

AgriFI 2023 annual report

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About us

AgriFI has the mandate to provide medium- to long-term financing for private sector enterprises active in the agri-food value chain. We help them to consolidate agriculture production to achieve economies of scale and a stronger presence in markets, which brings increased food security, and improves smallholders' inclusion.

EDFI Management Company (EDFI MC) was established in 2016 to facilitate innovative partnership models between European institutions and Development Financial Institutions (DFIs). Our mission is to provide development finance solutions that empower European DFIs and private sector investors to amplify their impact. We enable them to focus on business models, technologies, and regions where their presence has been limited. Notably, we prioritize sectors vital for sustainable development, including clean energy and sustainable agriculture.

AgriFI specifically targets Small & Medium Enterprises (SMEs) operating in the private sector. These SMEs collaborate with smallholder farmers on projects that prioritize financial, environmental, and social sustainability. Our focus lies on supporting ventures within the "missing middle," often overlooked by commercial banks and international investors. Through AgriFI's funding, these companies receive the necessary support to thrive and make a meaningful impact.

www.agrifi.eu
www.edfimc.eu



"Access to finance is crucial for agricultural growth. Yet, unmet financing needs of small farmers are estimated to amount to USD 170 billion per year across South and Southeast Asia, Sub-Saharan Africa and Latin America. AgriFI stands out as a unique instrument, fully financed by the EU, that supports sustainable agricultural SMEs, Microfinance Institutions (MFIs), and impact funds, whose clients or ultimate beneficiaries are smallholder farmers in low and middle-income countries. By de-risking projects and developing markets, AgriFI mobilises public and private investments. This, in turn, drives sustainable agricultural development, improves food security, and strengthens economic resilience. Blending facilities like AgriFI are key to achieve the goals of the EU Global Gateway and promote sustainability and inclusive growth."

Leonard Mizzi,

Head of Unit
Sustainable agrifood systems and fisheries
Directorate General for International Partnerships
European Commission



Our impact

Among all sectors, agriculture stands out as the pivotal thread intertwining the 17 Sustainable Development Goals (SDGs). Directing resources towards the agricultural sector holds promise in addressing not only hunger and malnutrition but also a spectrum of other challenges including poverty, gender equality, employment opportunities, economic growth, responsible water and energy management, climate change mitigation, and the transition to sustainable production and consumption patterns. Our aim is to actively contribute to global development efforts, particularly in poverty alleviation and climate action, thereby advancing progress towards the SDGs.

Our mission

To build sustainable and inclusive agribusinesses and contribute to improving smallholders' livelihoods.



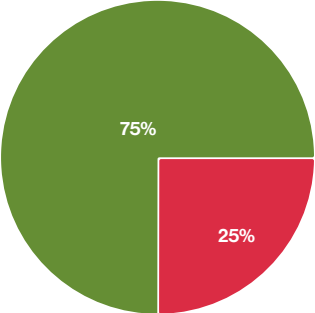
Key Contributions to SDGs



 <p>Smallholder farmers</p>	<p>1,858,996 Smallholder farmers impacted by our clients</p> 	<p>Number attributed to AgriFi funding</p> <p>195,804 Smallholder farmers impacted by our investments</p>
 <p>Agricultural production</p>	<p>45% Growth Agricultural production</p> 	<p>Increase attributed to AgriFi funding</p> <p>348,911 tons/year</p>
 <p>Ha under cultivation</p>	<p>138% growth Area under cultivation</p> 	<p>Increase attributed to AgriFi funding</p> <p>341,752 Ha/year</p>

2X CHALLENGE
FINANCING FOR WOMEN

Women empowerment
75% of our portfolio qualifies under the 2X challenge



Impact Methodology:
realised impact as per 2023 actual figures versus a baseline defined per client at contracting stage.

Our value proposition

Impactful

The private enterprises we support are instrumental in enhancing sustainable value chains, generating employment opportunities, enhancing food security, and fostering environmentally and socially responsible practices. AgriFI aims to boost the production and incomes of over **2 million** smallholder farmers by the conclusion of our investment tenures.



Catalytic

Our goal is to stimulate further commitments. Our investments hinge on thorough financial, legal, and Environmental, Social, and Governance (ESG) analysis, enabling the expansion of promising early-stage enterprises and facilitating their access to supplementary funding. Our leverage factor stands at **2.8**.



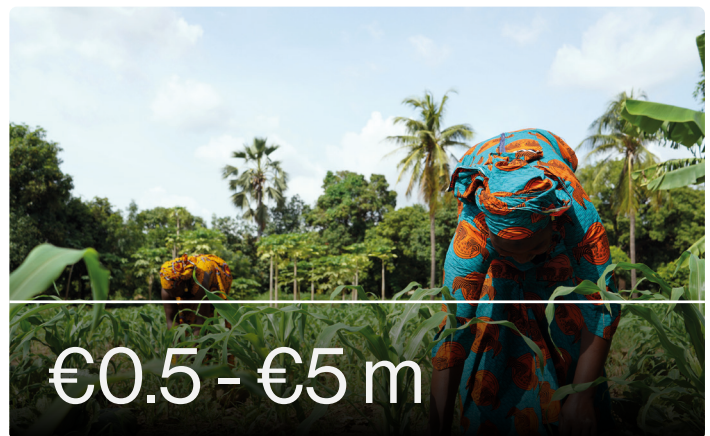
Additional

We strategically invest to address market deficiencies and support underserved enterprises. Our financial solutions enable them to minimize risk exposure and expand their operations, facilitating access to conventional funding through a Team Europe framework. We collaborate closely with European Development Financial Institutions (EDFIs), the European Commission, EU delegations, OACPS and governmental bodies. As per year-end 2023, **65%** of our portfolio's committed comprises joint investments with one or more European DFIs.



Tailor made

We provide tailor made medium to long-term financial solutions customized to the needs of each company. Our investments, ranging from **€0.5 to €5 million**, are facilitated through suitable instruments such as equity, equity-like options, and debt. Additionally, we offer ongoing support and guidance throughout the investment process and post-investment via technical assistance.



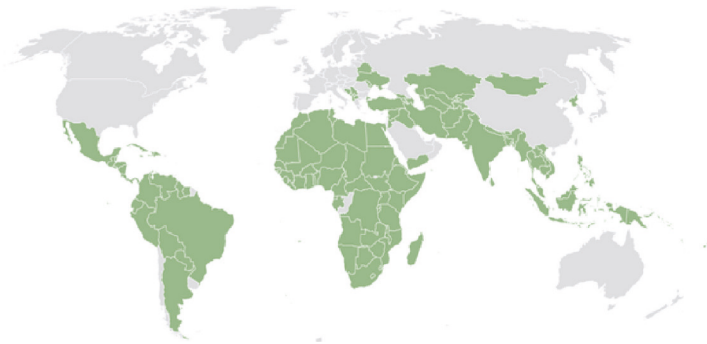
Our mandates

AgriFI stands as an innovative and inclusive impact investment facility, fostering financial access for agricultural Small and Medium Enterprises (SMEs) and smallholder farmers. It benefits from a **€120 million** allocation funded by the EU, designated as follows:

Global window of € 40 m

Scope:

Focus to provide medium- to long-term financing for private sector enterprises active in the agri-food value chain across the OECD DAC (Development Assistance Committee) countries.



Regional and country Windows



Ghana Size: **€10 m** Start: **2021** Period: **12 Y**

Scope:

Focus on Northern regions and 7 high potential value chains (cashew, groundnut, mango, rice, sorghum, soya and vegetables).



Sri Lanka Size: **€8 m** Start: **2022** Period: **12 Y**

Scope:

Focus on supporting organic farming and agri businesses providing post-harvest losses solutions, including but not limited to cold chain improvements for perishables.



African, Caribbean, and Pacific (ACP) Size: **€50 m** Start: **2021** Period: **14 Y**

Scope:

African, Caribbean and Pacific countries. Focus on food security and 10 high potential value chains (sugar cane, dairy, cashew, coffee, cocoa...).



Tanzania Size: **€12 m** Start: **2022** Period: **12 Y**

Scope:

Focus on livelihood improvement of farmers producing tea, coffee and horticulture (fruits, vegetables, spices, herbs and seeds).

Our investees

By the end of 2023 we have committed €41.7 m in 15 companies



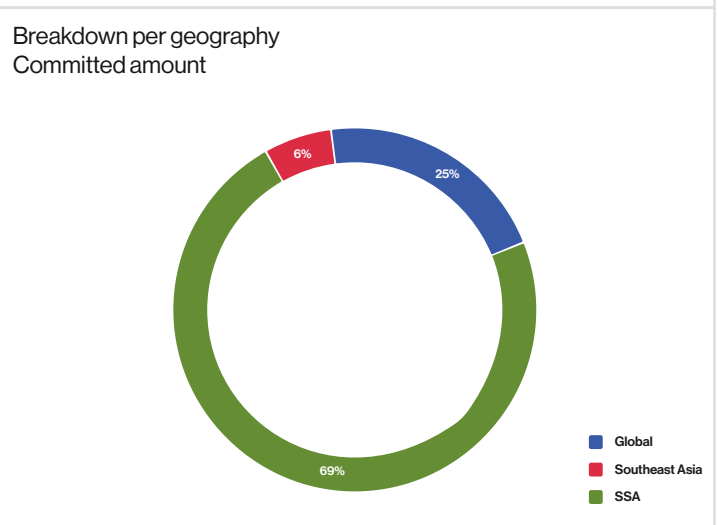
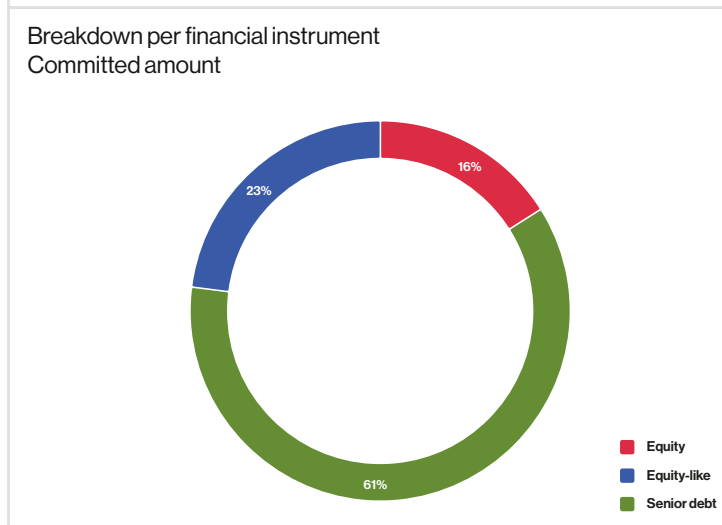
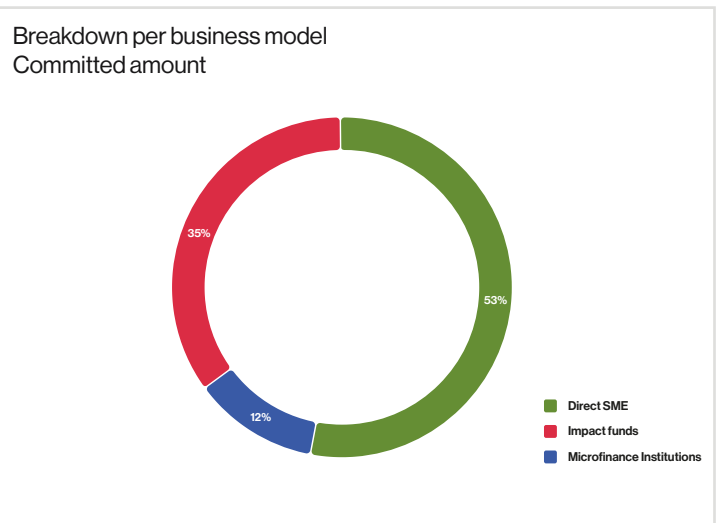
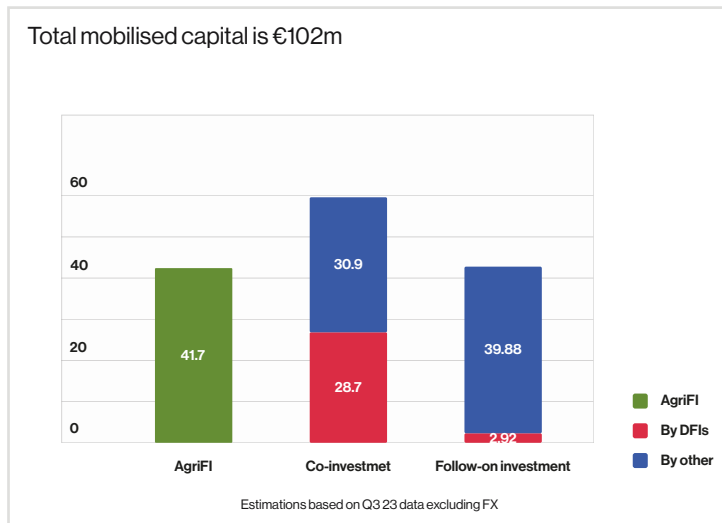
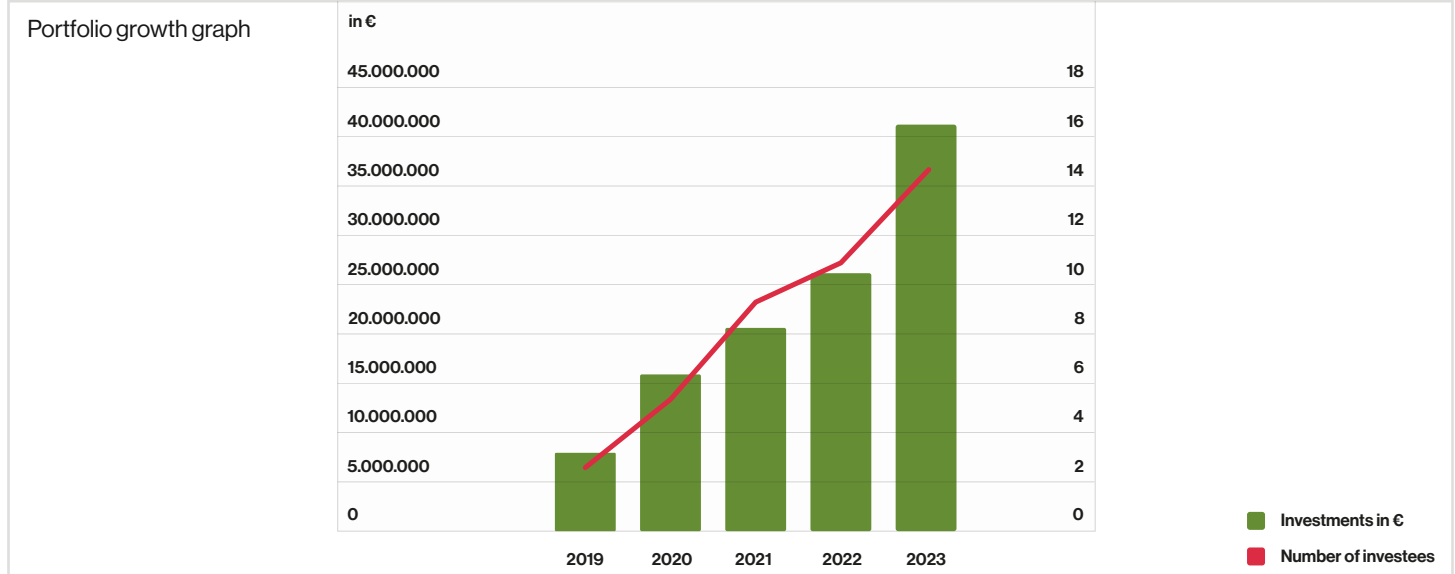
Fair Trade Access Fund	LAC, SSA and Asia
Maha	Myanmar
Babban Gona	Nigeria
Alterfin	SSA, LAC, Central Asia, East Asia
Good Nature Agro	Zambia

Laiterie du Berger	Senegal
Microfinance Solidaire	Global
AgroServ	Burkina Faso
East Africa Foods	Tanzania
Cajou Espoir	Togo
Shamba Pride	Kenya

Kentaste	Kenya
Sinapi Aba	Ghana
Inua	Uganda
Gebana	Burkina Faso

■ Microfinance Institutions
 ■ Direct SME
 ■ Impact Funds

Our portfolio



Our transactions



Shamba Pride is tackling the logistical issue of providing quality and affordable agriculture inputs, services and information to smallholders by focusing on agro-dealers (or agrovets) that they empower with digital services and a franchise network. The company sources agri inputs directly from manufacturers and provides these directly into rural areas, cutting intermediaries in the process.

AgriFI invested **USD 2 million** for the company to scale-up its operations and extend its product offering to smallholder farmers. The AgriFI contribution will support Shamba Pride to reach **200.000+** farmers by the end of its investment period.



Gebana Burkina Faso processes and exports Fair Trade and Organic cashew nuts and dried mangoes. Established in Bobo Dioulasso, it sources local cashew nuts and mango from about 3,500 farmers.

AgriFI invested a total of **EUR 3 million** whose aim is to support the creation of a new processing facility for cashews and dried mango in Southwest Burkina. The project will allow to increase processed volumes and optimize sustainable energy use.

It will contribute to impact **~6,000 farmers** by 2026 and to create employment in a rural area of Burkina Faso.





Good Nature Agro (GNA) is a Zambian social enterprise working with smallholders to lift them out of poverty. The firm works with **~30,000 smallholders** to produce seeds and commodity (to be eaten or processed) for 4 different legumes: groundnut, cowpea, soybean, beans. GNA focus on legumes creates long-term positive change for soils and increases access to more nutritious food. Smallholders benefit from guaranteed sales contract, training, inputs package, financing and access to markets. AgriFI invested a total of **\$3 million** that allows GNA to build a new factory focused on legumes commodity in Lusaka and to increase its production and R&D capacity for seeds in its historical headquarters of Chipata in Eastern Zambia.

More than **30,000 smallholders** are impacted within the value chain, which also creates job opportunities.



Cajou Espoir is Togo's largest processor of raw cashew nuts, processing **15%** of the country's annual production and exporting to the European market. A transition towards fully organic production is underway, for which the company has been sourcing among farmer cooperatives and obtained organic and Fairtrade certification. Cajou Espoir strives to generate local employment and improve livelihoods. AgriFI invested **€3 million** in Cajou Espoir with a goal to increase its sourcing from associated farmer cooperatives and enhance processing capacity by investing in the automation of the plant. Land acquisitions will be made to develop their own plantations, hedging against price volatility and sourcing disruption. The AgriFI investment will be made in machinery for the production of cashew by-products and renewable energy generation.

The investment will reinforce a vertically integrated cashew value chain benefitting smallholder farmers and is expected to lift the company's operations up to international environmental and social standards.





INUA CAPITAL 
PARTNER OF IIP

INUA IMPACT FUND is the first resident impact investment equity fund in Uganda. The fund invests in high-potential entrepreneurs and SMEs with financing needs ranging between **\$100,000 to \$500,000**.

INUA invests with a gender lens, i.e. an approach that seeks to correct gender imbalances in the private sector economy and narrow the gap for women in access to capital. AgriFI invested **\$2 million** in INUA IMPACT FUND to support the development of the agriculture SME portfolio of the fund. By supporting INUA, AgriFI expects to reach **~3,000 smallholders** over 10 years in rural Uganda via direct investments in **10 SMEs**.

alterfin 

Alterfin, a Belgian cooperative supported by more than **6,000 individual** members, championing sustainable family farming in developing countries received €3 million to support its expansion in the global South and through which, together with other investments, should reach out to **~1.49 million** smallholders by end of 2026 in around **40 countries**. This investment follows an initial funding from July 2020 when AgriFI co-invested **€6 million** with BIO.



Our offering

3 targeted types of investees to reach out to smallholders

<p>1. Impact funds:</p> <p>Funds enabling to target less mature investees in which we would not invest directly (e.g. producer organizations, rural MFIs, ...).</p>	<p>2. Financial institutions:</p> <p>Financial institutions (e.g. MFIs) providing services that improve smallholders' financial inclusion.</p>	<p>3. SMEs:</p> <p>High potential SMEs reinforcing the agri value chain (production/ aggregation processing/ distribution) with strong smallholder inclusiveness.</p>
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AgriFI offering

Small and medium ticket size, long-term financing and technical assistance support.

<p>€ 0.5 to 5 m investments</p> <p>Ticket size</p>	<p>5 - 10+ years</p> <p>Medium-Long term tenor</p>	<p>Junior/senior debt, quasi-equity, equity</p> <p>Instruments</p>	<p>Agrifood and forestry value chain</p> <p>Sectors</p>
<p>Additionality & catalytic role:</p> <p>Additional to other market players and catalysing additional investments.</p>	<p>Flexible commercial terms:</p> <p>e.g. patient capital, local currency, flexible repayment structures.</p>	<p>Technical Assistance:</p> <p>may be provided to EDFI AgriFI investees and prospects.</p>	

EDFI MC Team photos





Closing note

“Our goal is to accelerate the transition towards resilient sustainable food production and efficient value chains by supporting smallholder farmers and cooperatives in frontier markets. Our catalytic role and close collaboration with DFIs is what will improve socio-economic conditions of vulnerable populations. With that mandate, AgriFI is steadily growing both in terms of new investments and deployment of existing mandates, and acquisition of new funds.”

Rodrigo Madrazo García de Lomana
CEO, EDFI Management Company

We empower entrepreneurship in frontier markets

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