top producer and exporter of cocoa beans. Established in 2004, today Ecookim represents more than 31,000 cocoa growers with a production capacity of more than 62,000 tons, operating across 85,000 hectares of land.

In 2020, the ABC Fund supported Ecookim in the same way as other cocoa cooperatives, by providing working capital financing, which allowed the cooperative to make pre-payments to the farmers for the 2020/2021 cocoa harvest season. As for other cocoa transactions, providing Ecookim with the financing needed to make pre-payments to the farmers has been a crucial intervention of the ABC Fund, which ensured revenue and market access for the farmers, especially during the pandemic. Many of the smallholder farmers, who make up the majority of all cocoa producers, are reliant on cocoa as their primary source of income and therefore securing and maximising their access to markets makes a significant impact on their lives, as well as the community as a whole via the premiums generated by certifications. The ABC Fund's loan also offers a lower interest rate and more favourable collateral terms than traditional financial institutions.

In addition to buying their production, Ecookim supports farmer members with micro-loans and provides training on best agronomic practices. Through the premium generated by the certification of cocoa beans, Ecookim's support extends to facilitating access to education in rural areas. Ecookim aims to increase the availability of formal education systems. To date, this has resulted in the construction of twelve school buildings that are either fully funded or co-funded by the Fairtrade premiums. Before the new schools were built, many children were often denied access to education due to insufficient infrastructure, long distances to the nearest school, overcrowding, or the poor state of some buildings which meant they were unusable during bad weather. The new schools have removed some of these obstacles and helped boost enrolment rates.

"One of the most significant on the ground impacts of the Ecookim Union is enabling more children from the same family to attend school. Child labour is one of the most difficult challenges to overcome, and something that the Union actively works to identify and prevent. Added to this, the certification premiums have contributed to the building of 12 new schools – making access to education easier and safer," said Solène Prince-Agbodjan, Credit Portfolio Manager at Injaro.

The certification premiums received by Ecookim were also used to increase access to water by building ten water pumps in the areas where the union's cooperatives operate. As a result, the impacted communities now have easy access to reliable drinking water, whereas before women had to travel long distances to collect water, especially in the dry season. The certification premiums also helped finance the construction of a canteen for children, as well as the construction of central stores and storage, which have improved working conditions as well as preserved the quality of the cocoa.

As the ABC Fund's investment in Ecookim occurred at the end of the year 2020, the technical assistance support will be delivered in 2021. It will include a review and adaptation of the cooperative's strategic plan and key performance indicators, a design and implementation of a communication plan and communication tools, as well as support to improve accounting and auditing procedures. It will also provide support to improve environmental and social management, co-build a formalized environmental and social risk policy with a special focus on agrochemicals use and prevention of child labour, and assist on elaborating an action plan to implement the policy among all cooperatives of the union. Finally, the technical assistance will help restructure the organogram and internal communication structures of the union.



**29 cooperatives  
representing over  
31,000 cocoa farmers**

**3,303 women farmers**

**1,037 farmers  
impacted by the ABC  
Fund's financing**

**53 employees,  
40% youth**

## Agri-SMEs

Agricultural and agribusiness SMEs (agri-SMEs) in developing countries have a strong potential for growth and can drive the development of thriving agricultural value chains. However, most of them face significant financing barriers to support the development of their activities. Agribusinesses operating in remote rural areas and in a sector subject to variable climatic conditions and volatile markets are often perceived as too risky for local commercial banks.

This financing gap is a considerable challenge, as agri-SMEs are not only the backbone of agricultural ecosystems, but also a significant source of employment. In emerging markets, according to the World Bank, SMEs create seven out of ten formal jobs and represent up to 40% of national income – a proportion which rises significantly when informal SMEs are included. In a sector that is key in terms of employment, agricultural SMEs are well placed to help reduce poverty and create job opportunities for the millions of young people entering the labour market every year in developing countries.

In 2020, the ABC Fund supported three agri-SMEs, based in Burkina Faso and Ghana, including Anatrans and Maphlix. This support was implemented in close conjunction with technical assistance, provided to ensure that any investment is set up to make the most from the Fund and to further accelerate its impact.







**Hedwig Siewertsen**

Head of Inclusive Finance, AGRA  
Board Member of the ABC Fund

"AGRA has invested in the ABC Fund because many of the food crop related SMEs in Africa, that are essential to sell inputs to smallholder farmers and to buy back their surplus produce, lack the working and investment capital to grow. With the ABC Fund, we have created a fund with the right risk return profile that will become the go-to-partner for many of AGRA's private sector partners."





**Solène Prince-Agbodjan**

Credit Portfolio Manager,  
Injaro Investments

"By supporting Anatrans, the ABC Fund also helps sustain and create quality employment opportunities for women, who make up the majority of the company's employees. It means they can live more independently and afford to send their children to school, which reduces child labour and helps families prosper."





## Technical Assistance

Anatrans is a cashew processing plant based in Burkina Faso. Its finished products are cashew kernels. Anatrans purchases raw cashew nuts from a network of more than 4,200 farmers before sorting, drying, shelling, packaging and selling the cashew kernels to international markets. Anatrans is located in Bobo Dioulasso, the 'agricultural capital' of Burkina Faso, which is known for its good agricultural soil and climatological conditions. It is also one of very few African cashew processors with Fairtrade and Organic certification and the Africa Cashew Alliance (ACA) sustainability seal, enabling it to attract a premium price.

The supply network of Anatrans is well developed with close linkages to farmer groups and cooperatives which helps create economies of scale and further ensure traceability and sustainability of their activities. These farmer organizations benefit from the company buying their production above market prices as well as its capacity to get better prices for their produce through certification premiums. Smallholder farmers usually sell their produce to local processors or local traders at a minimum price as indicated by the Government for each new cashew season. For the 2020 cashew season, the farmgate price was 0.50€ per kg. However, by selling to Anatrans, all the certified suppliers received 0.015€ per kg, in addition to the official farmgate price. Besides, organic raw cashew nuts attract a premium of 0.065€ per kg, which is paid after the season whilst the Fairtrade ones attract a premium of 0.015€ per kg.

The company, which produces 10,000 tonnes of organic and Fairtrade cashew nuts, also benefits from having just one buyer, Nuts 2, which reduces its operating costs. Unlike many other buyers, Nuts 2 purchases the broken kernels, reducing waste and making the company more sustainable.

Anatrans is a key contributor to women's employment in its area of operations. The factory employs over 2,000 people, 86% of whom are women. The income they earn enables them to be more independent and support the livelihoods of their families. By supporting Anatrans, the ABC Fund contributes to securing employment for the women working in the factory.

Anatrans provides advance payments to the farmer organizations with which it works. The company's plan for 2020 included an increase in volume processed, which required procuring more volume from farmer groups. "The ABC Fund has helped us with an €800,000 facility to buy organic cashew nuts from the farmers. This has helped us to buy produce, fill capacity at the factory to keep everyone employed, and get these fantastic healthy cashew nuts on the market. It has helped us procure and process the cashew nuts while contributing to the overall economic prosperity of the country," said Harm Voortman, Managing Director of Anatrans.

Without the ABC Fund loan, Anatrans would not have been able to procure the needed volume of raw cashew nuts. The financing provided by the ABC Fund in the summer of 2020 was used by Anatrans to purchase products from a group of more than 1,200 farmers, in turn enabling them to secure stable access to markets. The Fund's involvement came at a time when Anatrans was facing challenges including the fluctuating price of cashew nuts. The financing from the Fund, the only direct lender of Anatrans, contributed to help Anatrans turn this around and get back on track.

The Technical Assistance for Anatrans started its implementation in July 2020. The initial assessment of needs identified the lack of financial capacity to restructure the balance sheet and financial statements. The balance sheet was significantly affected by financial liabilities and this inherited financial situation made it complicated for Anatrans to find local banks willing to lend money. The first major impact result was an independent auditor from Burkina Faso adjusting the Balance Sheet and Financial Statements for 2019 for Anatrans and putting them in the format of accepted accounting principles. This part of the technical assistance assignment has been fully completed. Anatrans also expressed their willingness to develop an environmental impact monitoring tool to assess impact and mitigate risks related to the use of natural resources among its expanding number of smallholder suppliers.



**2 008 employees,  
86% women**

**623 new jobs created  
in 2020 including 613  
new jobs for women**

**3,579 smallholder  
farmers selling raw  
cashew nuts to Anatrans**

**EUR 4,868,000  
paid to smallholder  
farmers in 2020**

**1,211 smallholder  
farmers supported  
by the ABC Fund**

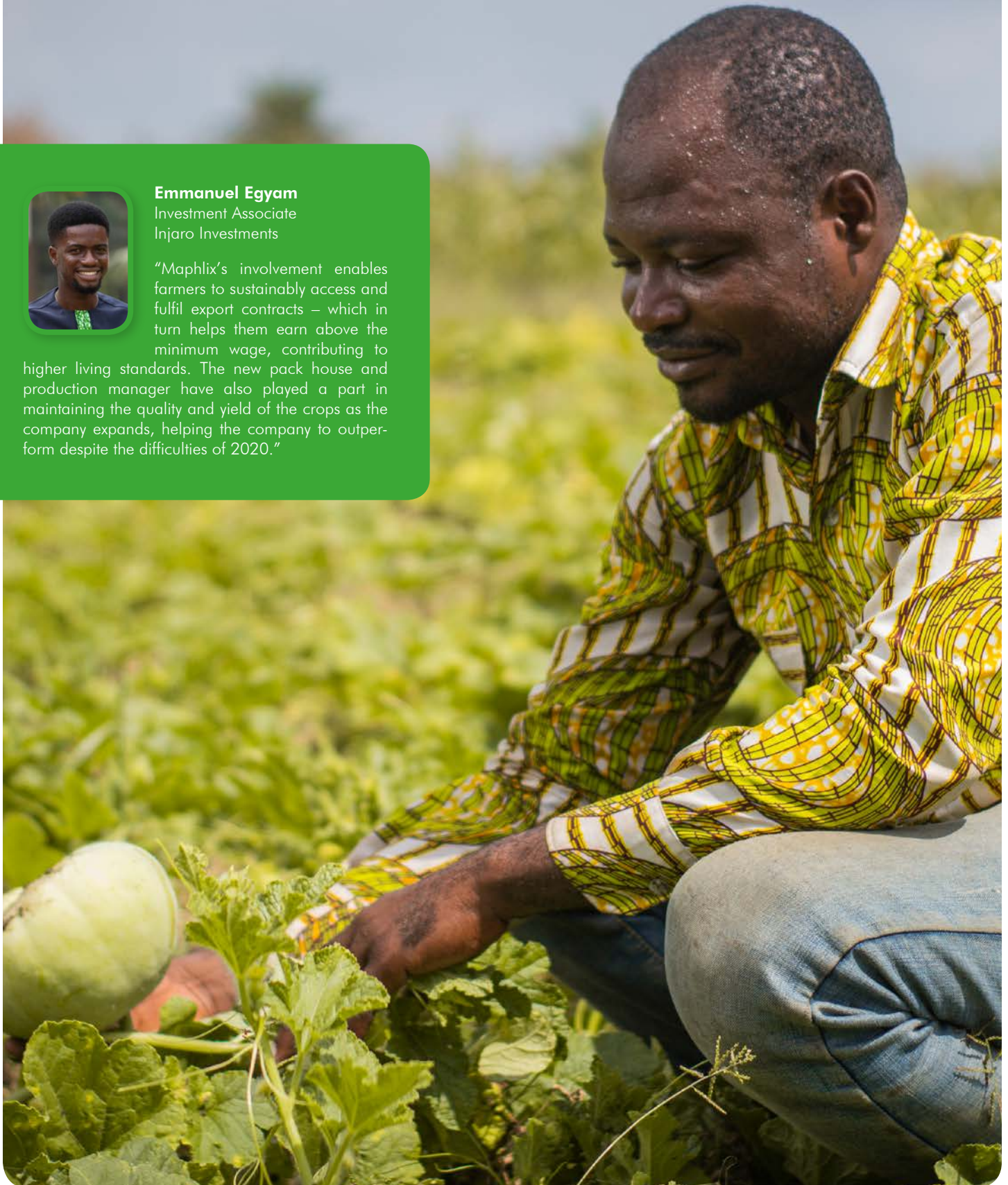
*Data as of December 2020*



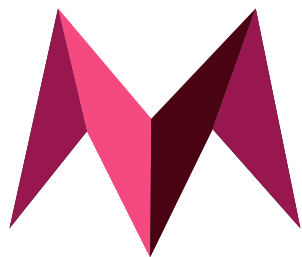
**Emmanuel Egyam**

Investment Associate  
Injaro Investments

"Maphlix's involvement enables farmers to sustainably access and fulfil export contracts – which in turn helps them earn above the minimum wage, contributing to higher living standards. The new pack house and production manager have also played a part in maintaining the quality and yield of the crops as the company expands, helping the company to outperform despite the difficulties of 2020."







## **MAPHLIX TRUST GHANA LIMITED**

Despite having a lot of fertile ground and agriculture being the mainstay of its economy, Ghana faces challenges with food insecurity. According to the United Nations World Food Programme, around 45% of the population derives its livelihood directly or indirectly from the agricultural sector, increasing to 90% in northern Ghana. Farmers in Ghana face several challenges, including climate change, poor infrastructure, low prices, and a lack of access to finance, which means food production can be severely limited, resulting in chronic poverty and food insecurity.

Maphlix Trust is involved in agricultural production and processing of food crops including vegetables, grains, roots and tubers. Based in the Volta region of Ghana, the company exports yams, orange-fleshed sweet potato and fresh fruits and vegetables. Maphlix's vision is to be a leading producer of high-quality food products, with a mission to play its part in addressing global food security, lifting farmers out of poverty and transforming them into successful commercial farmers. It is subscribed to the United Nations Global Compact and Europe-Africa-Caribbean-Pacific Liaison Committee (COLEACP)'s sustainability charter, which aims to achieve the Sustainable Development Goals.

Maphlix is currently working on increasing the production and sale of sweet potatoes. Farmers based in the locality in which Maphlix is based usually cultivate maize, but switching from maize to sweet potatoes significantly increases their earnings. The company started by cultivating its own farm to produce the sweet potatoes, which they supplied to the local market. Starting with a low yield of 10 tons per acre, Maphlix identified a high yielding variety which could be increased to 16 tons per acre with good agronomic practices. In its bid to expand its market, the company started exporting the sweet potatoes internationally. To this end, Maphlix started engaging the services of smallholder farmers in the production of sweet potatoes during the 2019 minor farming season. The smallholder farmers were provided with planting materials as well as farm support services such as ploughing, harrowing and ridging on credit, to cultivate a total of 25 acres, in addition to the 75-acres of its own land for sweet potato production.

To meet its increased demand for the 2020 main farming season, Maphlix needed to increase its own capacities to cultivate 120 acres of its own farm, and expand its out-grower scheme. From 12 smallholder farmers, Maphlix increased its out-grower scheme to 58 farmers, provided them with sweet potato vines and support services. As well as creating local jobs, the company contributes to improving the livelihoods of smallholder farmers by paying them above average asking prices, as well as paying its employees above Ghana's minimum wage.

The ABC Fund's investment helped Maphlix finance the increase in its production of sweet potatoes, benefiting 46 additional smallholder farmers and their families. It also contributed to increasing the number of Maphlix's employees from 32 to 44 people, with two third being young people. Among others, Maphlix hired a farming specialist to help plan production against demand. The funding received has also contributed to a new pack house, enabling Maphlix to manage, wash, cure and sort a larger volume of sweet potatoes.



### **Technical Assistance**

The Technical Assistance support provided to Maphlix has focused on the recruitment of key roles, including a farm manager and a quality assurance manager, through a reputable recruitment firm. As a major first result, Maphlix subsequently signed a contract with an experienced farm manager. Further Technical Assistance is planned to support the company on its Enterprise Resource Planning (ERP), as well as on updating its risk monitoring protocol and company policy to prevent child labour among smallholder suppliers.



**EUR 90,500 payments  
to smallholder farmers  
in 2020, 68% for  
sweet potatoes**

**214 smallholder  
farmers supplying to  
the company, 23%  
women and 31% youth**

**58 smallholder  
farmers involved  
in sweet potatoes  
production, supported  
by the ABC Fund**

**44 permanent  
employees**

# Financial intermediaries

In the target regions of the ABC Fund, the role of financial intermediaries is key to addressing the financial needs of smallholder farmers and agribusinesses, by injecting much needed capital into the agricultural ecosystem. Providing financing solutions to smallholder farmers can enable them to increase their productivity, improve their livelihoods, strengthen their resilience to climate change, and better benefit from participation in value chains.

However, many financial institutions are still reluctant to invest in the agriculture sector in emerging and frontier markets. This is because most local banks and traditional financial institutions still consider smallholder farmers and agri-SMEs as too risky due to various factors including the seasonality of their operations and their perceived high-risk profile with a lack of collateral or credit history.

As a result, smallholder farmers often lack capital to develop their production and reach their potential for growth. Likewise, many agribusinesses are trapped in the “missing middle”, the gap between microfinance and commercial lending facing SMEs with limited credit history and collateral. Access to finance is the second most cited obstacle preventing SMEs from growing their businesses in emerging markets and developing countries, according to the World Bank.

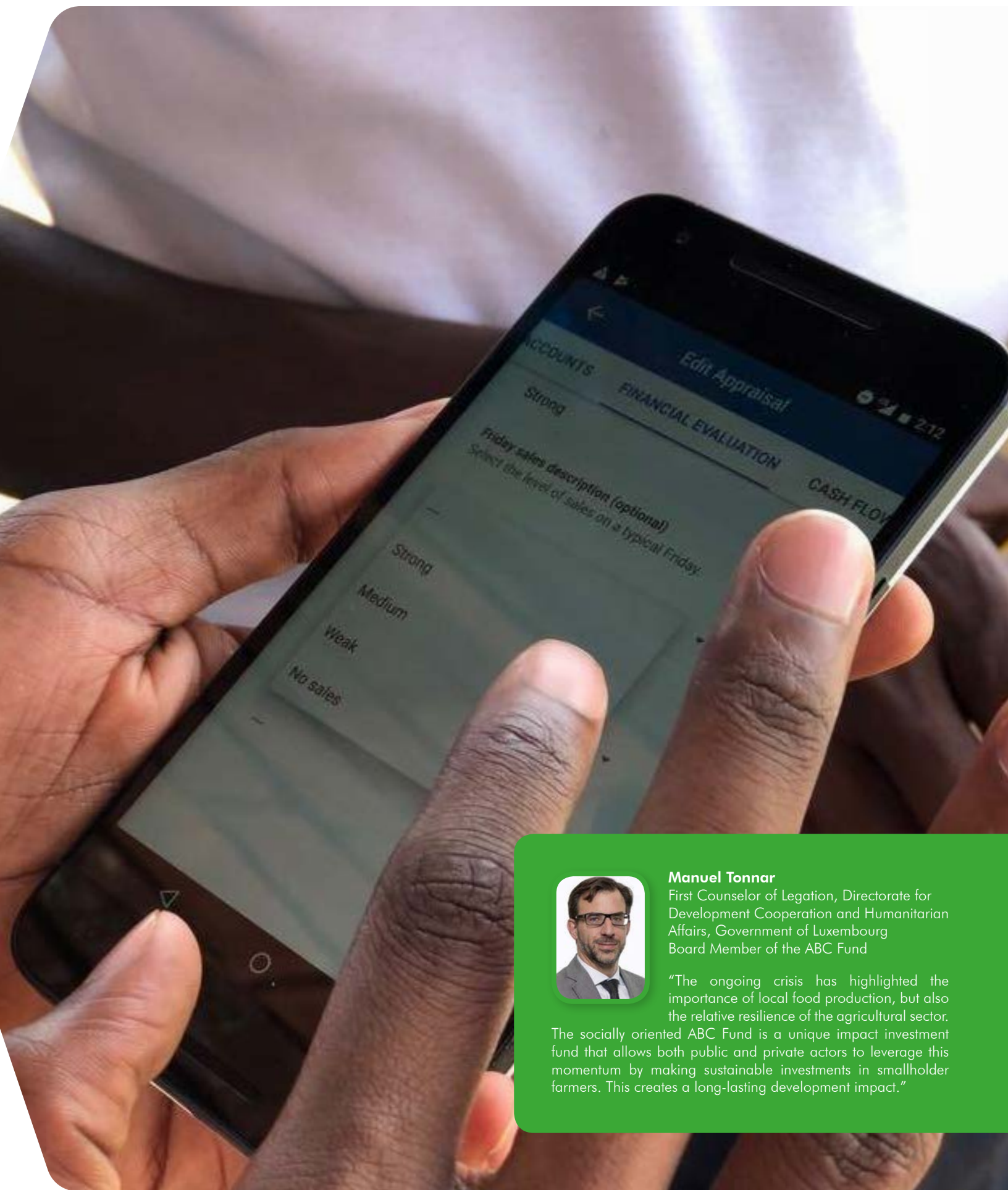
The ABC Fund aims to plug this financing gap to enable the financially underserved within agricultural value chains to achieve their growth potential and drive economic development in their communities. To reach them most efficiently, the Fund combines its direct investments into farmer cooperatives and agribusinesses with investments into financial intermediaries which on-lend to smallholder farmers and agri-SMEs. The Fund provides financing to carefully selected financial partners with the required experience and knowledge of the agricultural sector. By working together with select financial intermediaries, the ABC Fund can access and provide crucial finance to underserved segments and encourage these financial intermediaries to expand access to finance in the agriculture sector.

The Fund supports both microfinance institutions which provide financial services directly to smallholder farmers, and financial intermediaries that serve other economic players of the agribusiness value chain including agri-SMEs and farmer cooperatives. Some of them are already serving the agribusiness sector with a significant proportion of their portfolio in agribusiness; others have developed a strategy to expand their agri-portfolio and need funding to support their development plans in the agriculture sector.

In 2020, the Fund provided financing to two financial intermediaries: INSOTEC in Ecuador and FACTS in East Africa. By supporting them, the ABC Fund has been able to indirectly finance agricultural projects aligned to its strategy and impact objectives.







**Manuel Tonnar**

First Counselor of Legation, Directorate for Development Cooperation and Humanitarian Affairs, Government of Luxembourg  
Board Member of the ABC Fund

"The ongoing crisis has highlighted the importance of local food production, but also the relative resilience of the agricultural sector.

The socially oriented ABC Fund is a unique impact investment fund that allows both public and private actors to leverage this momentum by making sustainable investments in smallholder farmers. This creates a long-lasting development impact."



**Ngare Muhindi**  
Investment Manager  
Bamboo Capital Partners

"FACTS plugs a gap in financing provision within the agribusiness sector in the countries where it operates, making it an ideal partner for the ABC Fund. Offering financial solutions where previously there were none means that agri-SMEs in Kenya and Uganda have the opportunity to reach their potential for the wider benefit of the farmers, their families and the communities in which they operate."







## Technical Assistance

Supply chain finance has a strong potential to address financing bottlenecks in the agribusiness sector, where many entities are often too small to qualify for support from commercial lenders but too large to access financing solutions from microfinance institutions. This approach enables suppliers to receive the money they will make on the sale of their products closer to the time the purchase is agreed, rather than over the terms stated on their invoice. This means they are paid much faster and can afford to buy and cultivate the crops ordered. Supply chain finance addresses the need for short-term working capital of agribusinesses who are strapped for funds due to the stringent credit terms extended by their buyers. It also enables buyers to offer earlier payment terms to their suppliers. However, compared with other parts of the world, supply chain financing is still at a nascent stage in Africa.

Financial Access Commerce and Trade Services (FACTS) started its lending operations in 2016. The company offers SME financing where it has so far proven to be non-functional or even non-existent. Today, FACTS lends to SMEs in Kenya and Uganda, with plans to expand into Tanzania. In late 2020, the ABC Fund agreed a \$2 million revolving credit facility with FACTS, to provide supply chain finance solutions for SMEs operating in the agricultural sector in Kenya and Uganda. The partnership enables the ABC Fund to indirectly provide affordable short-term working capital to underserved agri-SMEs in East Africa.

Through the FACTS platform, agri-SMEs can upload their invoices and submit an advance request. FACTS pays them 80% of the invoice value immediately without requiring hard collateral, as long as a client's accounts receivable are assigned to FACTS and the request is within the agreed credit limit. FACTS accommodates terms ranging from 30, 60 to 90 days. On the invoice due date, the off-taker pays the nominal value of the invoice directly to FACTS. Fees and interest are deducted from this amount with the remaining balance paid to the seller. Accessing cash they are owed from buyers in advance allows the agri-SMEs to avoid financing bottlenecks and supports the growth of their operations, which ultimately helps create local employment opportunities, and benefits the wider community.

On the other end, off-takers can also use the platform to provide earlier payments for the goods or services supplied to them. For example, if a buyer has negotiated 60 days terms, their invoice can be uploaded onto the FACTS platform. Once invoice verification is completed, FACTS pays the suppliers immediately, then collects the nominal invoice value on the invoice due date from the buyer. Fees and interest are deducted from the amount paid to the suppliers. "FACTS offers a digital platform with access to innovative Supply Chain Financing solutions not only for SMEs but also funders. Digital connectivity in the time of COVID-19 has become an important lifeline for businesses to ensure continuity in light of social distancing and the lockdown," said Peter van der Krogt, Co-founder and CEO of FACTS.

As of December 2020, the Special Purpose Vehicle created by FACTS which received the ABC Fund financing, represented a portfolio of USD \$736,500 with 90% of the portfolio in the agribusiness sector. The portfolio includes 12 SMEs and cooperatives – positively impacting more than 4,800 farmers. The number of farmers impacted increased by more than 80% compared to the previous year. FACTS plans to finance more than 300 loans to agriculture-focused SMEs in Kenya and Uganda over the next years. The revolving credit facility offered by the ABC Fund will help to finance these loans.

The first transaction of the ABC Fund to provide financing to FACTS took place in October 2020 and therefore the Technical Assistance workstream is still at an early stage. It comprises two core components: enhancing the finance capabilities of FACTS by aligning the agricultural strategy and translating it into targets, as well as developing and embedding social and environmental goals into the business. The technical assistance provided to FACTS is implemented by Agriterro's partner Rabo Partnerships.



**12 agri-SME and cooperative clients**

**4,880 farmers impacted**

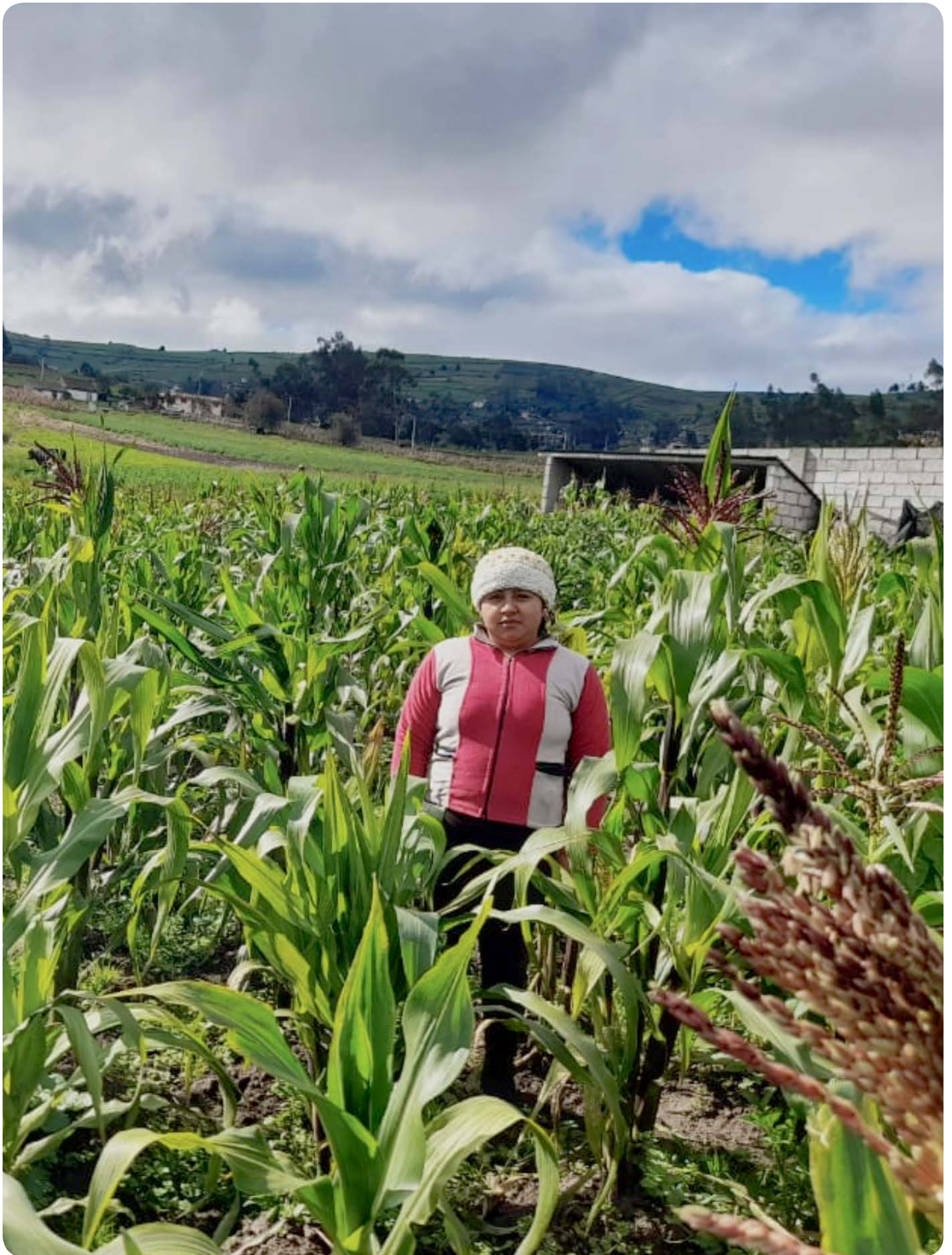
**664k USD agri-loan portfolio (90% of total portfolio)**

**120 transactions in 2020, 385 since inception**

**3-month average tenure for agri-loans**

**75% clients involved in food crops**

*FACTS Special Purpose Vehicle (SPV) Data as of December 2020*







## Technical Assistance

In 2020, Ecuador was hard hit by the Covid-19 pandemic, with its government making early estimations of a USD 350 million losses in the trade sector and a similar figure for the industrial sector with export trading severely affected. Around 70% of the productive sectors ceased activity, according to the Ministry of Production and Trade. In response to the acute needs, the ABC Fund supported INSOTEC, a microfinance institution which has so far provided financial services to 5 million micro-entrepreneurs in Ecuador. INSOTEC provides microfinance services to directly support the sectors neglected by the formal financial system. The facility offered by the ABC Fund aimed to help INSOTEC navigate the Covid-19 crisis, support its borrowers and help them recover from the economic impacts of the pandemic, by providing liquidity in the near-term to overcome potential cash shortages. The ABC Fund supports INSOTEC in its aim of lifting more farmers and their families out of poverty, by growing the share of its agri-portfolio from 56% to 65%.

Today, INSOTEC focuses on small-scale farmers in Ecuador's rural sector with the objective of improving financial inclusion for low income and vulnerable communities. Most of its clients are smallholder farmers who cannot easily access credit. At the end of 2020, almost three quarters of its borrowers were from rural areas, with women representing 42% of rural borrowers. To better understand its clients and improve its services, INSOTEC produces an annual Poverty Probability Index. The Index shows that almost 29% of clients in the agriculture sector are in poverty, the highest of all its client sectors. The findings guide INSOTEC in better meeting its clients' needs with a sector focus, in accordance with its main aim of reducing poverty. Since 2008, INSOTEC has been involved in the Social Performance Program of the "Red de Instituciones Financieras de Desarrollo", whose goal is to ensure that people in poverty have access to quality financial services. INSOTEC has actively supported the development of frameworks and tools for a comprehensive management of the social performance of microfinance institutions.

Alongside its financial support, INSOTEC provides financial education to its clients on topics including planning and budgeting, identifying ways to cut costs and maximizing income and saving. It also offers training through workshops on agricultural topics and business advice. For example, when milk production was low, they encouraged farmers to produce varieties of cheese which sell for a higher price, generating higher returns. Another key element in tackling various dimensions of poverty is improving access to healthcare services for clients and their communities. INSOTEC provides access to medical brigades which consist of free medical care as well as medicine for children, adults and older adults, for both clients and non-clients. "Since the very beginning, INSOTEC has been driven by a desire to reduce poverty levels and create a more level playing field when it comes to access to financial support and healthcare. Having understood the challenges faced by Ecuadorian farmers, INSOTEC created its own program to better meet their needs," said Ingmar Kluger, Chief Financial Officer of INSOTEC. Clients have had 30,000 medical appointments in 2020.

To further support smallholder farmers, INSOTEC has also developed partnerships with large corporations to strengthen value chains and improve commercial conditions for farmers. Some of these include seed and fertilizer providers and players of the food sector that see INSOTEC as a strategic partner for providing loans to farmers that buy from them, offer them better prices and technical assistance at the crop-level and help them increase their yields, productivity and ultimately their quality of life. Through these partnerships, over the next year, INSOTEC expects to reach around 400 to 500 farmers, cultivating around 1,000 hectares of land.

The technical assistance assignment for Insotec was undertaken from August to December 2020. The technical assistance facility partner Rabo Partnerships supported Insotec with the strategy for increasing environmental awareness within Insotec and formalisation of environmental risk management in a documented environmental policy. The facility supported Insotec in developing processes to anticipate, identify, evaluate and manage environmental risks more proactively. The approach also provides the integration of environmental criteria with credit risk.



**17,583 borrowers,  
72% rural**

**21 branches  
across Ecuador, 19  
rural branches**

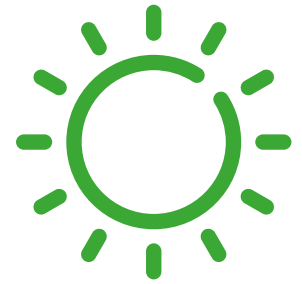
**Agri-portfolio: \$33.5  
million, representing  
56% of total portfolio**

**Average value of  
agri-loans: \$3,147**

**42% of rural  
borrowers are women  
44% of rural  
borrowers are youth**

**281 employees,  
67% rural**

Data as of December 2020



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