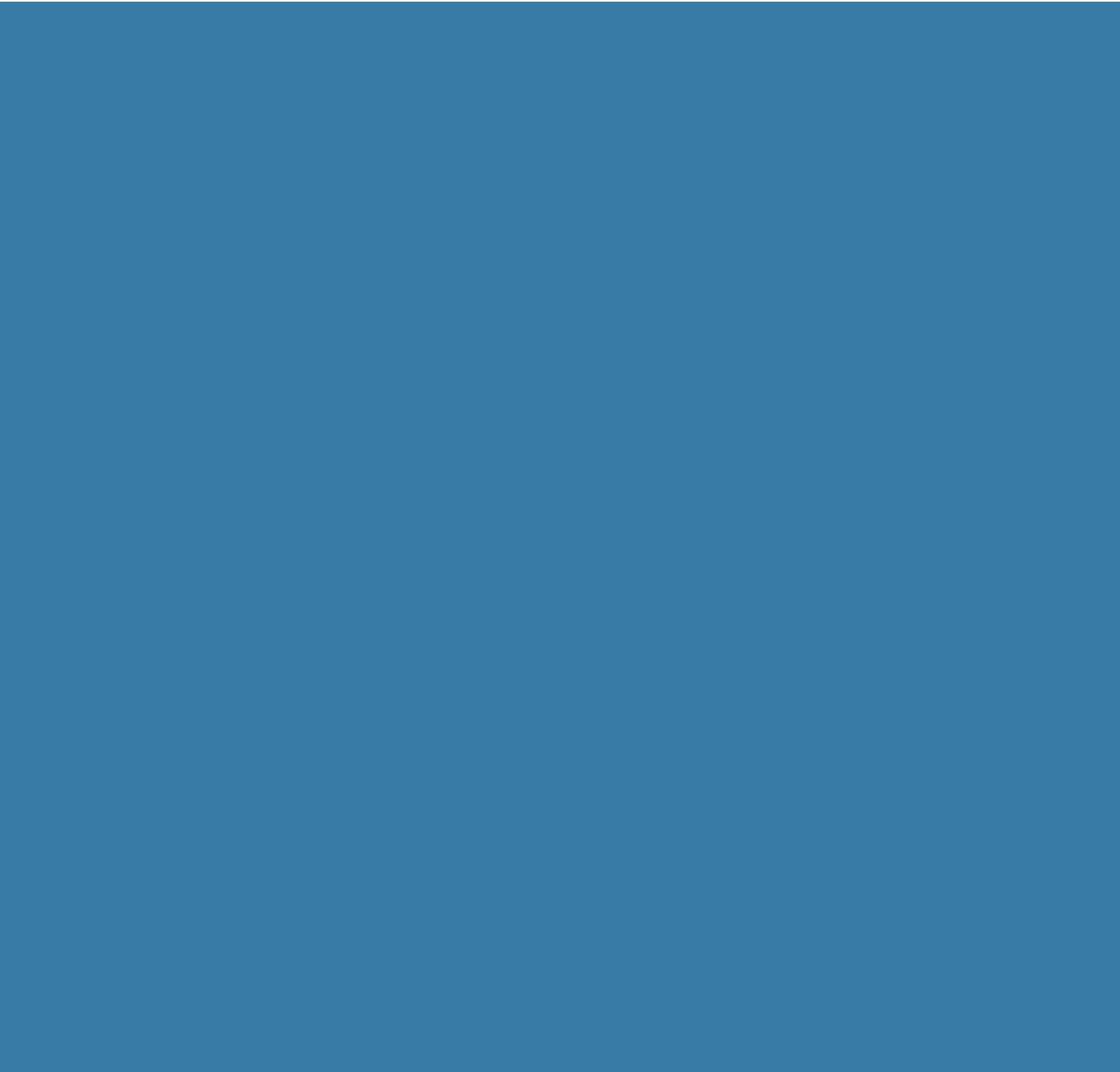




**CHANGING  
LIVES**

**CELEBRATING  
A DECADE  
OF IMPACT**

**PRIVATE SECTOR SOLUTIONS FOR HELPING SMALL FARMERS**



*Celebrating a Decade of Impact*

*Changing Lives:*

*Private Sector Solutions for Helping  
Small Farmers*



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Photo by A'Melody Lee/World Bank

# Foreword

## *Building Private Sector Opportunities in the World's Most Challenging Markets*

When the Private Sector Window (PrSW) of the Global Agriculture and Food Security Program (GAFSP) was launched ten years ago, we joined the development finance space with a new, and relatively untested proposition: Using blended finance solutions to support projects that improve the lives and livelihoods of smallholder farmers living in the world's poorest countries.

We entered this nascent space of concessional finance with an ambitious mission: to support smallholder-linked agribusiness projects with a high potential for development impact that commercial investors deemed too risky. Our strategy was comprehensive, with investments and advisory services across the entire agribusiness value chain.

Then, and now, we are guided by a mission to support farmers, with the understanding that boosting agricultural productivity and improving access to inputs, technology, markets and finance is critical to poverty reduction and the achievement of Sustainable Development Goal (SDG) 2, ending hunger.

**Ten years later, with a mandate that is stronger than ever, we have much to celebrate: In its decade of work, GAFSP PrSW has approved 81 investment projects for \$436 million in 27 countries, alongside 88 advisory projects for an additional \$40 million in 33 countries.** Indeed, we're

making a difference in some of the world's poorest countries, investing in a range of agribusinesses — from cocoa in Côte d'Ivoire to dairy farms in Uganda. Our footprint is considerable and in the last fiscal year alone, 40 percent of our investment projects and 22 percent of our advisory projects were in fragile and conflict-affected countries.

At its heart, GAFSP is driven by the knowledge that catalyzing private sector development in agriculture remains central to our collective efforts to end extreme poverty and boost shared prosperity. Indeed, IFC and GAFSP PrSW continue to lead the way using unique blended finance solutions to enable companies and financial institutions focused on smallholder-based value chains to build competitive business models, create new jobs, and accelerate development in challenging markets. And we are helping preserve jobs during the pandemic, which is hitting the poorest and most vulnerable countries the hardest.

Our work remains urgent, particularly as supply chain disruptions continue to wreak havoc on countries along the development spectrum. When COVID-19 first rocked global markets, the international development community responded quickly, mobilizing emergency aid to ward off a hunger crisis. Although many countries are seeing an economic recovery, the recovery has been



Photo by Marco Vasquez/Istock

uneven and COVID-19 continues to upend agricultural systems, leaving smallholders and the world's poor as vulnerable as ever.

The pandemic is now entering its third year, with an impact on the food security landscape that is difficult to overstate: According to estimates, COVID-19 likely pushed an additional 83-132 million people into chronic hunger in 2020. The achievement of SDG2 is further beyond our grasp.

Clearly, we have our work cut out for us: With the triple threat of COVID-19, climate, and

fragility facing many of our clients, GAFSP is stepping up, and with support from our donors, continuing to search for innovative and out-of-the-box solutions to create opportunities for the world's rural poor. Our donors have high expectations—and with good reason— and continue to push us to amplify our impact. With support from the United Kingdom, for example, we are now working closely with the Public Sector Window of GAFSP on projects in Haiti and Côte d'Ivoire to ensure our work there is aligned and effective. We will continue to



explore pathways to do more, working with donor partners to tackle some of the world's biggest challenges, including climate change and gender inequality.

We are confident in our ability to facilitate real change: To date, GAFSP PrSW projects leverage on average 1.9 times funding from IFC and 6.6 times in total financing—and we are on target to reach 4.5 million farmers. We are proud of our track record and excited about the opportunity to continue supporting smallholders and the companies that work with them.

Every day, we are buoyed by the stories of smallholders we've met along the way—and the very real impact our work has on their lives. In these pages, you will meet Doreen Nansasi and Halima Nanjogo from Uganda—two women farmers who are united by a desire to forge better their lives for themselves and their communities. GAFSP PrSW support is helping these women farmers hone their agricultural and financial skills, streamline productivity, and expand their market access. You will also meet Bismarck Huete, a young farmer in Nicaragua, who has left subsistence farming to plant Robusta coffee alongside other cash crops, in the hopes of creating a better future for his family. Their stories are a poignant reminder of GAFSP's mission—and the unique privilege we feel to be part of this program.

As we celebrate our 10th anniversary, we are also sharing what this works means to members of our team, who you will meet in these pages. In addition, you will hear from members of IFC's senior leadership about what GAFSP has meant for the institution—both strategically and in more concrete day-to-day operations.

We've come a long way since our first \$5 million loan to an agribusiness firm in Bangladesh. And a decade on, we remain true to our mission to help “tackle one of the most pressing challenges of our time,” in the words of then-US Treasury Secretary Tim Geithner, at the time of our founding.

We face much uncertainty as COVID-19 continues to unfold, but our commitment to GAFSP's founding mission and principles remains steadfast. Thank you for being part of our journey.



Photo by Dominic Chavez/IFC

**Niraj H. Shah**  
*Principal Investment Officer  
Program Manager, GAFSP  
Private Sector Window*

# *Small farmers face big challenges Along the way from farm to market*

*Small farmers lack proper inputs for their farms, including high-yield seeds, technologies and fertilizer.*

*Financiers view small farmers as risky borrowers because most of them have undocumented credit histories, unstable incomes and little collateral.*



**ACCESS  
TO  
INPUTS**

**ACCESS  
TO  
FINANCE**

*Every \$1 of Private Sector Window funding leverages more than \$6 of private sector funding.*

**We support activities to provide access to improved seeds and fertilizers as well as adopting high-yield technologies.**

**We invest in non-traditional lenders who work with smaller borrowers and private supply-chain finance that can provide farmers with more credit & more stable income.**

*Women farmers are particularly disadvantaged, lacking land ownership opportunities and access to inputs.*

*Small farmers lack access to fair markets and to reliable storage facilities, often forced to sell their crops at harvest time when prices are low.*

## **GENDER IN-EQUALITY**

**We support investments & advisory services that empower women farmers.**

## **ACCESS TO MARKETS & STORAGE**

**We support development of farm-to-market linkages and improving post-farm logistics.**



*Private Sector Window projects are targeted to reach 4.5 million farmers.*



**GIVEN THE RIGHT ENABLING  
CONDITIONS AND PRIVATE  
SECTOR SUPPORT, FARMERS  
CAN TRANSFORM THE  
RURAL LANDSCAPE AND  
UNLEASH A NEW AND  
SUSTAINABLE AGRICULTURAL  
REVOLUTION.**

Photo by Dominic Chavez/IFC

# *The Challenge*

*Seventy-five percent of the world's poor live in rural areas, toiling on tiny plots of land that yield barely enough to support their family's basic needs and necessities.*

For many of these rural citizens, agriculture has the greatest potential to lift them out of poverty—proving two to four times more effective in raising incomes among the very poor than through growth in other sectors. But for many smallholder farmers struggling to feed their families, formidable obstacles stand in the way.

Even if they have land to farm, many small farmers, particularly women, lack access to proper agricultural inputs, including high-yield seeds, technologies and fertilizers.

Shut out from traditional forms of banking, these farmers have little access to formalized financing. At harvest time, with no credit, they are unable to store their crops in reliable and safe warehouses. Often working in remote areas, they find it difficult to get their harvested goods to market.

It is a vicious cycle that keeps them mired in perpetual poverty: forced to sell crops at a time when prices are low, and forced to buy food and inputs at a time when prices are high.

These are the people the Private Sector Window of GAFSP aims to help. By harnessing the private sector as an engine of growth and development, we know that we can make a difference in the lives of millions of small holder farmers throughout the world.

Given the right enabling conditions and private sector support, these farmers can transform the rural landscape and unleash a new and sustainable agricultural revolution.

A photograph of a man in an orange polo shirt smiling, looking towards the left. He is standing next to a large, tall stack of orange bags, likely containing agricultural products. The background is a clear blue sky. The text is overlaid on a semi-transparent dark rectangle in the upper left portion of the image, framed by large white brackets.

**TO DATE, GAFSP HAS  
APPROVED \$436 MILLION IN  
81 INVESTMENT PROJECTS  
IN AGRIBUSINESS THAT ARE  
AIMED AT IMPROVING THE  
LIVES OF MORE THAN A  
MILLION SMALL FARMERS  
ACROSS THE GLOBE.**

Photo by Dominic Chavez/IFC

# *Private Sector Solutions*

*Supporting agribusiness and agri-finance projects that commercial investors deem too risky is what GAFSP Private Sector Window does best: investing across the entire food supply chain from farm inputs to logistics and storage, to processing and financing.*

We use blended finance solutions and IFC's expertise and knowledge to support projects in the agricultural sector that may not attract commercial funding due to perceived high risks. GAFSP funding is co-invested alongside IFC funding but we take it one step further: addressing market failures by providing affordable funding with less demanding terms. This allows us to invest in early stage or riskier projects that hold high potential for development impact and financial sustainability. That means that we can partner with companies who include farmers as part of their overall value chain, providing access to markets, financing and storage, and increasing production and incomes for those living and working in the world's lowest income countries. To date, GAFSP has approved \$436 million in 81 agribusiness investment projects in 27 countries that are

aimed at improving the lives of more than a million small farmers across the globe.

In addition, we are supporting 88 advisory projects in 33 countries for \$40 million. These projects involve working with technical specialists who provide on-the-ground training and advice for businesses and farmers in promoting access to agricultural finance, improving farmer productivity, strengthening standards, establishing market links, reducing risks and mitigating climate change effects. Although the pandemic delayed many advisory projects last year, the situation on the ground is stabilizing and projects are picking up again. Read more about our Advisory Services on the next page. The GAFSP Private Sector Window is making a difference, one innovative investment at a time.



**THE PRIVATE SECTOR  
WINDOW'S  
ADVISORY PORTFOLIO  
INCLUDES 88 ADVISORY  
PROJECTS FOR  
\$40 MILLION.**

Photo by Daniella Van Leggelo-Padilla/World Bank



# Advisory Services

*It takes more than just finance to achieve sustainable private sector development. Advice is a critical part of the Private Sector Window's work as a comprehensive blended finance solutions provider.*

The Private Sector Window provides technical and financing knowledge, expertise, and tools to:

- Raise agricultural productivity and improve climate resilience through climate-smart practices
- Increase nutritional intake and adoption of high-yield and innovative technology through better farm management
- Create opportunities for inclusive business by linking farmers to global value chains and implementing approaches that target gender equality
- Develop financial products and services that help farmers access finance and invest in new technologies

The Private Sector Window's advisory portfolio includes 88 advisory projects for \$40 million. Our work spans the globe, with active projects in 33 countries, including Uganda, where we are working with Grainpulse, a Kampala-based agribusiness

company, to provide training on planting techniques, including best practices for applying the company's locally blended fertilizer. The project is expected to boost the company's smallholder reach, particularly among women, while also increasing food production and economic growth throughout Uganda.

In Senegal, we are working with Kirène, one of the country's largest milk producers and distributors, to boost milk production, reduce costs, and strengthen the supply chain. The program has trained commercial and smallholder farmers on animal husbandry and animal health, good agricultural practices, and financial management. Some commercial farms supplying Kirène have seen their yields double within less than two years and one farm more than tripled the amount it supplies to Kirène in the period. Thanks to support from IFC and GAFSP, Senegal's dairy farmers are starting to enjoy an improved access to markets—along with higher and more stable incomes.





*A Decade of Impact:  
A View From  
Our Partners*

Photo by Dominic Chavez/IFC



As a pioneer in blended concessional finance, the GAFSP Private Sector Window was an early and successful proof of concept that has helped pave the way for blended finance as a discipline, especially in the agribusiness sector. Commercial investors have traditionally shied away from this space, especially in difficult markets. GAFSP's concessional support has therefore been a critical tool for IFC to advance agribusiness and agrifinance projects that are otherwise deemed too risky. GAFSP remains committed to a strict and disciplined approach to blended finance and, through its more than 80 investment projects to date, is helping revolutionize the agricultural landscape across IDA countries. Indeed, in just a decade of work, GAFSP has created outsized impact.

**Aisha Williams**

*Director, Blended Finance and Corporate Strategy*  
IFC

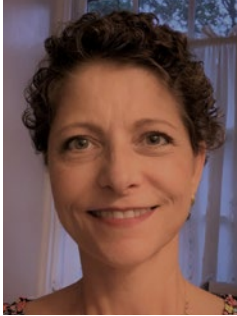
As IFC continues to expand its work in low-income, fragile, and other hard-to-reach markets, blended finance facilities like GAFSP make it possible to meet our most ambitious targets. Through its extensive investment and advisory backing, GAFSP has contributed significantly to IFC's successes. Over the last several years, upwards of 30 percent of IFC's agribusiness program in IDA countries is supported by GAFSP, an indication of how much we rely on GAFSP to expand our footprint in the riskiest and most challenging contexts. We are grateful for this support! Congratulations on the 10-year anniversary of working together and we look forward to another decade of partnership and growth.



**Tomasz Telma**

*Senior Director, Manufacturing, Agribusiness, and Services  
IFC*

Photo by Arne Hoel/World Bank



As climate change, conflict, and the COVID-19 pandemic threaten to reverse years of global progress to end hunger and poverty, we are reminded that the GAFSP mission— to support farmers and agribusinesses in the world’s poorest countries— remains as urgent as ever. Our program has had strong impact because our financing mechanisms are offered in a coordinated manner, with teams that are committed to knowledge sharing and deepening synergies in implementing activities on the ground. Today, as we celebrate ten years of the GAFSP PrSW, we’re using what we’ve learned along the way to better serve the smallholder farmers at the core of our work. Building on our experiences between the public and private financing mechanisms, GAFSP has adjusted its operational model and will soon offer multi-year budget envelopes to other financial institutions to support blended finance solutions for private sector activities. In this new phase of the program, GAFSP will be even better positioned to continue supporting vulnerable smallholder farmers and their families.

**Kathryn Hollifield**

*Program Manager*

*Coordination Unit, Global Agriculture and Food Security Program*

Photo courtesy of Cargill

# For Donors, GAFSP is Helping Smallholders ‘Build Back Better’

*Iris Krebber, chair of the GAFSP Private Sector Window Donor Committee and Head of Agriculture, Food Security, and Land at the UK Foreign, Commonwealth and Development Office, talks about the importance of blended finance for the agribusiness sector, her biggest development fears, and why, despite it all, she’s finally able to sleep at night.*

## **As chair of the Donor Committee, what do you see as the GAFSP Private Sector Window’s most significant achievements in its decade of work?**

GAFSP goes into high-risk, early-stage investment projects, and explores opportunities that other development finance institutions sometimes overlook. By offering concessional blended finance solutions to IFC to explore and further high-risk, high-impact food and agricultural investments, it’s helping challenge the established paradigm— particularly with investments that promote food and nutrition security, climate targets or that incorporate women into the value chain, rather than just at the production end. I’m particularly proud of GAFSP’s forward-looking advisory services. So many of the players in the sector are waiting for an investment that can deliver maximum impact with a high financial return from the outset—and they expect it to just to fall into their lap. That’s unrealistic, especially when investments are also needed to help reduce food insecurity in some of the



poorest and most vulnerable places on earth. Real progress takes patience and, especially as donors, we can’t just put the money in and expect results to come out from the other end a year later.

GAFSP has strong results and an important story to tell—particularly given that its achievements have been accomplished in a relatively short timeframe and in the world’s most challenging contexts.

## **What are some of the main challenges that you think GAFSP overall will face in the years to come, specifically in its work to support smallholders in the world’s poorest and more fragile countries?**

I worry about inaction and the weakening of multilateral systems. As an international community, we need to do more to shore up agriculture and address growing food insecurity—but unfortunately, I think that



Photo by Kwame Amo/shutterstock



we're moving in the wrong direction. GAFSP was first set up as a multilateral solution to mitigate the impact of the food crisis in 2008-2009, a time when multilateral action was an unquestioned tool in the toolbox, particularly for traditional donor governments. With climate change, increasing conflict and the COVID-19 pandemic, the situation is only continuing to get worse, leaving more food insecure people at a time when many countries are focused inwards on their domestic needs. We need more and better multilateral action to deal with the food security emergency and address its root causes, but we don't hear much about the latter, which is worrying. It seems that the world has gotten tired of a seemingly never-ending stream of bad and worse news. The world needs to overcome the pandemic so that together, we can truly build back better. Indeed, GAFSP is more important than ever.

**You've talked before about the importance of securing investments in agriculture and donors' tendency to provide humanitarian aid—often at the expense of livelihoods programming. Do you still see this trend—and where does GAFSP fit in in the development-humanitarian nexus?**

We're seeing a growing emergency, and donors have again shifted much of their long-term aid into humanitarian funding, which is needed to save lives, but is more expensive. We've found ourselves again at a stage where everybody asks why we haven't invested earlier in livelihoods programming, resilience, and sustainable economic development. That raises the question of incentives—which is why GAFSP

fits so well at the nexus of development and humanitarian work. The incentives should be to fund early, so that decision makers are working towards sustainable solutions and funding livelihood work before an emergency becomes full blown. Currently, however, this is not happening at scale, and so the key question is how to turn the situation around. If you look at some of the protracted crises or the chronic, recurrent, or acute emergencies, there are humanitarian actors in the short term that provide much-needed survival systems. But when these actors leave, very often, GAFSP is the only show in town on the development side. Programs like GAFSP—which are building climate resilient investment opportunities and help beat global hunger—need to be scaled up and quickly.

**We last spoke at the beginning of the pandemic, when so much was still unclear about the impacts of COVID-19 on agricultural supply chains and food security more broadly. How has your view of the situation on the ground changed since then?**

COVID19 has exacerbated the food security and livelihood situation in many vulnerable geographies, where people are already being exposed to so many stressors, shocks and emergencies. It's shocking that by now almost half the world's population cannot afford a sustainable diet and nearly a billion people do not have access to adequate food on any given day. GAFSP reacted quickly to help stabilize where it could and keep supply chains going so that people at least had food on the table and were able to make a living. And it's fast-tracking innovation and

the greening of agriculture. Nevertheless, COVID, climate and conflict have led to the problem increasing faster than GAFSP can scale up given existing budgets. There's a global responsibility to not look away—and to act to counter the downward livelihood spiral in many countries. Agriculture has a unique role—to improve people's lives and livelihoods, without trading these off against prosperity or the planet—and GAFSP can help deliver a triple win.

### **What is the role of blended finance in furthering the food security agenda?**

Agriculture is one of the most underfunded investment opportunities, and potentially has the highest development and climate impact. There is a traditional perception that agriculture is high-risk and if you combine that hesitancy with work in frontier markets— where many investors have only limited knowledge and therefore a higher risk perception than may be warranted — then there's even less of an incentive to invest. Blended finance can help fill this space and create critical funding and investment opportunities. Agriculture remains four times as effective as other investments in reducing poverty fast and driving sustainable development in low and lower middle-income countries and so without blended finance, we'd probably be stuck.

### **What's the role of the private sector in SDG 2 and where does the GAFSP Private Sector Window fit in?**

Agriculture has two roles: to enable, support and accelerate sustainable and inclusive economic growth in developing countries on one hand, and to contribute to local,

national and international food security on the other. It needs to be able to function in both ways, which the Private Sector Window has done well. An investment that improves food security but is not financially viable in the long term will not be sustainable. Conversely, a financially lucrative investment subsidized with development finance that is commercially sustainable but does not deliver impacts on food security and poverty reduction is not good value for money invested by taxpayers. GAFSP has a strong monitoring framework focused on maximizing sustainable contributions to SDG2 and is unique in that it goes back directly to beneficiaries and asks them how a GAFSP investment has impacted their food security. I haven't seen that anywhere else.

### **Where would you like to see GAFSP in ten years?**

I would so love for GAFSP to be able to sunset with the SDG target date of 2030 because that would mean it has done its job and we've hit our targets for SDG2. GAFSP was initially set up for ten years, but in 2018, we decided to extend it to 2030 as a key tool to support the SDGs. The world is not on track with the SDGs, however. I would like to see GAFSP in ten years having maximized its impact to achieve SDG2 and hit the triple win of greening agriculture, making more people food secure, and continuing to be a foundation for inclusive and sustainable economic development. It has the potential to deliver on all three but needs a lot more funding to demonstrate the full impact.

### **Under your leadership, and with additional support from the UK, there have been new synergies created between Private and**

### **Public Sector Window projects. Why has this been a priority for you?**

The public and private sector sides need to keep channels of communication open and act together where it makes sense. We don't want to be in a situation where the private sector desperately needs a road in the western part of a country, but the public sector is investing in roads in the east only. Especially in fragile contexts, these conversations need to be deepened so that the private sector can participate in discussions at an earlier stage to inform and be informed. And of course, it remains difficult. In many of the most challenging countries, we donors have incentivized these partnerships, but it's often one step ahead and two steps back, particularly in countries that have not yet stabilized. And while I think that the public and private sector need to talk, align and better sync their work, I feel strongly that we don't need to be evangelical about it and force them together when it doesn't make sense.

### **Last time we spoke, I asked you what kept you up at night. This time, I'll end on a more positive note: Is there something in the broader development landscape that gives you hope—and helps you sleep better at night?**

Looking back on a busy year—where we worked hard to drive more effective action on agriculture and food security through the **UK's G7 Presidency**, the Glasgow Climate Conference COP26, and other bilateral and multilateral efforts—I can say that I am able to sleep well. We have accomplished a lot and see substantive common ground, particularly among like-minded donors.

*GAFSP has strong results and an important story to tell—particularly given that its achievements have been accomplished in a relatively short time frame and in the world's most challenging contexts*


Unfortunately, the challenges have also grown, with COVID-19 having turned an already worrying food insecurity situation into a full-blown large-scale emergency. We're also seeing increasing conflict, fragility and food insecurity, including famine conditions, in places like Ethiopia and Afghanistan, with skyrocketing food prices that hit the poor hardest. The world needs informed, evidence-based and resolute leadership to help steer us through this really challenging situation and back to a positive trajectory. GAFSP's investments in agriculture for better food security, greener outcomes, and inclusive and sustainable economic development are an important multi-lateral solution, and I am pleased that the **most recent call for proposals** for the public sector and producer organizations has been so popular. All of the GAFSP stakeholders—myself included—need to better tell the story of this high-impact initiative.





*A Decade of Impact:  
Investment Voices  
From the Field*

Photo courtesy of Mountain Hazelnuts



**“GAFSP HAS A PARTICULARLY  
IMPORTANT ROLE TO PLAY IN  
THAT IT COMBINES INVESTMENT  
AND ADVISORY SERVICES  
PRODUCTS TO MAKE PROJECTS  
EVEN MORE IMPACTFUL. IT’S A  
STRONG VALUE PROPOSITION  
FOR DEVELOPMENT.”**

Photo courtesy of Lina Tolvaisaite

# *In the World's Poorest Countries, 'A Real Need for Our Expertise'*

*GAFSP Private Sector Window investment officer Lina Tolvaisaite talks about a decade of GAFSP impact, the challenges of interviewing smallholders via videoconference during COVID, and the time a coup nearly derailed an investment project she had been working on for several years.*

## **How did you get your start at IFC and GAFSP?**

As a student volunteer at university and later, while working for companies like SAP, Mercedes-Benz, and Bosch, I had the opportunity to work internationally, including in India and South Africa. It was fascinating to work in emerging markets, particularly at a time when European markets were slowing down. When the opportunity at IFC opened up, it seemed like a perfect fit, both personally and professionally. I grew up in Lithuania, also an emerging market at the time, and saw firsthand how the economy in the early 1990s transformed from one that was centrally planned under the Soviet Union to a market economy. It was incredible how it transformed living standards over such a relatively short period and that's become an inspiration. I've seen what's possible and that has motivated me to try to achieve similar success in developing countries.

## **What drew you to work in the smallholder and agribusiness space?**

When I started at IFC, my first job was in the corporate portfolio division, which gave me a



very good overview of IFC investment products and services across industries and regions. I knew that I wanted to specialize in an industry, and to me, agribusiness and the food sector was the

most powerful and impactful. In 2014, there was an opportunity to work on agribusiness and food sector investments for IFC and GAFSP in Nairobi and so I relocated to Kenya, where I lived until 2016. The work had high development impact and touched the lives of so many vulnerable populations. The food production industry is easy to relate to and understand: We all need to put food on the table and so it's an industry we experience daily. It was also very exciting to move from headquarters to a field office, especially in a region with so much potential for impact. We would go visit clients regularly, talk to smallholder farmers, and really experience our operations on the ground. Over a two-year

period, I worked on more than 20 projects in Kenya, as well as Tanzania, Rwanda, Malawi, Ethiopia, Madagascar, and Uganda—all of which were exciting and impactful.

### **What were some of most interesting projects in your portfolio?**

It's hard to choose, but three projects—Global Tea, Madagascar Vanilla, and Twiga Foods—are probably the most interesting. In the Global Tea project, we are working closely with smallholders in Malawi, many of them women, supplying seedlings for macadamia nuts and then linking the farmers to markets and export. Global Tea has both an investment and an advisory project and we are working to add value locally and increase the capacity of farmers to improve their yields and better manage their financial operations through IFC's technical advice and expertise. GAFSP has a particularly important role to play in that it combines investment and advisory services products to make projects even more impactful. It's a strong value proposition for development.

Madagascar Vanilla is another very exciting project. Working in one of the world's poorest countries is very challenging and there is a real need for our expertise. Local financial institutions weren't interested in providing financing to local vanilla exporters, even if they are working with international buyers like McCormick, because the sector was seen as too risky. We stepped in, which has since sparked interest among local financiers to take interest in the industry— exactly the impact we wanted to see. Our work is making the vanilla industry in Madagascar more sustainable, with improved access to finance for local

exporters, as well as higher incomes and better offtake for smallholders.

Finally, I feel fortunate to have worked on Twiga Foods in Kenya, an innovative digital fresh produce sourcing platform, which is an example of a successful "graduation" story. Twiga is a reminder that blended finance support is temporary: We want to see clients develop to the point where they use commercial financing. With the support of IFC and GAFSP investments, Twiga has expanded, reached the tipping point already and has even attracted global financiers like Goldman Sachs. These graduations stories are gratifying.

### **How does a GAFSP investment project come to be? Can you walk me through the process from start to end?**

IFC teams reach out to us because they require de-risking solutions. We then work with teams to find an optimal investment structure, be it debt, equity, quasi-equity, guarantee or other products, so that IFC can proceed with a transaction after rebalancing its risk and return. If we already have a suitable blended finance product that we can deploy, it can be a quick process, but some projects require innovative solutions we don't have in our portfolio. From start to finish, projects can take anywhere from six months to a year, and sometimes, when we face various external hurdles such as political unrest, up to six years. Throughout the process, we encourage Advisory Services participation, which we partially fund, and which can make investment projects significantly more impactful. We closely follow blended finance principles throughout, minimizing concessional finance and using it only to the degree that it's needed to make





*“Uncertainty is putting a lot of projects and investments on hold and so de-risking solutions are essential to attracting investors into challenging places.”*

Photo by Bennie Khanyizira/IFC



Photo by Dominic Chavez/IFC

*“It’s difficult to imagine investment projects in fragile contexts without blended finance support.”*

the transaction bankable. When a project goes to our Board of Executive Directors, we explain why blended finance was needed to make the investment viable. We also engage donors throughout the project lifecycle, showcasing potential impact.

**What’s the hardest part of your job?**

Working in fragile and conflict-affected countries (FCS) is rewarding but also very challenging. I’ve invested two to three years in projects that are then put on hold because

of external issues along the way—whether it's a politically motivated land conflict or a coup. We have a powerful partnership with both the World Bank and the Public Sector Window of GAFSP and their support has been critical in discussing issues with governments. Sometimes, we are able to resolve these issues and continue with the investment, and other times, we go with an Advisory Services project first, laying the groundwork for a successful investment when the timing is right.

### **How has COVID-19 impacted your work?**

The most significant change has been our shift to doing virtual appraisals. I wasn't sure it would be possible, especially because technology in some of countries where we work isn't always reliable. But our clients and teams have quickly pivoted: Instead of us going to the field to interview smallholders, clients have brought smallholders to their offices, and have arranged for video conferences. For the most part, technology has cooperated. An appraisal would take about one week, sometimes more, before COVID-19 and it would be a full day—packed with meeting sponsors, seeing crops, touring factories, continuing discussions over dinner. Full days in front of a screen are very difficult, so now, we extend the duration and do half day virtual meetings. A video conference in an office is not the same as seeing crops in a field—and I miss being able to see people, ask questions and interact. But our work is so important: Uncertainty is putting a lot of projects and investments on hold and so de-risking solutions are essential to attracting investors into challenging places. We are also deploying new tools with fast-track approval

processes to provide extra support to clients who are struggling due to the pandemic.

### **What aspects of your job are your proudest of?**

I'm proud to work on very impactful projects, often with very strong gender and climate angles. GAFSP projects help to attract investments to places and sectors where investors would normally not invest without our support. Every \$1 of GAFSP funding leverages more than \$6 of other capital invested not only by IFC but also by other investors in very challenging markets.

### **To close, what do you think GAFSP's most significant accomplishments have been in its decade of work?**

GAFSP has helped IFC go into the hardest countries and riskiest sectors. We've helped shift the investment focus from mostly middle and lower-income countries to the some of the most challenging countries in the world. This past year, 40 percent of our projects were in FCS countries. Through blended finance de-risking solutions, we're able to encourage IFC, other investors and other DFIs go into these countries. It's difficult to imagine investment projects in fragile contexts without blended finance support. I also think that GAFSP's successful track record has informed the design of other blended finance facilities at IFC—including ones that are much larger, like the IDA Private Sector Window. The blended finance solutions that we've successfully deployed at GAFSP have been scaled up in bigger contexts and in other sectors and regions.



**“MEETING FARMERS, WALKING THE FIELDS AND GETTING MY HANDS AND FEET DIRTY HAS GIVEN MY FINANCE WORK, WHICH—LET’S BE HONEST—CAN BE QUITE DRY, A LOT OF EXCITEMENT AND ADVENTURE.”**

Photo courtesy of Mountain Hazelnuts

# ‘The Work We Do Matters’

*Philipp Farenholtz, a GAFSP Private Sector Window investment officer and the longest serving member of the GAFSP team, reflects on bringing Hazelnuts to Bhutan, exporting organic rice from Cambodia—and why visiting farms, working with smallholder farmers and witnessing what his work can do is the most rewarding part of his career in finance.*

## **How did you get your start at IFC and GAFSP?**

I was working in corporate finance and ready for a change. I had come to a point in my career where working with overbanked first-world clients didn't excite me very much. At the time, I was curious about development finance and wanted to gain hands-on experience in the field, so I began working with a leading German coffee trading company, where I tried to secure financing for farmer cooperatives in Vietnam, Uganda and Brazil. These were very challenging projects and I realized that what we really needed was funding with more “forgiving” characteristics to overcome a period of higher risk — essentially the type of blended concessional finance that GAFSP provides. I was exploring opportunities at IFC and when the position focusing on GAFSP projects opened in 2013, it was a perfect fit.

## **What drew you to the agricultural sector?**

When I decided to take my career in a different direction, I was working in debt advisory and structuring often complex debt transactions, mostly with private equity clients. I knew I wanted to deploy my expertise and transfer those same skills into something



more meaningful. Development finance seemed like a logical transition and since agriculture is so critical to poverty reduction, it was a natural area to explore. My knowledge of agriculture was fairly

limited at the time, but I have learned a lot since then and have become passionate about the sector.

## **What are some of the most exciting and impactful GAFSP projects that you've worked on?**

Meeting farmers, walking the fields and getting my hands and feet dirty has given my finance work, which—let's be honest—can be quite dry, a lot of excitement and adventure. Working on these projects always make me feel alive and seeing the impact it can have on communities is very rewarding. To give an example, I worked on Mountain Hazelnuts in Bhutan, and while it has been hit hard by the COVID-19 pandemic, the impact on local communities will be tremendous if successful.

From the time the project started almost a decade ago, it has been a pioneering venture: the sponsors brought in a new crop and business model to the country and they used technology, alongside what they called Bhutan's largest motorcycle gang—a team of young field monitors equipped with motor bikes—to navigate mountainous terrain to supervise thousands of outgrowing farmers scattered across remote areas. Through the planting of some 10 million hazelnut trees, the project was also expected to have a considerable impact on GHG sequestration. Another exciting project I've worked on is Amru Rice in Cambodia. There is growing demand for organic and sustainable products in the developed world, and it is exciting to see how we can link this trend with Cambodia, one of the few origin countries of fragrant jasmine varieties. The low use of fertilizer and pesticides has kept yields lower but now allows for the production of organic rice—with tremendous impact expected for the thousands of smallholder farmers in Amru's supply chain. Being able to use my expertise to facilitate these projects with blended finance structures is highly rewarding.

**How has COVID-19 impacted your work?**

My day-to-day work hasn't really changed that much other than working from home instead of from the office. I am based in Singapore,

and for the most part, work virtually with colleagues in other locations—and that has continued throughout COVID-19. Obviously, we cannot travel these days and most of our due diligence happens virtually. And the pandemic has impacted a number of GAFSP projects, some of them hard, so we are dealing with these situations. The lockdowns have caused all kinds of interruptions in supply chains and market access and many of our clients have been unable to provide training or supervise the farmers in their supply chains. Also, banks are becoming even more reluctant to lend to the agriculture sector, so for farmers, lack of access to finance is again a major challenge. Banks are also withdrawing support for agricultural commodity traders, leaving them with less liquidity to buy from farmers— and removing a major source of income for those farmers. The impact has really varied depending on country and project.

**What aspects of your job are you most proud of?**

Our work allows IFC to do impactful projects that it otherwise could not do—and as a result, we help farmers increase incomes and improve their livelihoods. If GAFSP cannot take on a particular project, it's likely no one else will. The work we do matters.

**What is the hardest part of your job?**

GAFSP is often the last resort for projects to go ahead: IFC pursues





*“Our work allows IFC to do impactful projects that it otherwise could not do—and as a result, we help farmers increase incomes and improve their livelihoods.”*

Photo by Karel Prinsloo/IFC

projects that no one else will and projects come to us for GAFSP support when even IFC cannot engage on its own. As a result, we often find ourselves in situations where everything hinges on whether GAFSP can offer support. As an investment officer, I look at a project and sometimes need to conclude that the numbers don't add up and the risks are simply too high. When I come to this conclusion, I am essentially saying that GAFSP cannot help a large number of farmers and that is always difficult.

**What do you think GAFSP's most significant accomplishments have been in its decade of work?**

We've done more than 80 projects and while it's still early to talk about achieved development impact at the overall program level, we know that all these projects will be impactful in various ways. GAFSP has enabled IFC to pursue investments that it could never have without blended finance support. After meeting with some skepticism in the early days, we have played an important role in establishing blended finance as a viable concept that has been adopted as an important tool to make IFC 3.0 a reality. When I first started with GAFSP, investment colleagues were hesitant: they didn't entirely understand the model and were concerned it might entail additional steps that would slow down the investment cycle. That has changed over the years, partially because of the way we used GAFSP to help IFC move forward with risky, but impactful investments. Now, people know who to talk to about blended finance—and they know what is possible and what is not. Ten years on, blended finance is firmly rooted in IFC and across development finance.







*“We have played an important role in establishing blended finance as a viable concept that has been adopted as an important tool to make IFC 3.0 a reality.”*


Photo by gnomeandi/shutterstock





*Spotlight on GAFSP  
Projects That Are  
Changing Lives*

Photo by Bartosz Hadyniak/Istock

A photograph of a coffee plantation. In the foreground, a man wearing a green polo shirt, a white baseball cap, and brown boots is walking towards the camera. He is carrying a large, full, light-colored bag of coffee beans slung over his shoulder. In the background, two other workers are walking away from the camera on a dirt path. The path is flanked by rows of coffee bushes with white flowers. The text is overlaid on a semi-transparent grey box with white brackets on the left and right sides.

**MORE THAN 90 PERCENT OF  
MERCON'S COFFEE SUPPLIERS  
ARE SMALL AND MEDIUM-SIZED  
PRODUCERS IN RURAL TOWNS.**

Courtesy of the Mercon Coffee Group

# Brewing Hope for Coffee Farmers in Nicaragua

*Climate-smart solutions are making a difference for small coffee producers in the Caribbean Coast of Nicaragua.*

Until recently, Bismarck Huete would need to travel at least two days to buy fertilizer, seeds and other agricultural products for his small family farm in El Tortuguero, a remote stretch of land on Nicaragua's Caribbean Coast. He made the journey— eight hours on a bus through muddy, often-flooded roads, followed by several hours on foot to the nearest town—just once a year. As Huete tells it, the long distance was just one reason the journey was so infrequent: purchasing fertilizer to cover his entire field was often too expensive. With sky-high interest from village lenders, he preferred watching his plants wither, rather than shouldering debt he could never repay.

But Huete's luck is starting to change. He recently joined a program sponsored by the Mercon Coffee Group— a vertically integrated global green coffee supplier with expertise that spans the entire supply chain. The company provides farmers like Huete with small loans to purchase plants, fertilizers, and other inputs to plant Robusta coffee plants. Robusta coffee, a species mostly used in instant coffee and espresso blends, thrives in the tropical climate of Nicaragua's Caribbean coast, where it was first introduced in 2013.

Mercon is working in partnership with IFC, with support from the Private Sector Window

of GAFSP, to help strengthen its operations in Central America and support coffee producers like Huete along the coffee value chain. IFC and GAFSP's recent investment and advisory support aims to improve the productivity of the coffee sector, promote business sustainability, and protect jobs in rural areas, driving recovery and growth in Nicaragua, Honduras, and Guatemala, where the coffee sector is an important contributor to the local economy.

"We're creating opportunities for producers, while also creating a high-quality coffee supply that's a good fit for many of our buyers," said Adolfo Lugo, Mercon's Origin Corporate Manager.

Coffee is Central America's second largest export, accounting for more than ten percent of the world's exported coffee and generating around two million jobs in the region. More than 90 percent of Mercon's coffee suppliers are small and medium-sized producers in rural towns. In Nicaragua, one of Latin America's least developed countries, agriculture is critical and accounts for about 30 percent of total employment. Mercon has been a key player in the country's coffee industry, with 35 percent of the country's total coffee exports.

But climate shocks have made farming a struggle, particularly in the Caribbean Coast, one of the poorest regions of Nicaragua, where rain falls 10 months a year. Roads are often flooded or washed away, and donkeys are considered among the most reliable forms of transportation—which makes market access challenging nearly year-round.

Mercon pioneered the production of Robusta in Nicaragua more than ten years ago and over the course of a decade, has expanded its Robusta farms, developed a farmer supply chain, established the first Robusta processing mill in Nicaragua and invested in coffee-producing communities in the Caribbean Coast through the Seeds for Progress Foundation. Mercon's investment in the supply chain is estimated at US\$ 20 million and as Lugo explained, "we're building an agricultural coffee industry in one of the most remote areas and we're doing it from scratch."

With support from IFC and GAFSP, Mercon is providing training to an initial group of 200 farmers along the isolated Caribbean Coast. A team of six agronomists travels to local farms, teaching planting, fertilizing, weed control, coffee tree maintenance, cherry picking, and harvest techniques. "We are seeing huge improvements in the quality and quantity of the coffee beans," Lugo added. "The leaves are greener, the size of the bean is larger, and we're seeing more beans per node. It's still early in the process, but we're seeing indications that the training is making a difference."

Farmers who have participated in the program agree. "Before I learned proper techniques, the beans were small and the plants were weak and floppy," said Levis Palacios, who plants corn, beans and yucca,

in addition to coffee. "My plants are stronger and healthier now."

Farmers like Hueete and Palacios first began coffee farming as part of PAIPSAN, the World Bank's Caribbean Coast Food Security Project (PAIPSAN), which was supported by the Public Sector Window of GAFSP. PAIPSAN, which was developed to enhance food security and nutrition for smallholder communities along Nicaragua's Caribbean Coast, ended in December 2019, just as the coffee entered its first year of production. But some farmers struggled to connect to markets, particularly given difficult travel conditions. IFC's work with Mercon created a bridge with the Public Sector Window project, helping boost quality and production through Mercon's technical assistance, while also creating stronger linkages so that farmers had a reliable and accessible buyer. In coordination with Mercon, three local collection centers were set up to mitigate the travel challenges that otherwise prevented the smallholders from offloading their coffee, creating a seamless access to markets that hadn't existed previously. Since 2021, Mercon has purchased more than 158,000 kilograms of coffee at these three locations.

With support from IFC and Nitalpan, a local research and development company, Mercon also supplied solar dryers, which dehydrate the coffee using the sun in just eight days. Robusta coffee beans are processed naturally so beans harvested in the morning need to be delivered that afternoon, or risk fermentation. For Mercon and the smallholders along the Caribbean Coast, the solar dryers—which are shared by the farmers—mean that they can still deliver high-quality coffee to meet

*For farmers like Norlan José Gonzalez, the arrangement with Mercon has been a “win-win.”*



Courtesy of the Mercon Coffee Group

Mercon's standards. As Lugo explains, the dry cherry is lighter, easier to transport, and can be stored for much longer. "It's a natural process that has given the farmers a real solution and opened up a market they didn't have before," he said.

For farmers like Norlan José Gonzalez, the arrangement with Mercon has been a "win-win." Gonzalez previously raised cattle on his farm but added coffee recently in the hopes he could provide a better future for his family. "Before Mercon, I never was able to get a loan. The rates were too high," he said. "This program is good for everyone: Mercon is making profit and so am I."

Farmers in the Caribbean Coast may also be eligible to secure land titling for their family farms through the on-demand window of the World Bank-financed Property Rights Strengthening Project (PRODEP III). The land titling would provide financial security for the farmers—and help increase the loan amount they'd be eligible for through Mercon's financing.

Gonzalez, a 33-year-old father of two, is already reveling in the higher quality of life he's been able to provide his family. "I am teaching my son how to plant coffee and hope he joins me in the coffee business," he said. "I want to build a legacy for my family."



**GRAINPULSE'S FERTILIZER-  
BLENDING FACTORY  
IS THE FIRST IN UGANDA**

Photo by Dominic Chavez/World Bank



# *New Farming “Ecosystem” in Uganda Empowers Women Smallholders*

*For Grainpulse in Uganda, Reaching Women is Critical to Long-Term Growth*

Crops have been plentiful in recent months for Doreen Nansasi, a 33-year-old smallholder who plants beans and maize on her small family farm in the village of Kito in central Uganda. The relative bounty has allowed her to invest in her farm, pay school fees for her children and even put money aside in her local village savings group—a first, she admits.

As Nansasi sees it, this spell of good luck has just one explanation: Earlier this year, Grainpulse, a Kampala-based agribusiness company, visited her fields to provide training on planting techniques, including best practices for applying the company's locally-blended fertilizer.

The results have been dramatic. In just one planting season, Nansasi's maize and bean production have both increased by more than 60 percent and though she's farming on less land, her income has increased dramatically.

“Ever since we started using the fertilizer, we are seeing a big change,” she said recently. “I used to think that fertilizer was a luxury. Now, with trainings, I know to save my money on renting more land—and instead use it to buy inputs that increase production on land that I already have.”

IFC, with support from the Private Sector Window of GAFSP, has committed \$11 million in loans to Grainpulse to support the company's expansion and strengthen its farmer supply chain. The investment, alongside advisory services—also supported by GAFSP—is expected to boost the company's reach to an estimated 200,000 smallholders like Nansasi by 2023, up from approximately 20,000—increasing food production and economic growth throughout Uganda. It's also helping Grainpulse expand to become a “one-stop-shop” for farmers, providing them with multiple services, including fertilizer blending, that is optimized to popular local crops like those on Nansasi's farm.

Fertilizer use in Uganda is low, about 9.6 kilograms per hectare annually. This is significantly lower than the 16.2 kilograms per hectare average across sub-Saharan Africa, and the 140 kilograms per hectare average globally.

To introduce it to farmers, Grainpulse works closely with smallholders leveraging a digital extension platform throughout the planting cycle—and has intensified its outreach to women farmers like Nansasi to ensure the

company's long-term growth. "Reaching women farmers and empowering them isn't a side project—it's core to our business strategy," said Grainpulse CEO Alta Theron. "Creating a sustainable supply chain is critical to growing our business and customer base."

As part of the company efforts, they've employed a team of female village agents—about 40 percent of their total outreach staff—whose role is to reach out to women farmers in their communities. The training they provide is flexible to accommodate the household work that many women farmers are also tasked with. Grainpulse has trained 1,200 farmers so far—about 45 percent of them women—and has covered agricultural best practices, as well as financial literacy. Jalia Nakawuka, a female extension agent who joined the company this year, says that her training—which focuses on land preparation, proper planting techniques, weeding, pest management, and harvesting—also includes financial literacy, highlighting the importance of profit, rather than just revenue. "I train farmers to focus on cultivating a small piece land with high yields, rather than having a lot of acreage with less output," she said.

In addition to Grainpulse's fertilizer-blending factory—the first in Uganda—the company also buys crops such as coffee, maize, sorghum, barley and pulses directly from farmers, helping connect them to markets and exporters, while also reducing their post-harvest losses. Grainpulse's mill currently produces maize flour to make breads and other staples; the IFC-supported expansion will enable Grainpulse to process maize into animal feed as well.





*“Reaching women farmers and empowering them isn’t a side project—it’s core to our business strategy.”*

Photo by Joesboy /Istock



*“Agriculture in Uganda is almost entirely based on smallholders and so empowering them is critical to our supply chain sustainability.”*

Photo by Claudiad/Istock

"Agriculture in Uganda is almost entirely based on smallholders and so empowering them is critical to our supply chain sustainability," said Hannington Karuhanga, Grainpulse Executive Chairman and Founder. "For us to be successful, we need to create an ecosystem by working closely with farmers, providing last-mile solutions and reducing middlemen."

Grainpulse, formerly known as Savannah Commodities, became a joint venture with K+S AG, a global potash and salt company headquartered in Germany, in September 2018.

Agriculture employs an estimated 70 percent of the country's labor force and accounts for about a quarter of its GDP. But Ugandan smallholders are particularly vulnerable: Rainfall is unpredictable and dry spells can be disastrous for farmers without irrigation systems. The recent swarm of locusts has also decimated many crops, while COVID-19 restricted movement even in rural areas. The result is that many farmers had a harder time getting to stores to purchase inputs or recruit additional workers to assist during planting season.

Halima Nanjogo, who farms cassava, sweet potatoes and maize on her half-acre farm, says life has been transformed since Grainpulse taught her streamlined planting techniques. "I have only a small area of land, but I can produce so much more," she says. "And I can use the extra money to invest in my small shop and improve my family's well-being."

Last year, the company's mobile farmer training center—a retrofitted Mercedes truck equipped with lab for soil testing analysis, as well as a fold-out tent where upwards of 100 farmers can attend training sessions—stopped at Nanjogo's farm. The truck has traveled across the country, crisscrossing rural communities and hard-to-reach areas to teach farmers how to prepare land, apply fertilizer, use seeds, and manage diseases and mold like aflatoxin. It has also worked closely with farmers like Gad Brightard, who says that Grainpulse's training and fertilizer has helped ensure lush coffee trees and high-quality beans on his farm in Kabarole in western Uganda. With support from GAFSP, the company also distributes training manuals and informational leaflets that provide easy-to-use information on streamlined techniques, as well as financial literacy training.

"Farmers are doubling their yields and with continued training on good agricultural practices, they can improve even more," says Hilary Rugema, Grainpulse's lead agronomist.

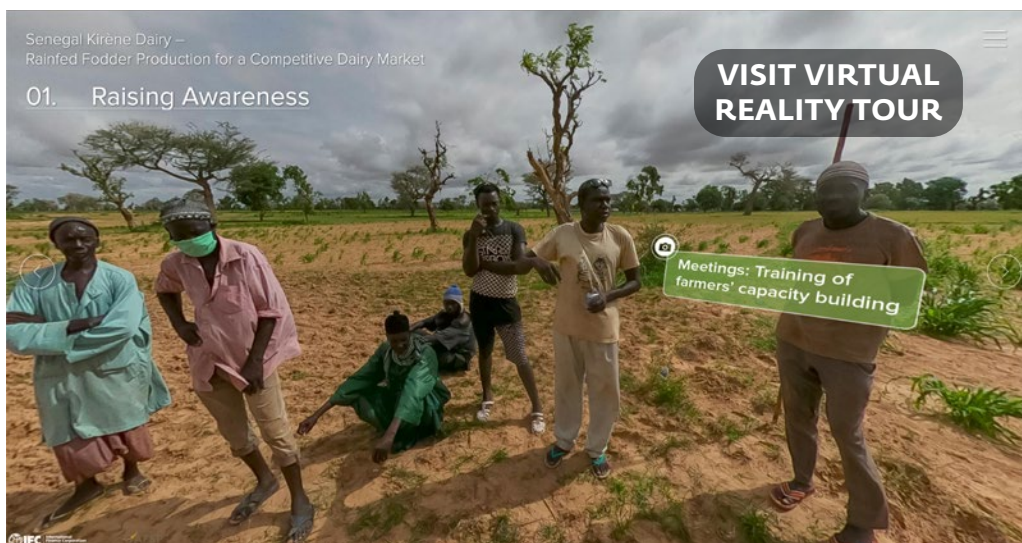
This ongoing training is critical, according to Theron, who says that empowering smallholders helps secure Grainpulse's financial future, while also creating opportunity for the people who ensure Uganda's food security. "By getting agricultural inputs and know-how directly in the hands of farmers, we are giving them the tools to be more successful," she said. "It's a win-win for everyone."



Photo courtesy of the Kirène team/IFC

# Milking the Benefits of Higher Productivity in Senegal

Senegal has grappled with drought and extreme weather in recent years, which has impacted the lives and livelihoods of the country's smallholder farmers. Kirène, a leading beverage company and Senegal's second largest processor and distributor of UHT (ultra-high temperature) milk, partnered with IFC and the Private Sector Window of GAFSP in 2018 to boost milk production, reduce production costs, and strengthen the company's supply chain. The project also helped train commercial and smallholder farmers, including pastoralists, on animal husbandry and animal health, good agricultural practices, cooperative organization, and financial management. Farmers were introduced to rain-fed and irrigated fodder production techniques, as fodder—the fresh sorghum, maize and grass eaten by cows—is key to maintaining healthy herds. **Join us on a virtual reality tour to learn more about our work with smallholders in Senegal, where IFC and GAFSP are helping create a more competitive dairy market.**









*A Decade of Impact:  
Advisory Voices  
From the Field*

Photo by Dominic Chavez/IFC

A woman wearing a woven hat, a dark long-sleeved shirt over a yellow turtleneck, and dark pants stands in a lush green field. She is holding a bundle of harvested rice stalks. The background shows palm trees and other vegetation under a bright sky. A large white bracket on the left side of the image frames the text.

**“GAFSP CAN BRIDGE THE GAP  
BETWEEN SMALLHOLDERS  
AND OUR CLIENTS,  
MAKING MARKETS MORE  
PREDICTABLE FOR FARMERS  
AND SUPPLY CHAINS MORE  
RELIABLE FOR COMPANIES.”**

Photo by Jeff Cagle/Istock

# *In the Most Challenging Markets, Advice that Makes a Difference*

*We spoke with Tania Lozansky, Senior Manager of Advisory for Manufacturing, Agribusiness and Services, who reflected on a decade of GAFSP impact and the ways that the facility has paved the way for IFC 3.0—and beyond.*

## **Why are advisory services so important to GAFSP's work and mission?**

Agribusiness is challenging and complex: with so many actors and stakeholders, it's very hard to have success unless the broader ecosystem also works. There are so many interdependent factors—funding, weather, inputs, distribution, offtake, financing, policy and market access—and they all need to function for the sector to run smoothly. I can't think of another supply chain that has quite so much complexity. If you overlay that with the challenging nature of GAFSP countries, it's clear that advisory is critical. In many cases, our clients rely almost exclusively on smallholders for their supply chain. It's much easier for a company to source everything from one large supplier, but that's not the choice our clients face. The number of smallholders in the world is increasing and when you have fragmented supply chains, it's very difficult to have sustained relationships. GAFSP can bridge the gap between smallholders and our clients, making markets more predictable for farmers and supply chains more reliable for companies.



## **How does advisory work together with the investment side of the business?**

We work closely with the investment teams and that relationship is precisely why companies come to us. There are plenty of NGOs and other organizations that provide technical advice, but IFC is unique in bringing the commercial lens and combining both investments and advisory services together. We help clients solve specific supply chain problems—whether it's about traceability, productivity, or access to finance—and tackle these issues from a business need point of view. We work in a practical way to solve problems, bringing to the table the different expertise that IFC has. That's what makes us unique, and that combined offering is the power of GAFSP.

## **What are some of the biggest challenges GAFSP advisory has faced in its ten years?**

Because we deal with the riskiest sector in the riskiest markets, nothing ever goes as planned

and things almost always take longer than anticipated. We're optimistic by nature, but the reality is that our work is unpredictable. We have relationships on the ground and the resilience to adjust programs based on emerging market needs, but sometimes, we are forced to revise our aspirations. Client capacity is another challenge. In so many countries, our private sector clients are delivering public goods, whether it's running hospitals and schools or maintaining the roads—and that can be distracting, as well as a burden. Global Tea in Malawi, for example, is supporting a local school.

**Has GAFSP shifted its approach over the years? And have there been any lessons learned that have informed its strategies?**

After a few years of GAFSP, our development partners supported us in becoming more proactive with what we later called an "advisory first" approach. Before that, we had always tried to marry investment and advisory at the same time, but we realized that in some of our more challenging markets, it would be more strategic if we put boots on the ground and started engaging companies with advisory services before we made an investment. Our donors encouraged us to make that shift and we've seen it pay off. In Ethiopia, which was an early pilot of this approach, we started working on an analysis of different sectors, including the barley supply chain. It was clear that while Ethiopia could be a competitive producer of barley, the yields were low, and production was insufficient to meet demand. We subsequently engaged in an advisory program to improve barley productivity and volume—which resulted a few years later in a new

GAFSP investment in Soufflet. The same thing happened with AMRU Rice in Cambodia: we first engaged with a number of Cambodian companies through advisory services aimed at growing the export potential of Cambodian rice. Through this process, we got to know AMRU and understood where they were going strategically. Later, IFC and GAFSP came in with an investment, along with additional advisory services aimed at taking the company to the next level.

**How does GAFSP's commitment to gender inform its advisory work?**

GAFSP stakeholders are spearheading the development and roll-out of gender-smart practices throughout our advisory services. Today, it is standard to do a gender baseline survey—both qualitative and quantitative—ahead of any advisory program. This has proven to be essential for engaging clients around the business case for instituting gender smart practices. For example, a baseline could show that women are performing key roles in the production cycle that ensure crop quality—but for various reasons, they aren't attending trainings. If we don't solve for this issue, the overall productivity and profitability of the farm—and the supply chain—suffers. In most cases, we solve for these challenges—but only after first shining a light and better understanding the problem. To give another example, as part of GAFSP AS support, we insist that financial literacy training is done at the household level—and not just for one spouse, which has a significant impact on livelihoods. Our teams continue to identify opportunities for furthering the gender agenda, particularly around the role that women play in nutrition.



*“By spending time with clients, understanding the challenges they face, learning with them, and continuing to improve, we’ve tripled the size of our portfolio.”*

Photo by Simplice/shutterstock

### **How did the advisory partnership with the GAFSP Public Sector Window come about?**

From the start, our partners were keen to have collaboration between the Public and the Private Sector Windows, but it's been difficult to do in practice. One of the key reasons is because the Public Sector Window operates over the longer term—a three to four-year window frequently covering a specific geography within a country— whereas on the Private Sector Window side, we need to follow market opportunities and go where the client is. Advisory Services can be the bridge between these two approaches and with the 2019 call for Public Sector Window proposals focused on FCS countries, we tried to have a more systematic approach—thanks to additional funding from the UK. In Haiti, for example, farmers who were trained under a GAFSP Public Sector Window program are now being brought in through Advisory to supply two IFC clients. More broadly, agribusiness is largely dominated by the private sector, but the public sector can play an important role, particularly when it comes to infrastructure. Our client might have an excellent operation or business plan, but there may not be a road in the right place. Irrigation infrastructure is another big issue that involves the intersection of both sectors—and so we need to do better and partner for greater impact.

### **Reflecting on a decade of GAFSP, what are you most proud of?**

When I started to lead global advisory for IFC's Manufacturing, Agribusiness and Services (MAS) practice group in 2016, we had three people covering the Africa region. I moved to Africa later that year and encouraged other

global leads to be based on the continent. Over the course of four years, we built a team of great professionals on the ground who work with a growing number of clients on a day-to-day basis. GAFSP enabled this idea of boots on the ground and provided us with the impetus to test new approaches, develop new tools and services, and work with clients more proactively. By spending time with clients, understanding the challenges they face, learning with them, and continuing to improve, we've tripled the size of our portfolio.

### **Do you have any hopes or plans for GAFSP work in the coming years?**

Our agenda is by no means done: If anything, COVID-19 pressures have exacerbated some of the weaknesses in the agribusiness ecosystem. The pandemic has also increased our clients' appetite for digitalization—which is a critical shift because agriculture remains the least digitally-connected sector. Before, clients envisioned a three-to-five-year timeline for going digital and now clients want to transition to digital right now. That's the next frontier and so our clients need us even more. Climate challenges are also becoming more evident and more pressing: More than 90 percent of agriculture in Africa is still rain-fed and rain can determine whether a family eats or not. It's a precarious space for smallholders. Digitization, climate, gender, and of course, nutrition, continue to be critical directions for our team.

### **How has COVID-19 impacted your agenda and some of the challenges that your clients are facing?**

A lot of advisory work is in the field and so not being able to travel has been a challenge. If

*“Our agenda is by no means done: If anything, COVID-19 pressures have exacerbated some of the weaknesses in the agribusiness ecosystem.”*




Photo by andres/istock

you are conducting focus groups with female farmers, it's not as if everyone can connect to an online meeting. Many don't even have a mobile phone. We also need experts on the ground, assessing conditions in the fields or in factories. We have tried to solve for some of this by using virtual reality cameras, which has really helped. Virtual reality has allowed our team to do assessments in hospitals, factories, and agricultural fields.

**To close, can you reflect on what drew you to IFC, development, and agribusiness?**

I've always been interested in development and my first job right out of college was as a consultant at IFC. At the time, the Soviet Union was falling apart and IFC was looking to engage

with the Russian government on a huge privatization program and so I just jumped right in. I realized then that to make an impact in development through the private sector, you need to understand what makes companies tick. That's why I got a business degree and worked as a management consultant. To me, advisory is the most interesting space because you need to think three steps ahead of your client and help them solve problems. Working in agribusiness is complicated and there are so many problems to solve, but it's also central to our mission: of all the sectors, it impacts the lives of most people, including some of the poorest people in the world.



**“THE WORLD’S  
ESTIMATED 500 MILLION  
SMALLHOLDER FARMERS  
ARE CRITICAL TO FOOD  
PRODUCTION.”**

Photo by Nok Lek/shutterstock



# From Climate Change to COVID, Advisory Navigates Challenges

*We talk with Mehnaz Haider, senior operations officer and outgoing GAFSP Private Sector Window Advisory lead, about the legacy of GASFP’s “Advisory First” strategy, how professionalizing agricultural coops can help farmers weather the effects of climate change—and the most important lessons she’s learned during her tenure at GAFSP.*

## **What attracted you to agribusiness and advisory work more specifically?**

Agriculture has always been close to my heart. I’m from Pakistan, where my family still has farms that grow wheat and cotton. I started my career in SMEs and microfinance in Pakistan, but when the world food price crisis hit in 2007 and 2008 partly due to a decline over the last two decades in both private and public investment in agriculture, I shifted my focus to food security and agribusiness. I began working with Food and Agriculture Organization of the United Nations (FAO) and the International Fund for Agricultural Development (IFAD) to support smallholder farmers in South Asia, East Asia, and the Pacific. I increasingly realized that the private sector—and advisory services in particular—are critical to helping smallholders attract the financing they need, particularly in the poorest and most fragile countries.

## **Why are advisory services so important to GAFSP’s work and mission?**

The world’s estimated 500 million smallholder farmers are critical to food production—and too



many of them don’t even produce enough to lift themselves out of poverty. They face so many setbacks: lack of access to technology, inputs, know how, and markets. Advisory services are so important

because we can help these smallholders implement concrete changes that boost their productivity, while also making supply chains more sustainable for our clients. There are many challenges associated with sourcing from smallholders and the reality is that responding to all of them is costly. But it’s also a public good, which is why advisory services are so integral to GAFSP’s mission. We help encourage private sector investment and innovation in agriculture, particularly when our clients don’t have the information and experience necessary to invest, are unwilling to take the risk alone, and where the costs can be very high—issues that are all made even more challenging in the countries where GAFSP works.

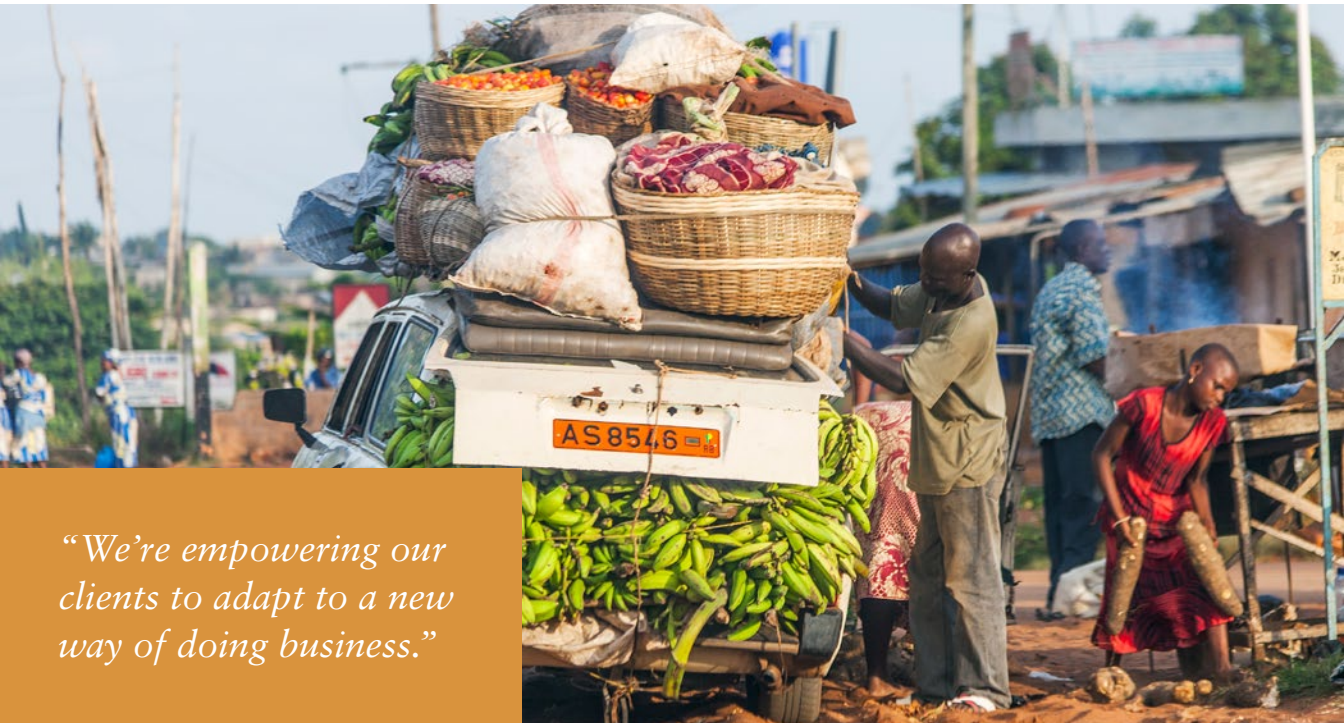


Photo by peeterv/istock

*“We’re empowering our clients to adapt to a new way of doing business.”*

**What are some of the biggest challenges the GAFSP advisory team has faced?**

We’ve been very fortunate to have supportive donors who believe in us and have allowed us to take risks. But we still face significant challenges, many of them related to agribusiness more broadly. Linking farmers to financing remains very difficult in fragile contexts and climate change—which is decreasing agricultural productivity around the world—is a major threat to the smallholders we’re trying to help. Climate change of course isn’t limited to GAFSP projects, but we increasingly see that farmers are being exposed to extreme weather, which shrinks farming areas, causes harvests to

fail, and threatens livelihoods. For farming communities, there are ripple effects in other areas like education and health. Advisory can offer some relief for farmers—for example, by offering training on climate smart agriculture—and we know that professionalizing farmer cooperatives can also help increase productivity and reduce poverty. Cooperatives can provide technical assistance, provide supplies such as pesticides and fertilizers, expand market access and help smallholders achieve greater bargaining power. We’re seeing real results through GAFSP-supported programs like the Agriculture Leadership Program (ALP), which provides training to cooperatives that, in turn, help farmers institute best agricultural practices that are

helping them protect themselves from some effects of climate change.

### **Can you reflect on the accomplishments of a decade of GAFSP advisory services? Has the work or the scope evolved?**

GAFSP advisory services pioneered the “Advisory First” approach, which has allowed IFC to create new markets and opportunities for private sector investment in the world’s most difficult places. In Amru Rice in Cambodia, BoViMa in Madagascar, and Luna in Ethiopia, the “Advisory First” approach paved the way for later IFC and GAFSP investments—and this approach has also informed IFC’s 3.0 creating markets strategy. By coordinating so closely with our investment teams, we help companies move closer to becoming bankable—providing support on supply chain strengthening, environment and social compliance, climate-smart agriculture and supporting gender activities both in the company and the supply chain. GAFSP advisory services was very underutilized ten years ago, but that’s changed and we’re now busier than ever. Our collaboration with the GAFSP Public Sector Window is another huge accomplishment that will allow us to magnify our impact in countries like Côte d’Ivoire and Haiti. With support from the UK, we’ve connected with GAFSP Public Sector Window to create synergies across our projects.

### **How has COVID impacted your work?**

Many of our engagements were initially postponed but we are now seeing a drastic uptick in the demand for our services. With COVID-19 disruptions, clients are increasingly needing hands-on support to digitize supply


chains. COVID has forced us to stay flexible and agile—and we’re helping our clients do the same. We’ve work closely with Cargill on their Coop Academy to help professionalize more than 130 cooperatives across Côte d’Ivoire. The Academy is typically offered as in-person training, usually in cohorts of 60-70 people, and just as the pandemic started, we helped Cargill quickly pivot to smaller groups, with remote, rather than in-person training for trainers. We’re also working closely with Cargill to accelerate the use of **digital tools**. By digitalizing the sector—and mobile banking is only part of it—we can help Cargill and other clients open up a huge range of opportunities for smallholders. We’re empowering our clients to adapt to a new way of doing business.

### **What are your hopes for GAFSP’s advisory work in the future?**

To achieve the World Bank Group’s mission to end extreme poverty and boost shared prosperity, IFC needs to continue to find ways to scale up and create more investment opportunities. We need to continue pushing boundaries upstream and supporting impactful projects, particularly in response to the “triple threat” of COVID-19, climate change, and fragility that so many of our clients are now experiencing. The GAFSP PrSW team at IFC has been fantastic to work with—and though I will continue to lead agribusiness projects in Africa in my new role with IFC Advisory Services, I am also expanding my focus to include affordable housing. My time at GAFSP has helped me understand the importance of sharing knowledge and lessons learned, as well as being accountable, not only to our clients and project beneficiaries, but also to our donors.



Photo by rchphoto/istock



*Supporting agribusiness and  
agri-finance projects that  
commercial investors deem too  
risky is what GAFSP Private  
Sector Window does best.*

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**Global Agriculture and Food Security Program (GAFSP)** is a global effort that pools donor resources to fund programs focused on increasing agricultural productivity as a way to reduce poverty and increase food and nutrition security. The Private Sector Window, managed by IFC, and supported by the governments of Australia, Canada, Japan, the Netherlands, the United Kingdom and the United States, provides long and short-term loans, credit guarantees, equity, and technical assistance to private sector companies and financial intermediaries. It links smallholder farmers to markets by improving their access to finance, technology, expertise and inputs.

**International Finance Corporation**, a member of the World Bank Group, is the largest global development institution focused exclusively on leveraging the power of the private sector to tackle the world's most pressing development challenges. Working with private enterprises in more than 100 countries, IFC uses its capital, expertise, and influence to help eliminate extreme poverty and promote shared prosperity.

For more information, visit [www.gafspfund.org](http://www.gafspfund.org) or [www.ifc.org/GAFSP](http://www.ifc.org/GAFSP).

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