



**CHANGING
LIVES**

PRIVATE SECTOR SOLUTIONS FOR HELPING SMALL FARMERS

CHANGING LIVES:

Private Sector Solutions for
Helping Small Farmers

Foreword

GAFSP's Private Sector Window: Increasing Incomes and Reducing Hunger, One Innovative Investment at a Time

Like the entire GAFSP private sector window team, Dhiren Chandaria wakes up each day on a mission: to see what private sector solutions he can utilize to make a difference in the lives of the world's most vulnerable people.

As CEO of Insta Products, a Kenyan based company that manufactures ready-to-use therapeutic food (RUTF), Dhiren Chandaria's story is just one of the many new features that we have brought to you in this latest edition of Changing Lives.

Like many GAFSP clients, Dhiren Chandaria found it difficult to attract commercial funding for Insta Products due to perceived risks in the food processing sector. But thanks to GAFSP, a combined \$7 million investment has allowed this businessman to expand his manufacturing capacity and, most critically, save hundreds of thousands of lives. In September 2017 alone, more than 150,000 children suffering from acute malnutrition were treated using Insta's fortified peanut paste.

Insta Product's impact on-the-ground in war torn Yemen, and other disaster zones, is proof that the work of GAFSP's Private Sector Window – supported by the governments of Australia, Canada, Japan, the Netherlands, the United Kingdom and the United States—has never been more critical.

We believe that our blended finance solutions are indispensable tools to addressing global challenges like poverty, food insecurity, and climate change. Take our recent investment in ACEP Senegal, the second largest credit co-operative in a country that has diversified beyond the peanut farming that once sustained its colonial past.

This joint GAFSP and IFC investment—IFC's first in a microfinance co-operative in Sub-Saharan Africa—will positively transform the lives of thousands of Senegalese small farmers and their families who for decades have lacked proper access to inputs, training and markets.

So too will our recent investment in the Solomon Islands, a remote Pacific nation threatened by rising seas. Combined GAFSP and IFC financing will allow National Fisheries Developments (NFD) to acquire three new large volume fishing vessels and maintain their existing tuna fleet. NFD's expansion will provide new employment opportunities for local smallholder farmers and fishermen, including many women, at the company's processing facilities.

GAFSP's blended finance investments in companies like Insta, ACEP and NFD have the potential to transform development finance as know it. But combined with the private sector window's cross-cutting advisory services, we can create a more powerful impact by linking tens of thousands of smallholder farmers to markets by improving their access to finance, technology, expertise and inputs.

As of September 2017, our Private Sector Window (PrSW) is supporting 51 investment projects in agribusiness with a total project size of \$1,572 million, deploying \$259.4 million of GAFSP PrSW funding. In addition, we have approved 47 advisory projects valued at \$12.6 million.

This latest edition of Changing Lives offers a snapshot of some of our most recent GAFSP Private Sector Window projects to September 2017. Organized under five themes, these investments focus on our efforts to transform the lives of smallholders through 1) raising agricultural productivity and improving climate resilience, 2) adopting high yield and innovative technology, 3) nutrition, 4) closing the gender gap, and 5) improving access to finance.

These stories are proof that, just like Dhiren Chandaria, GAFSP and our partners are working together to increase incomes and reduce hunger, one innovative investment at a time.

Private Sector Window Secretariat | September 2017

SMALL FARMERS FACE BIG CHALLENGES ALONG

GAFSP helps overcome them

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

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

ACCESS TO FINANCE

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.

EVERY \$1 OF PRSW FUNDING LEVERAGES \$8 OF PRIVATE SECTOR FUNDING.

THE WAY FROM FARM-TO-MARKET

● 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.







The Challenge



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

PHOTO © World Bank

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.



Agriculture
is two to four
times more
effective
in raising incomes
among
the very poor
than growth
in other sectors.

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 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.





Private Sector Solutions



To date, GAFSP has approved \$259.4 million in 51 investment projects in agribusiness that are aimed at improving the lives of over a million SME and small farmers across the globe.

PHOTO © World Bank

PRIVATE SECTOR SOLUTIONS

TAKING A CHANCE ON PROJECTS THAT OTHER COMMERCIAL INVESTORS HAVE PASSED IS WHAT GAFSP'S PRIVATE SECTOR WINDOW DOES BEST: INVESTING ACROSS THE ENTIRE FOOD SUPPLY CHAIN FROM FARM INPUTS TO LOGISTICS AND STORAGE, TO PROCESSING AND FINANCING.



The GAFSP Private Sector Window is making a difference, one innovative investment at a time.

We use blended finance solutions and IFC's expertise and knowledge to support projects in the agricultural sector which may not attract commercial funding due to perceived high risks in this sector.

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 \$259.4 million in 51 projects in agribusiness that are aimed at improving the lives of over a million SME and small farmers across the globe. In addition, we are supporting 47 advisory projects valued at \$12.6 million.

These investments are tied to advisory experts 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.

The GAFSP Private Sector Window is making a difference, one innovative investment at a time.



The Private Sector Window's advisory portfolio includes 47 advisory projects, valued at \$12.6 million.

PHOTO © Hannah Leupold/IFC | Cotton farmers in Burkina Faso, beneficiaries of the GAFSP advisory project

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:

- Help agribusiness companies improve productivity and standards by creating efficient value chains, ensuring food security, and providing strong economic, social, and environmental benefits for smaller farming enterprises and communities
- Unlock financing opportunities
- Strengthen clients' performance and development impact
- Create markets in fragile and conflict-affected areas and IDA countries

The Private Sector Window's advisory portfolio includes 47 advisory projects, valued at \$12.6 million.

In **Burkina Faso**, our advisory services team worked with Sofitex, the country's largest cotton processor, to help improve the quantity, quality and resilience of the cotton crop there. Our team also trained farmers to help with the growth of rotational crops like maize—an important source of income and food while waiting for cotton yields.



PHOTO © Hannah Leupold/IFC

In **Rwanda**, our advisory services provided support to Africa Improved Foods Limited (AIFL) to build the technical and management capacity for a new fortified food product. We are also helping AIFL to strengthen the supply chain of local cooperatives, and the farmers they serve.

In **Tanzania** and Rwanda, GAFSP advisory services are helping the World Food Program and other offtakers to source improved quality commodities directly from local cooperatives. Our experts have helped in the design of a program to link commercial banks to provide finance to cooperatives, thereby enabling maize farmers to purchase inputs to increase their production and their incomes.





**Raising
Agricultural
Productivity &
Improving Climate
Resilience**



40,000

FARMERS IN TANZANIA WILL BENEFIT FROM
THE FARM TO MARKET ALLIANCE

PHOTO © Bradford Roberts/IFC

HOW A LITTLE ADVICE CAN GO A LONG WAY TOWARDS ERADICATING HUNGER IN TANZANIA

Over three-quarters of the world's poorest people get their food and income by farming small plots of land about the size of a football field. For most of these people, day-to-day life is a fight for survival. Working with unproductive soil, their plants struggle to take hold amid disease, pests and drought. Often too poor to buy adequate seeds and fertilizers, their crops are passed over at harvest time by buyers looking for higher quality goods. Lacking proper access to storage, they must sell their crops when prices are at their lowest. Without income, these smallholder farmers—who produce most of the world's food—remain mired in poverty and food insecurity.

But thanks to a new initiative known as the Farm to Market Alliance, these hungry smallholder farmers may have a chance to increase their productivity and profitability, and to provide their families with new opportunities for prosperity. Through this alliance—which includes GAFSP, the World Food Program, IFC, AGRA, Bayer, Grow Africa, Rabobank, Syngenta, and Yara International—more than one million of the world's poorest farmers in 25 countries will be able to shift from subsistence farming to market-oriented agriculture. The Farm to Market Alliance will make it possible for these farmers to plant, harvest and sell enough high-quality crops to boost their income and increase food



PHOTO © Bradford Roberts/IFC

FARM TO MARKET ALLIANCE

MORE THAN ONE MILLION OF THE WORLD'S POOREST FARMERS IN 25 COUNTRIES WILL BE ABLE TO SHIFT FROM SUBSISTENCE FARMING TO MARKET-ORIENTED AGRICULTURE THROUGH THE FARM TO MARKET ALLIANCE



security. The alliance will facilitate access to fair harvest contracts before planting begins, provide agricultural inputs to increase yields, and help increase productivity by providing agricultural training.

Critical to the success of the Farm to Market Alliance is IFC Advisory Services (AS) which—thanks to GAFSP support—has already made an impact on-the-ground in Tanzania by modernizing and developing local maize supply. IFC's AS experts are providing training to make farmers' organizations more professional so they can provide better services to their members and become more reliable producers in the maize and soy supply chains. Advisory experts will also introduce farmers to Good Agricultural Practices—training them in new farming techniques and showing them how

to sow improved seeds and use fertilizer. These combined interventions are expected to double average smallholder yields, while strengthening the links between farmer organizations and maize market buyers.

Providing advice is now, more than ever, a critical part of GAFSP's quest to improve the lives of smallholder farmers around the world. Through this work, GAFSP is establishing the necessary conditions that will attract the best private sector solutions in the places where they are needed most. By funding critical advisory services in the Farm to Market Alliance, GAFSP is helping to connect smallholder farmers in Sub-Saharan Africa directly with buyers. The result: less hunger and higher living standards for those smallholder farmers who are helping to feed the rest of the world.

A man with short dark hair, wearing a light-colored short-sleeved shirt with vertical stripes and blue trousers, stands in a rural field. He is waving his right hand towards the camera. The background features large green banana leaves, some dry grass, and a dirt path. The overall scene is outdoors with natural lighting.

**THANKS TO GAFSP SUPPORT, IFC ADVISORY SERVICES
HAS ALREADY MADE AN IMPACT ON-THE-GROUND IN
TANZANIA BY MODERNIZING AND DEVELOPING LOCAL
MAIZE SUPPLY**



350,000

**SMALLHOLDER TEA FARMERS WILL BENEFIT
FROM LOWER COST OF POWER**

50,000

**TONS OF CARBON WILL BE REMOVED
FROM THE ATMOSPHERE**

PHOTO © KTDA

A RECIPE FOR SUCCESS: KENYA'S TEA FARMERS TASTE THE BENEFITS OF HYDROPOWER

KENYA'S TROPICAL CLIMATE AND VOLCANIC RED SOIL MAKE IT AN IDEAL PLACE TO CULTIVATE TEA. THAT'S WHY, FOR OVER A CENTURY, TEA HAS BEEN A MAJOR CASH CROP AND THE LEADING FOREIGN EXCHANGE EARNER FOR THE COUNTRY.

Investments in new technology can't make Kenyan tea any tastier, but they can help boost production and farmers' earnings—and these are the goals of a recent IFC and GASFP investment to finance small hydropower plants along rivers close to growing areas.

Cutting the cost of power will result in significant savings for tea factories, increasing financial benefits to 350,000 smallholder tea farmers—while also reducing the industry's carbon footprint.

The project is being developed by KTDA Power Company Limited, a wholly owned subsidiary of long-term IFC client Kenya Tea Development Agency Holding Limited (KTDA). KTDA produces 60 percent of Kenya's tea and provides income for over 560,000 small farmers who are also shareholders.

The project involves a \$55 million loan arranged by IFC in partnership with GAFSP, PROPARGO, and The Netherlands Development Finance Company FMO. The syndicated loan will impact development at a significant scale. Since energy represents about 30 percent of factory production costs, lower processing costs will make KTDA more competitive, and increase tea prices paid to farmers (as these are linked to processing costs). The excess profit will also go to the farmers as dividends.

The World Bank Group first recognized the potential of KTDA in the 1960s, when it provided funds to finance and establish nurseries and the sale of planting material to smallholders, field training and supervision, the operation of buying centers, and the development of roads.

Now, IFC is supporting the design, construction, operation, and maintenance of seven run-of-the-river small hydropower plants with a total installed capacity of 16 megawatts at various locations in Kenya. The plants will provide captive power generation for the factories of Kenya Tea, and any energy excess will be sold to state-owned Kenya Power and Lighting Company.

WORLD'S FIRST INITIATIVE

**IN WHICH A FARMER-OWNED INSTITUTION IS
UNDERTAKING A RENEWABLE ENERGY PROJECT
AT THIS SCALE**



PHOTO © Kenya Tea | Lower energy costs are expected to boost the income of 350,000 smallholder tea farmers

The hydropower plants will create more than 2,000 jobs during construction, which is expected to take two to three years. Once the plants are completed, they will add around 60 jobs to the local communities. In addition, the plants will remove over 50,000 tons of carbon from the atmosphere through reduced consumption of diesel and biomass for energy generation.

Kenya's community of tea farmers is firmly behind the small hydropower plants; the farmers are shareholders in the company. Those involved believe it is the first initiative in the world in which a farmer-owned institution is undertaking a renewable energy project at this scale.

Upon completion, the project will demonstrate that such ventures among indigenous power project companies are feasible—possibly stimulating new investments in the area and deepening the renewable-energy market in Kenya. It also demonstrates our evolving, long-term commitment to KTDA, investing for more than five decades in an industry that benefits the people of Kenya and builds capacity and expertise among its citizens and business owners.



THE KENYA TEA DEVELOPMENT AGENCY

The Kenya Tea Development Agency Ltd. (KTDA) was established in 2000 and is owned by 54 tea companies which, in turn, have 550,000 small tea farmers as individual shareholders. The tea companies collectively own 66 tea processing factories. KTDA emerged from the privatization of the Kenya Tea Development Authority, a parastatal agency created in the 1960s to support small farmers. KTDA's services cut across the entire tea value chain and include inputs and agri-extension, transportation, warehousing, processing, marketing, and financing.

PHOTO © Neil Palmer/CIAT | For over a century, tea has been a major cash crop and the leading foreign exchange earner for Kenya



[]

1,000

**COTTON FARMERS WILL RECEIVE IRRIGATION
EQUIPMENT TRAINING**

30%

**EXPECTED INCREASE IN COTTON YIELDS DUE TO
IMPROVED WATER MANAGEMENT**

PHOTO © Hannah Leupold/IFC

BETTER FARMING MEANS BETTER LIVES FOR COTTON FARMERS IN BURKINA FASO

In the past, abundant rainfall from May to September provided cotton farmers in Burkina Faso with all the water their seedlings needed to grow. But in recent decades, climate change has made weather patterns increasingly unpredictable. Without even the most basic irrigation infrastructure, cotton farmers are at the mercy of mother nature. It is little wonder

why cotton farmers such as Anselme, Seydou, and Oliver name a shortage of water as one of their biggest worries. Without reliable and adequate water supply, their crops will suffer low yields, diminished quality, and they will have little means to feed their families, pay for unexpected medical expenses, or meet their children's school fees.



Millogo Anselme, smallholder cotton farmer in the village of Yabasso in Burkina Faso
PHOTO © Hannah Leupold/IFC

COTTON INDUSTRY

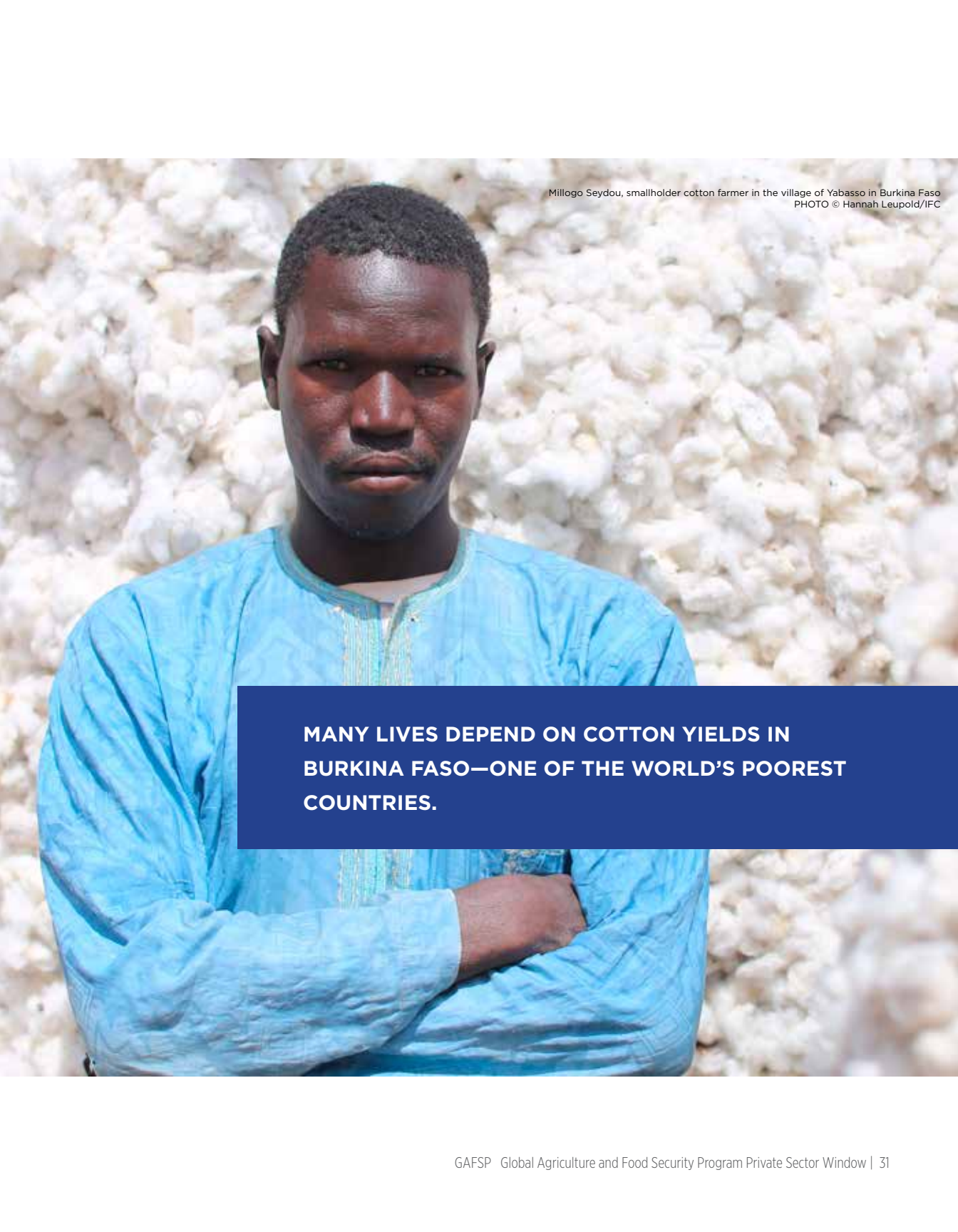
**is the main source of income in
rural areas of Burkina Faso**



In addition to sharing the same family name, Millogo Anselme, Millogo Seydou, and Millogo Olivier have a few other things in common. They are all smallholder cotton farmers in the village of Yabasso in Burkina Faso, and in a few months, they will begin preparations for the planting season.

But this season, thanks to GAFSP and IFC's advisory services, these cotton farmers will have a better chance at increasing their cotton yields through access to training in better soil and water management practices and inexpensive irrigation infrastructure.





Millogo Seydou, smallholder cotton farmer in the village of Yabasso in Burkina Faso
PHOTO © Hannah Leupold/IFC

**MANY LIVES DEPEND ON COTTON YIELDS IN
BURKINA FASO—ONE OF THE WORLD'S POOREST
COUNTRIES.**

\$5.3M **in lending for irrigation investments by smallholder farmers**

This opportunity is the result of a unique partnership between IFC, GAFSP and the Global Partnership on Output-Based Aid (GPOBA) with SOFITEX (la Société Burkinabè des fibres textiles), the largest buyer of raw cotton in Burkina Faso. Together, they will train 1,000 cotton farmers on the use, operation, and maintenance of irrigation equipment, as well as in better agricultural practices for soil and water management.

In addition to farmer training, IFC, GPOBA, and SOFITEX will work together to support farmer investments in building

stone contour lines to prevent erosion, small reservoirs for rainwater capture and storage, and equipment to pump and distribute water in their farms. Farmers will also receive help in accessing the financing they will need to make these investments possible.

Once complete, this project is expected to improve farmer yield by 25%-30%, increase the area of farmland with improved water management by 3,000 hectares, and support US\$5.3 million in lending for irrigation investments by smallholder cotton farmers.



With access to financing and necessary agricultural inputs, Anselme, Seydou, and Oliver will have something else in common. They will have the chance for a more successful harvest and higher incomes to help them care for their families.

3,000 hectares of farmland
with improved water
management

Millogo Olivier, smallholder cotton farmer in the village of Yabasso in Burkina Faso
PHOTO © Hannah Leupold/IFC





10M

**NEW HAZELNUT TREES WILL BE PLANTED
ACROSS BHUTAN**

15%

**OF BHUTAN'S POPULATION WILL DIRECTLY
BENEFIT FROM THE INVESTMENT**

PHOTO © Mountain Hazelnuts | Farmers plant hazelnut trees on fallow land that has no commercial use

BLENDED FINANCE IN A BHUTANESE NUTSHELL

IN 2012, STRUGGLING TO CULTIVATE HER ANCESTRAL FARM IN BHUTAN, ANI KINZANG CHODEN HEARD WHISPERS ABOUT A HARDY GREEN SAPLING THAT COULD THRIVE ANYWHERE—EVEN ON THE ARID SLOPES OF THE TINY HIMALAYAN KINGDOM WHERE SHE LIVED.



Partnership between a small Bhutanese start-up and a Buddhist nun is representative of a new trend in development financing known as ‘blended finance’—the mixing of public, philanthropic and private capital in emerging and frontier markets.

It was “the tree that will grow where nothing else will,” remembers Ani Kinzang about the moment her brother-in-law told her about the hazelnut tree, which is indigenous to Bhutan, but was so unrecognized that there was not even a word in the national tongue to describe it.

At the time, Ani Kinzang—a Buddhist nun dedicating her earnings to funding a religious retreat for other nuns—was barely getting by on the paltry earnings produced by the bamboo, walnut and sandalwood trees that dotted the stony slopes of her mountainous farm in Mukazor.

But in 2013 her prospects improved when Mountain Hazelnuts, a company promoting hazelnut production by smallholders across Bhutan, gave Ani Kinzang hazelnut saplings, inputs and training to plant her own orchard of trees. Once the trees bore nuts, Mountain Hazelnuts employees assured Ani Kinzang, they would return to purchase the crop at a guaranteed minimum price.

This unusual partnership between a small Bhutanese start up and a Buddhist nun is representative of a new trend in development financing known as ‘blended finance’—the mixing of public, philanthropic and private capital in emerging and frontier markets.

GAFSP’s Private Sector Window has been at the forefront of this trend for several years—facilitating both public and

10M **new hazelnut trees will be planted across Bhutan and will help sequester carbon and improve the environment.**

private investors to mitigate risks in joint investments by 'blending' capital. Public financing, typically with below-market rates, provides comfort to cautious private investors while making prospective investments more attractive by cushioning risks and boosting investment returns.

The experience of Mountain Hazelnuts typified the experiences that many investors in emerging markets face. Could this semi-greenfield company manage 15,000 untrained farmers to grow hazelnut trees across a mountainous country with moderate infrastructure? Could management meet sobering targets to plant 10 million hazelnut trees and establish a logistics and international marketing infrastructure before seeing their first meaningful cash inflows?

But thanks to the flexibility of a blended finance structure using milestone-based disbursements and concessional funding support, GAFSP was able to take a chance on Mountain Hazelnuts. In 2015, working alongside our partners at the Asian Development Bank (ADB), IFC and ADB each made a \$3 million investment into Mountain Hazelnuts to expand their hazelnut production.

Now Mountain Hazelnuts can supply hazelnut tree plantlets, inputs and support to local farmers free of charge. Like Ani Kinzang on her mountain top farm in Mukazor, these farmers will plant their trees on fallow land that has no commercial use.



PHOTO © World Bank



**UP TO 15 PERCENT OF BHUTAN'S POPULATION IS
EXPECTED TO DIRECTLY BENEFIT FROM THE PROJECT**

“The conventional financial mechanisms and financial institutions didn’t have the patience to provide capital to us on terms that made sense. GAFSP takes an interesting approach to the development of Mountain Hazelnuts. It thinks about the risks involved. It thinks about the actual needs of the project, and it really plays a bridging role.”

Daniel Spitzer
CEO of Mountain Hazelnuts

In time, Mountain Hazelnuts aims to plant ten million new hazelnut trees across Bhutan that will help sequester carbon and improve the environment. When these trees bear nuts, farmers will double their income on the basis of these entirely incremental earnings from the sale of the nuts. Eventually, up to 15 percent of Bhutan’s population is expected to directly benefit from the project.

Buddhist nun’s hazelnut orchard continues to thrive.

“This life is precious. We cannot waste it,” Ani Kinzang said. “I only hope that by planting trees such as hazelnuts, I can help others move closer to enlightenment.”

At GAFSP we believe that blended finance investments have the potential to transform not just development finance as we know it but also the lives of ordinary people.

Just look at Ani Kinzang. As she combines her farming and spiritual practice, the





AT IFC HEADQUARTERS IN WASHINGTON, DC, HUSBAND AND WIFE TEAM DANIEL SPITZER AND TERESA LAW—CEO AND CFO RESPECTIVELY OF MOUNTAIN HAZELNUTS—SAT DOWN WITH COMMUNICATIONS OFFICER ELIZABETH PRICE TO DISCUSS HAZELNUTS, DEVELOPMENT NEEDS IN BHUTAN, AND THE LARGEST MOTORCYCLE GANG IN THE HIMALAYAS.

How does Mountain Hazelnuts' business model work?

Daniel Spitzer: Mountain Hazelnuts engages subsistence farmers who don't have other sources of income— or who have limited sources of income. We find farmers who have fallow land, provide them with trees and other critical resources and contract with them to raise these trees and to sell us their nuts. We give farmers a floor price, and guaranteed offtake of all their nuts. We supervise farmers as they raise the trees and visit every orchard every thirty to forty-five days. We keep a very detailed digital record of the orchard health, of what's going on overall on the farm, and what's going on in their household, because that helps us develop a sustainable model.

Can you tell us a little bit about development needs in Bhutan?

Teresa Law: Bhutan has a very high level of rural-to-urban migration, and yet it has a very rich cultural and religious heritage. Part of what Mountain Hazelnuts does is to provide a sustainable income to rural communities, especially in parts of Bhutan where there aren't other economic opportunities or other types of employment. We help to preserve that fabric of community, to help families stay together and to provide an income for these communities so they don't have to migrate to a city to look for employment.



PHOTO © Mountain Hazelnuts

What are the benefits of planting hazelnut trees on degraded land?

Daniel Spitzer: We plant on degraded land that was either deforested and became vulnerable, or was subjected to what is known as ‘slash and burn’ or ‘shifting cultivation’. We plant trees along the contour, essentially like retaining walls. Every six feet—every two meters—we plant a tree. Then, on the dropping down slope, every four meters, we plant another row. This acts as a series of retaining walls, capturing the soil and spreading roots. It stabilizes the soil, reducing erosion and landslides, and also cleans up the water.

What is the role of women in Bhutan in agriculture?

Teresa Law: In Bhutan, women have a very large role in family life and in religious and cultural life. Of the 600 staff we now have in Bhutan more than half are women, and they play major roles in our company. We place a large premium on providing training—both scientific training and technical training—to all of our staff. We actively mentor our young managers in terms of professional skills, but also soft skills. We have a women’s leadership program, teaching our female staff how to network, how to develop skills that they may not have had previously and how to be effective managers.

How do you ensure the traceability of your supply chain?

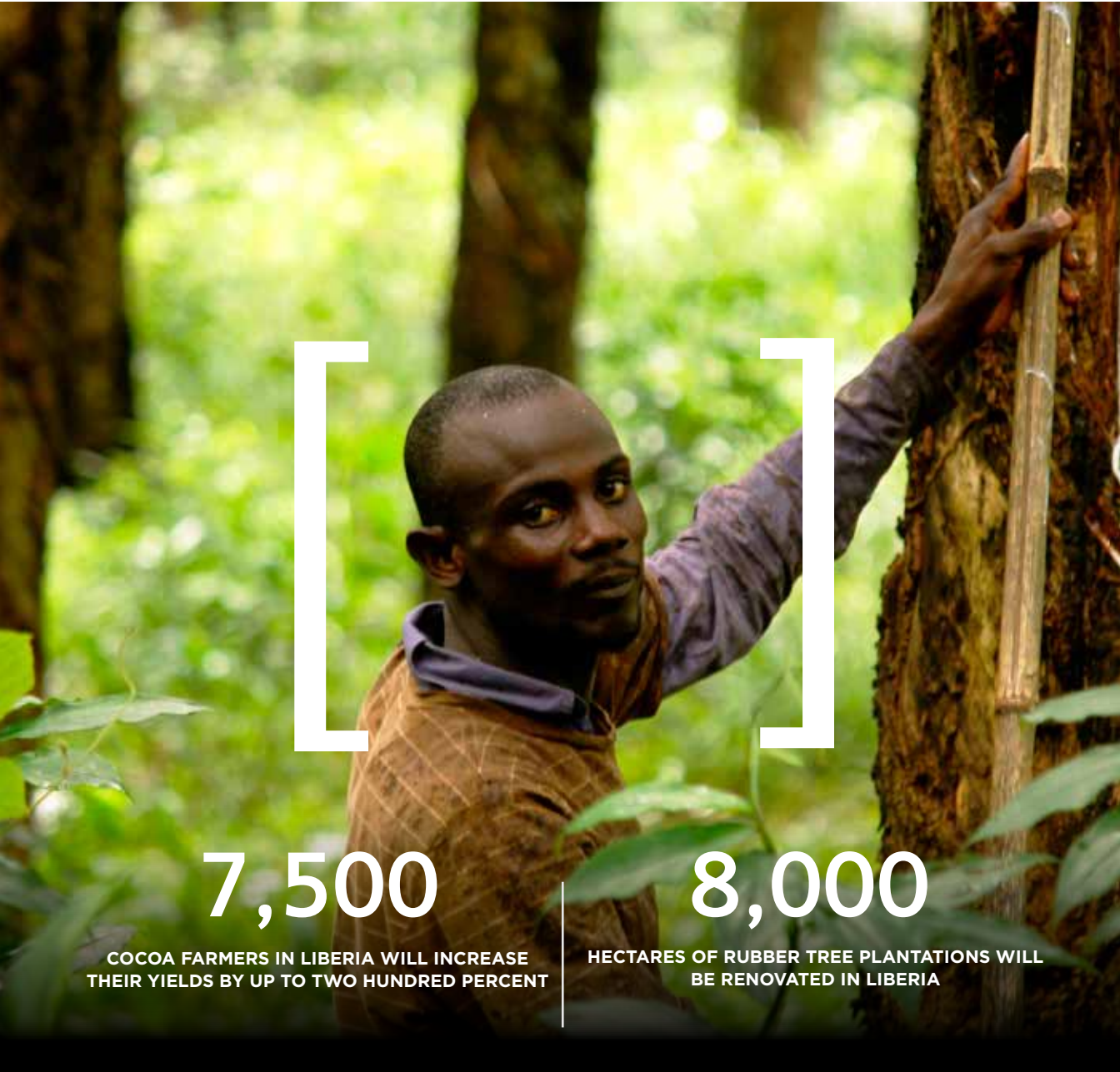
Daniel Spitzer: Mountain Hazelnuts has established what I think we can call the biggest motorcycle gang in the Himalayas. We have about 150 people, all of them are trained in outreach, science and hazelnut cultivation and they visit each of the farms on motorcycles on a regular basis. They collect data and they correct the farmers who have taken on wrong practices. If intervention is required—for example if there is a pest or limited water supply - they'll teach the right practice or intervention. And they build a really valuable library of digital information about every orchard that we work with so that we have complete traceability.

How has GAFSP helped make this investment happen?

Daniel Spitzer: Mountain Hazelnuts is a risky investment. It's a very long-term venture. Trees take time to grow, they don't produce hazelnuts immediately. The conventional financial mechanisms and financial institutions didn't have the patience to provide capital to us on terms that made sense. GAFSP takes an interesting approach to the development of Mountain Hazelnuts. It thinks about the risks involved. It thinks about the actual needs of the project and it really plays a bridging role. We are delighted to have GAFSP involved.



PHOTO © Mountain Hazelnuts



7,500

COCOA FARMERS IN LIBERIA WILL INCREASE THEIR YIELDS BY UP TO TWO HUNDRED PERCENT

8,000

HECTARES OF RUBBER TREE PLANTATIONS WILL BE RENOVATED IN LIBERIA

PHOTO © Bill E. Diggs/Solidarity Center | Opa Johnson taps a rubber tree for latex at the Firestone rubber plantation in Liberia

GAFSP RESPONDS TO THE EBOLA CRISIS

THROUGHOUT 2014, THE WORLD WATCHED IN HORROR AS A SUDDEN OUTBREAK OF THE DEADLY EBOLA VIRUS WREAKED HAVOC AND SUFFERING ACROSS WEST AFRICA. SINCE THE FIRST CONFIRMED CASE OF THIS LATEST OUTBREAK, NEARLY 11,500 PEOPLE HAVE LOST THEIR LIVES—OFTEN IN APPALLING AGONY—AND OVER 24,000 PEOPLE HAVE BEEN INFECTED WITH THE DISEASE.



In November 2014, the private sector window of GAFSP sprang into action as IFC announced an emergency aid initiative of \$450 million in commercial funding for trade, investment and employment in those countries hardest hit by the Ebola crisis.

The Ebola outbreak was a humanitarian crisis first and foremost. But it also destabilized the economies of Liberia, Sierra Leone and Guinea, countries already on the global economic margins because of their ranking as fragile or conflict-affected (FCS) states.

In November 2014, the private sector window of GAFSP sprang into action as IFC announced an emergency aid initiative of \$450 million in commercial funding for trade, investment and employment in those countries hardest hit by the Ebola crisis.

In Liberia, a country that had made impressive economic strides since the ending of civil war in 2003, GAFSP staff saw an opportunity to support rubber tree and cocoa farmers whose livelihoods were at immediate risk owing to the effects of the Ebola crisis.

But in the face of the deadly virus, GAFSP private sector window staff soon realized that the usual terms of engagement for investment were impractical. With travel restrictions to Liberia in place, for example, how could staff conduct critical in-country assessments or meet with the sponsors?

Using every tool in the solutions box, GAFSP staff crafted an innovative blended finance solution to address some of the

200%

increase in cocoa yields can be expected for 7,500 participating farmers over the next five years.

project's credit risks. Outside experts were brought in to conduct environmental and social assessments from nearby Ghana. And a creative disbursement schedule was fashioned to channel the first critical funds.

In late December 2014, despite the seemingly insurmountable restrictions imposed by Ebola, two projects supporting Liberian rubber tree and cocoa farmers were approved by IFC's board in just 23 days – an IFC and GAFSP record.

Now thanks to GAFSP, cocoa farmers in Liberia struggling in the aftermath of the Ebola crisis can get long-term financing through Wienco Liberia. A \$5 million loan provided capital for Wienco to build increased storage facilities across Liberia and to offer pre-harvest financing of fertilizers and agricultural inputs to benefit small cocoa farmers in the country. The increased access to inputs for up to 7,500 participating farmers should help them increase their cocoa yields by as much as 200 percent over the next five years.

Additionally, our Rubber Renovation project will enable 600 farmers across Liberia's rubber belt to replant up to 8,000 hectares of aging rubber trees. As rubber trees do not yield rubber until seven years after planting, this long-term financing will be critical to sustaining the livelihoods of these farmers. Up to 15,000 people in Liberia are expected to directly benefit from this project while the rubber yield per tree is expected to increase nearly four times.



PHOTO © World Bank



WITH OVER 40 PERCENT OF THE WORLD'S POOR LIVING IN FRAGILE AND CONFLICT-AFFLICTED STATES, THESE COUNTRIES REPRESENT THE GREATEST OPPORTUNITY FOR GAFSP TO MAKE A DIFFERENCE





**Adopting
High Yield and
Innovative Technology**



\$9.5 M

**TO HELP TIVISKI DAIRY
EXPAND PRODUCTION**

2,000

**LIVESTOCK HERDERS WILL
SUPPLY MILK TO TIVISKI**

PHOTO © Thomas Bauer/IFC | Over 60 percent of the population of the Sahel is involved in livestock farming

PROTECTING AN ANCIENT WAY OF LIFE IN THE SAHARA

NOMADIC PASTORALISM REMAINS AN ESSENTIAL PART OF LIFE IN THE SAHEL, WHERE MORE THAN 60 PERCENT OF THE POPULATION IS INVOLVED IN LIVESTOCK FARMING.

Nowhere is this more ancient way of life more vibrant than in the desert nation of Mauritania, where pastoralists dressed in long robes guide their cattle, camels and goats across the golden sand of the Sahara.

Moving past weather battered villages and brightly patterned tents, these herdsmen are protecting a centuries old tradition, but one that is becoming increasingly threatened by severe drought, rising poverty and rural to urban migration.

A new GAFSP investment in Tiviski Dairy, the largest employer in the dairy sector in Mauritania, is about to offer new opportunities for income to members of the country's pastoralist community.

The investment is a \$9.5 million blended finance solution from IFC and the Private Sector Window of GAFSP to help Tiviski—which means 'spring' in local Arabic—modernize, diversify and expand its milk production.



PHOTO © UN Photo/AID/Purcell

CLIMATE CHANGE

PRESENTS A PARTICULARLY ACUTE THREAT TO LIFE FOR PASTORALISTS

Implemented over a three year period, GAFSP's investment in Tiviski Dairy is expected to deliver strong development impact across the dairy value chain in Mauritania. The joint investment will help meet robust domestic demand for dairy, position Tiviski as the market leader in fresh pasteurized milk, and create export potential for niche camel milk powder products.

Over 2,000 livestock herders from across the Mauritania Sahara, fifteen percent of whom are women, will supply milk to Tiviski through this new investment. The company, which has a milk collection capacity of 42,000 liters per day, has two collection centers in the cities of Rosso and Boghe.

In turn, the company will generate an additional 200 jobs through the expansion, and help ensure food safety through the provision of pasteurized milk. Before Tiviski started operation, fresh milk was not marketed at all in Mauritania, save for a few thousand liters sold raw by herders, who lived near the cities, or to small-scale milk retailers.



PHOTO © Ferdinand Reus | Camel market in Nouakchott

HOW DOES CLIMATE CHANGE AFFECT THE LIFE OF PASTORALISTS IN THE SAHEL?

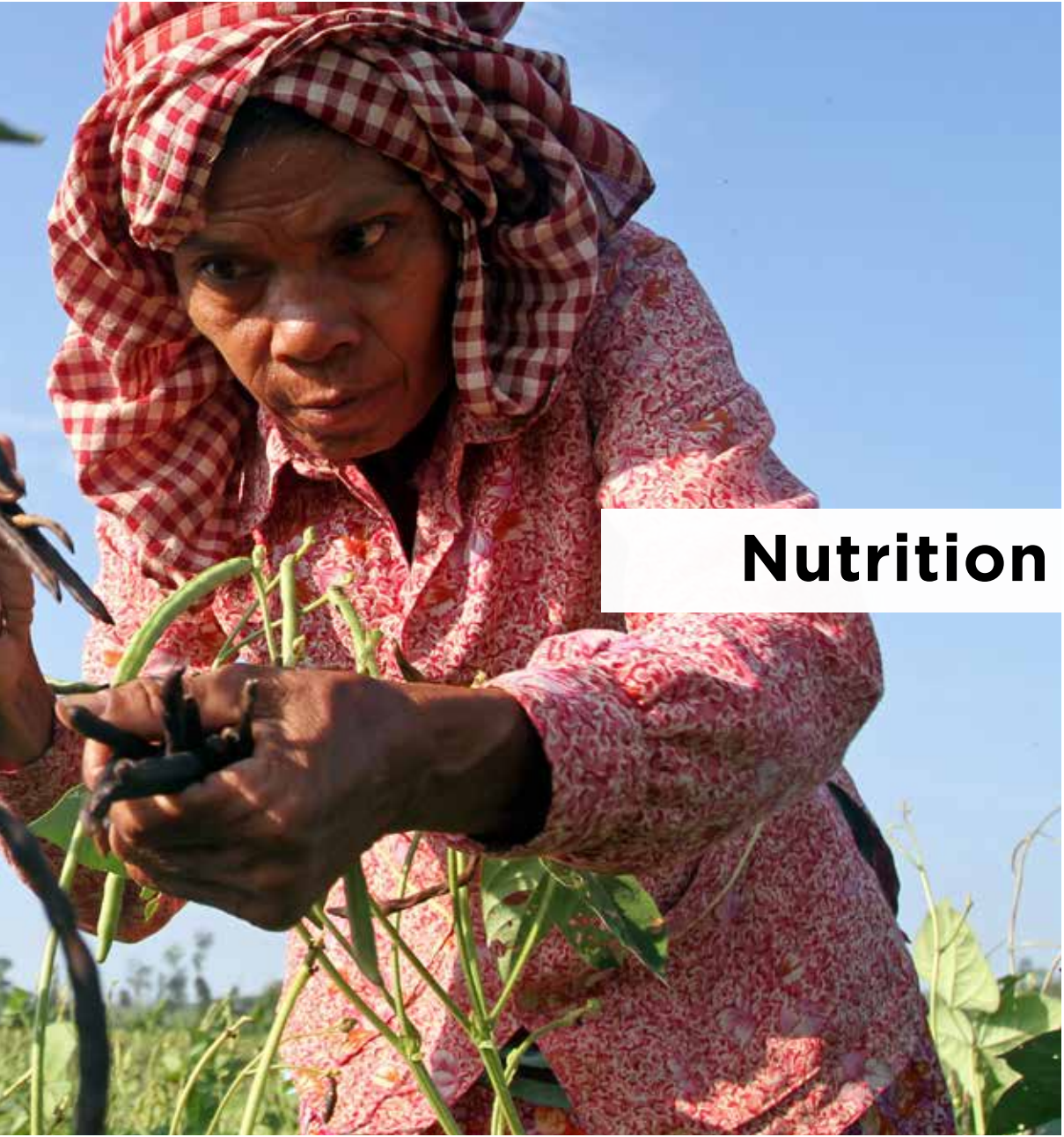
Dubbed the ‘ground zero’ for climate change, life in the Sahel is rapidly drying up as pastoralists compete amongst each other for dwindling water, vegetation and pasture.

For centuries, nomads across the Sahel—which borders parts of Chad, Senegal, Mauritania, Mali, Burkina Faso and Niger, among others—have moved hundreds of miles to find pasture to feed their herds. But in recent decades, a string of severe droughts has led to severe impoverishment and food insecurity among these nomadic communities. Dwindling water has led to the widespread death of cattle, stillbirths of calves and reduced milk production.

Already on the margins of society, climate change presents a particularly acute threat to life for pastoralists. Incidents of land conflict are on the rise as the nomads cross more borders on the search for pasture and water. Thanks to GAFSP’s investment in Tiviski Dairy, some of the hardships imposed by climate change on the pastoralist community in Mauritania will be eased through their ability to increase income through direct sales to the company.







Nutrition



1/2M

YEMENI CHILDREN ARE SUFFERING FROM MALNUTRITION

300,000

MALNOURISHED PEOPLE WILL BENEFIT FROM THE INVESTMENT

PHOTO © Martin Sojka | Shibam, Yemen

INVESTING IN NUTRITION GAINS A LIFETIME OF RETURNS ON HUMAN CAPITAL FOR CHILDREN IN WAR-TORN YEMEN

A HEALTHY PRODUCTIVE LIFE REQUIRES ADEQUATE NUTRITION. YET AROUND THE WORLD, MILLIONS OF PEOPLE ARE UNDERNOURISHED AND HUNGRY.

Since the outbreak of civil war in Yemen in 2015, malnutrition in the Middle Eastern country has reached critically unprecedented levels. According to UNICEF, the United Nations' children program, nearly a half a million Yemeni children are currently suffering from malnutrition and another 2.2 million people require urgent care.

Severe acute malnutrition, the depletion of the human body from a lack of food and nutrients, has quickly become one of the most common causes of death for children across Yemen. There is an urgent need for more supplies of therapeutic food that could help save some of these young lives.

In a factory on the outskirts of Nairobi, Insta Products, produces ready-to-use therapeutic food (RUTF), a high calorie

fortified peanut based food product. The product is made from a mix of peanut paste, milk powder, sugar, vitamins and minerals and is packaged in life-saving individual sachets that deliver a powerful 500 kilocalories to those suffering from acute malnutrition.

Insta sells these sachets to relief organizations including UNICEF, which distribute RUTF in conflict affected areas and other emergency zones, particularly across the East African region and Yemen. Insta is currently the only manufacturer of RUTF in East Africa, and a top five supplier to UNICEF globally.

In 2016, IFC made a \$7 million investment in Insta Products to help the company expand its RUTF capacity, and more than double its sales on the back of an increased

500

KILOCALORIES IN EACH SACHET OF FORTIFIED PEANUT BASED FOOD PRODUCT DELIVERED TO THOSE SUFFERING FROM ACUTE MALNUTRITION



PHOTO © World Bank

supply. The \$7 million loan, half of which was contributed by IFC and the other half through the Private Sector Window of GAFSP, will be supported by an additional \$4 million loan from IFU, a Danish government fund.

This investment will help support timely delivery of 310,000 additional cartons of RUTF and help treat 300,000 more people from acute malnutrition.

Coming on the back of another Private Sector Window nutrition investment in AIFL Rwanda, a fortified cereals manufacturer, this latest investment represents an exciting expansion for GAFSP into the nutrition space.

Nutrition is fundamental to an individual's

cognitive and physical growth, and is also the cornerstone of all development efforts, whether improving education, health, income or equality, at home or abroad.

Increased RUTF capacity through GAFSP will help Insta reach more children and help prevent stunted growth and vitamin deficiency, which can harm cognitive development, learning capabilities and economic productivity into adulthood, reinforcing the cycle of poverty.

GAFSP's investment in Insta is an investment in "gray matter infrastructure"—the young brains of children. It will ultimately be as important for national and global economic growth, as is investing in roads, schools and ports.



PHOTO © World Bank

17M

CHILDREN GLOBALLY
SUFFER FROM SEVERE
MALNUTRITION

A FAMILY BUSINESS HELPS MILLIONS SUFFERING FROM ACUTE MALNUTRITION

CAITRIONA PALMER TALKS TO INSTA PRODUCTS CEO, DHIREN CHANDARIA, ABOUT HIS MISSION—WITH GAFSP’S HELP—TO SAVE LIVES.

Dhiren Chandaria reaches into his pocket and pulls out his smart phone. On the screen is a photograph of a young child, his frame wizened by acute malnutrition, his gaze glassy-eyed. The photograph is Chandaria’s talisman, a constant reminder of the responsibilities he carries as CEO of Insta Products, a company that manufactures a life-saving therapeutic food based on a special mix of proteins, carbohydrates, oils, fats and a host of vitamins and minerals for critical food aid relief.

“This child is representative of all of the people that Insta is trying to help,” Chandaria says during a visit to IFC headquarters in Washington, DC. “He has no choice about what goes into his mouth. It is my job to figure out how to provide him with the best level of nutrition, to help save his life.”

In 2012, Chandaria bought the then-ailing Insta Products with the vision of turning the company around. With no prior food industry experience, Chandaria was at first reluctant to take on the struggling

Kenyan manufacturer but changed his mind following a conversation with a representative from UNICEF. At the time, Insta was one of the few companies in Africa with approval to manufacture ready-to-use therapeutic food (RUTF), a critical product for UNICEF’s food aid relief efforts. The UNICEF representative made an impassioned plea: “We need Insta to survive,” he told Chandaria. “I walked out of that meeting”, Chandaria remembers, “and said, ‘I’m going to do this.’”

But resuscitating a company rife with financial and manufacturing woes proved harder than Chandaria first thought. When the company’s food product failed a quality test, Chandaria was faced with a crucial decision. The design and set up of the manufacturing facility was lacking in critical process controls and procedures resulting in unacceptable risk. Chandaria believed he could not permit the facility to continue under these circumstances and in July 2014 took the drastic decision to close Insta’s factory and rebuild it



“ This relationship with GAFSP has been very powerful for us.”

PHOTO: Insta Products CEO Dhiren Chandaria, pictured in his Nairobi factory holding up sachets of Instapaste RUTF © Russell Watkins/DFID

from scratch. Knowing that hundreds of thousands of vulnerable lives hung in the balance, Chandaria knew that there could be no room for error. “Everything must be one hundred percent perfect in terms of the formulation, food safety, and RUTF product quality.” Chandaria said. “You cannot make a mistake. It took us about a year to get things right. Failure was simply not an option.”

This commitment to excellence led Chandaria to close Insta’s factory a second time in August 2016 to expand the company’s capacity and install larger equipment. Now Insta stands out as the largest producer of RUTF in East Africa with purchase orders from global food assistance organizations. Insta has a Long Term Arrangement with UNICEF and fills recurring orders from WFP, USAID, and MSF. Through the relief efforts of these international organizations, Insta’s products have helped hundreds of thousands suffering from acute malnutrition and stunting in twelve developing countries around the world.

Insta’s impact on the lives of the most vulnerable, is the perfect example of the success and reach of GAFSP and the concept of blended finance. Before receiving

a combined loan of \$11 million from GAFSP, IFC, and IFU, Chandaria spent most of his time travelling the world looking for financing. “I knew where Insta was going,” he says. “We had to fight for the finances because everybody thought that what we were doing was too risky.”

“This relationship with GAFSP has been very powerful for us,” Chandaria said. “GAFSP has not just enabled Insta to extend its reach, but it has also connected the company—and management—with the rest of the world. The experience has been invaluable.”

“It is my job to figure out how to provide him with the best level of nutrition, to help save his life.”



PHOTO: © Russell Watkins/DFID



Chandaria's daughter, Nikita who works for the family business alongside her brother Ishtar, says that Insta's mission to help feed those fleeing from war and famine has had a discernable effect on her father. "He no longer wakes up every day and thinks, 'business'. Instead he asks, 'How can I change children's lives for the better?' We are growing up in a family business that also offers deep values".

Inspired by their father's dedication to improving nutrition around the world, Ishtar, Nikita and their young sister, Tisca, are helping to shape Insta's strategic vision to combat the effects of stunting – the growth failure that results from chronic malnutrition. "This is the big problem that my siblings and I will be tapping into for the next twenty to thirty years," Nikita said.

The Chandaria family have recently developed a nutritious and affordable breakfast spread aimed at providing children in developing countries the nourishing start they deserve every day. Insta has already begun a pilot feeding program at the Enkijape primary school near Nairobi where more than 750

children—many of whom were suffering from malnutrition—are now receiving fortified whole grain porridge provided by Insta every day.

Such interventions at the grassroots level, Chandaria believes, are critical if the world is to meet the Sustainable Development Goals (SDGs). The Chandaria family now hope to replicate the success of Insta and create new manufacturing facilities across Africa and around the world to continue the fight to save lives.

"Time is short," Chandaria says. "The only way that we can do this is through the private sector."

 **Everything must be one hundred percent perfect in terms of the formulation, food safety, and RUTF product quality."**

LARGEST PRODUCER OF RUTF IN EAST AFRICA

INSTA'S PRODUCTS HAVE HELPED
HUNDREDS OF THOUSANDS SUFFERING
FROM ACUTE MALNUTRITION AND
STUNTING IN TWELVE DEVELOPING
COUNTRIES AROUND THE WORLD



PHOTO: © Russell Watkins/DFID



[]

1M

ONE MILLION MALNOURISHED CHILDREN, PREGNANT AND BREAST-FEEDING WOMEN IN RWANDA WILL BE FED EVERY YEAR

12,000

FARMERS WILL GET INPUTS FOR RAISING PRODUCTIVITY AND INCOME

PHOTO © World Bank

PUTTING AN END TO STUNTING IN RWANDA

A HEALTHY PRODUCTIVE LIFE REQUIRES ADEQUATE NUTRITION. YET AROUND THE WORLD, MILLIONS OF PEOPLE ARE UNDERNOURISHED AND HUNGRY.



“This is by far the most impactful investment project that I have ever worked on,” said investment officer, Anup Jagwani, who led the project for IFC. “To improve nourishment for one million vulnerable people in Rwanda as a result of AIFL is an extraordinary goal. This GAFSP investment has real heart and real impact.”

Poor nutrition not only stunts the growth of children in developing countries, but also inhibits the economies in which they live, perpetuating cycles of poverty and hunger, leading to poor health, lower levels of education and lost productivity and wages.

For the private sector window of GAFSP, eradicating chronic malnutrition and its negative impact on human capital development is a top priority. Rwanda—where 44 percent of children suffer from stunting and where the effects of hunger costs the country \$820 million annually—provides a real opportunity to transform lives.

Working alongside our global partners, GAFSP recently implemented two linked projects in Rwanda that will feed an estimated one million malnourished children and pregnant and breast-feeding women in the land-locked country every year.

In the first project, GAFSP and IFC teamed up with a local bank, KCB Rwanda, to provide lending to farmer cooperatives to help 12,000 farmers across Rwanda boost production of maize and soy beans.

The second project, the Africa Improved Foods Limited (AIFL), will use the maize and soy bean crops grown by these farmers in a specially built food processing plant in Kigali to create a fortified blended cereal for vulnerable young children and their mothers. The maize and soy beans will be sold to the AIFL processing plant

through offtake agreements with the World Food Program (WFP) and the Government of Rwanda.

“This is by far the most impactful investment project that I have ever worked on,” said investment officer, Anup Jagwani, who led the project for IFC. “To improve nourishment for one million vulnerable people in Rwanda as a result of AIFL is an extraordinary goal. This GAFSP investment has real heart and real impact.”

In time, Anup Jagwani said, GAFSP plans to replicate this project in Ethiopia to address food security issues in that country.

Once built, the processing plant, which will provide up to 300 local jobs in Kigali, will be the most high tech facility in the country. Farmers supplying this plant will gain access to higher-quality inputs and better farm management practices to help produce better quality grains. This will enhance the overall food supply chain in Rwanda. The means to a more stable income for these farmers through KCB Rwanda will dramatically improve their lives—and those of their families.

GAFSP is not only helping malnourished children in one of the world’s poorest countries—by giving them access to fortified nutrients that will allow them to reach their full potential—but is also improving the lives of smallholder farmers and their families too.

PARTNERSHIPS MAKE GAFSP STRONGER

GAFSP’s private sector window is proud to work alongside a multitude of partners, including our colleagues at the GAFSP Public Coordination Unit. New projects in Cameroon and Rwanda emphasize the development impact that GAFSP can have when both windows work hand-in-hand. Our joint World Bank/IFC initiative in Cameroon allows us to target the three largest agricultural value chains in the country and to positively transform the lives of over 220,000 small farmers.

Working alongside our global partners on the project level allows the private sector window to achieve maximum results. Our AIFL project in Rwanda is a joint venture with the Clinton Foundation, Royal DSM, the Dutch development bank FMO, the UK development finance institution CDC, IFC and the Government of Rwanda. The AIFL project also works in collaboration with the GAFSP public sector window led project in Land Husbandry, Water Harvesting, and Hillside Irrigation Project (LWH), by incorporating common farmer cooperatives to improve market access and ensure better integration with formal value chains.

A young child with dark skin and short hair is sitting on a patterned blanket in a rural field. The child is wearing a light-colored, short-sleeved shirt. In the background, several other people are visible, some wearing orange vests, working in the field. The landscape is dry and hilly.

1 M

**MALNOURISHED CHILDREN,
PREGNANT AND BREAST-FEEDING
WOMEN IN RWANDA WILL BE FED
EVERY YEAR**





**Closing
The Gender Gap**



118,000

FEMALE FARMERS HAVE BEEN REACHED THROUGH PRIVATE SECTOR WINDOW INVESTMENTS

2,000

WOMEN HAVE FOUND EMPLOYMENT THROUGH GAFSP CLIENTS

PHOTO © World Bank

CLOSING THE GENDER GAP

WOMEN—WHO PRODUCE MORE THAN HALF OF THE WORLD’S FOOD—ARE THE BEATING HEART OF AGRICULTURAL PRODUCTIVITY.



If women had the same access to agricultural resources as men, their yields would increase by 20 to 30 percent, raising total agricultural output in developing countries by four percent.

Yet most women farmers toil in relative obscurity, shut out from land ownership, lacking market price information and agricultural inputs. They tend to have smaller plots of land and have to travel long distances to market. As a result many female farmers are less productive and miss out on valuable earnings, money that could feed their families and educate their children.

The Private Sector Window of GAFSP is committed to helping women farmers raise their productivity profile through gender relation actions attached to many of our projects. To date, over 118,000 female farmers have been reached through our investments with about 2,000 women employed by GAFSP clients.

Gender focus is now a driving force in all Private Sector Window projects. Before we agree to a new investment, our staff will undertake a thorough gender assessment as part of the appraisal process. With specialized training from IFC’s gender team, our Private Sector Window staff can help GAFSP’s corporate clients understand the importance of including women in their value chain.

By allowing women the same access to agricultural resources as men, the FAO estimates that women’s agricultural yields would increase by 20 to 30 percent over current levels. With GAFSP private sector support, we are committed to increasing the participation and impact of women in the global agricultural value chain.





Improving Access to Finance



100

**COOPERATIVES WILL OBTAIN
NEW TRUCKS**

50,000

**FARMERS WILL BENEFIT
FROM THE PROJECT**

PHOTO © Anna Koblanck/WBG

REVVING UP THE COCOA SECTOR IN COTE D'IVOIRE

FOR THOUSANDS OF COCOA FARMERS ACROSS COTE D'IVOIRE, GETTING THEIR COCOA BEANS TO MARKET CAN BE A LOGISTICAL NIGHTMARE. THEIR LIVELIHOODS DEPEND ON WORN-OUT, UNRELIABLE VEHICLES THAT MUST BE DRIVEN ACROSS REMOTE AND ROUGH TERRAIN, WITH THE CONSTANT THREAT OF BREAKDOWN. SUCH CHALLENGES AFFECT FARMER EFFICIENCY AND GREATLY IMPACT THEIR INCOMES.

The Private Sector Window of GAFSP is helping to reverse this trend and turn the wheels of economic opportunity—by leasing brand new trucks to cocoa farmers through participating cooperatives.

In partnership with cocoa giant, Cargill, IFC and GAFSP have provided funding for affordable loans for trucks for cocoa farmer cooperatives across Cote d'Ivoire. Cargill works with over 80,000 farmers in 100 partner cooperatives who supply cocoa to the company, one of the world's largest commodity traders.

The funding is made available to graduates of the Cargill Coop Academy, a dedicated educational program for managers of the cocoa farmer cooperatives. Those who participate in the mini-MBA program, can get new trucks through a three-year leasing deal that includes insurance. Participating cooperatives each pay 10% upfront and then put 10 West African Francs for every kilo of



PHOTO © Anna Kobianck/WBG

FiE AWARD

WINNER OF THE FOOD INGREDIENTS EUROPE (FIE) 2015 BEST SUSTAINABILITY INNOVATION AWARD

cocoa they deliver to Cargill in a savings fund, which covers their monthly lease fees. The interest rates they pay are significantly lower than any others commercially available.

With new trucks, farmers can transport their produce to market more easily and reliably, and repay the trucks step by step through the sale of their cocoa beans. Good quality collection trucks will also help to reduce the cooperatives' costs and minimize potential losses from frequent truck breakdowns. By investing in new trucks, the cooperatives are expected to improve their profitability and be more competitive.

The project, a risk-sharing facility, will be facilitated through SIB, the fourth largest bank in the country in terms of loans. This relationship with SIB will help the cooperatives to establish and build a credit history to facilitate future financing.

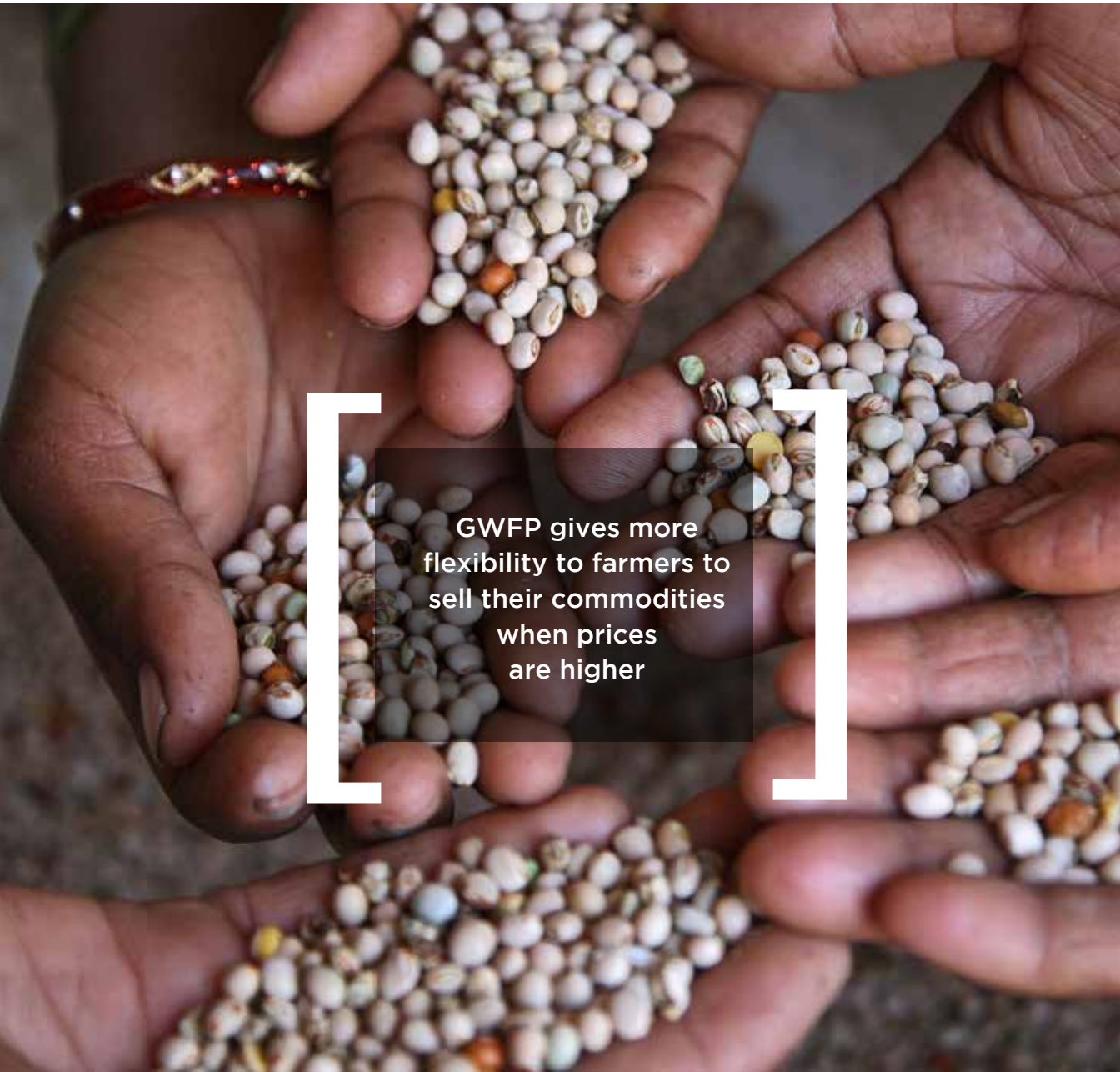
In 2015, Food Ingredients Europe (FiE) named this GAFSP project the winner of their 2015 Best Sustainability Innovation Award in Paris.



PHOTO © Anna Kobianck/WBG



WITH NEW TRUCKS, FARMERS CAN TRANSPORT THEIR PRODUCE TO MARKET MORE EASILY AND RELIABLY, AND REPAY THE TRUCKS STEP BY STEP THROUGH THE SALE OF THEIR COCOA BEANS



GWFP gives more flexibility to farmers to sell their commodities when prices are higher

PHOTO © World Bank

STORING THE FUTURE OF FINANCIAL SECURITY

MANY FARMERS ACROSS THE DEVELOPING WORLD ARE FORCED TO SELL THEIR PRODUCTION IMMEDIATELY FOLLOWING THE HARVEST. IT IS THE WORST TIME TO SELL.

With the market flooded by similar commodities, prices are low and opportunities for earning a good return bleak. Farmers are often left with barely enough money to feed their families and buy inputs and fertilizers for the next harvest—perpetuating a cycle that leaves them mired in poverty and subsistence farming.

But now—thanks to GAFSP’s investment in the Global Warehouse Finance Program (GWFP)—many small holder farmers are finally gaining access to much needed credit. The GWFP supports local banks who provide credit to farmers by encouraging them to utilize instruments such as warehouse receipts, collateral management agreements, and stock monitoring agreements.

GWFP lends or provides risk mitigation solutions to banks in low income countries who in turn provide lending to small farmers and SMEs for “warehouse financing”—a lending technique that allows farmers receive credit for the harvested goods they deposit in warehouses.

The program reduces food storage losses, increases market access for farmers and boosts their income by allowing them more flexibility to sell their commodities when prices are higher. Now, thanks to GWFP, harvest time for many small farmers is an opportunity to benefit, not lose.



PHOTO © World Bank



150,000

**FARMERS IN CAMEROON WILL
HAVE ACCESS TO MORE LUCRATIVE
MARKETS.**

30,000

**FARMER HOUSEHOLDS WILL REAP THE
BENEFITS OF GAFSP'S PARTNERSHIP
WITH IDA.**

PHOTO © World Bank

TRANSFORMING THE FARMING SECTOR IN CAMEROON

AT THE PRIVATE SECTOR WINDOW OF GAFSP, PARTNERSHIPS MATTER.



This project aims to transform the agricultural sector in Cameroon over the long-term and providing the sustainable change that will contribute to the World Bank Group's twin goals of ending extreme poverty and promoting shared prosperity.

Working alongside others in the development field strengthens our impact and helps us reach more smallholder farms. That's why we recently joined forces with our friends at the International Development Association (IDA) to help Cameroon transform its farming sector.

In Cameroon—where 60 percent of the population works in agriculture—the three main pillars of food security are cassava, maize and sorghum. However, the lack of adequate food production forces Cameroon to import these commodities from other countries.

Working alongside IDA, GAFSP and IFC provided \$6 million to establish risk-sharing agreements with local banks that made it possible to finance cassava, maize and sorghum farmers. The joint project aims to reach 150,000 farmers across Cameroon and to link these farmers to more lucrative agricultural and food markets, so they can grow and expand production. In total, 30,000 farming households will benefit from this joint initiative.

Together with IDA, GAFSP hopes to unlock the potential of Cameroon's agricultural industry to become an engine for economic growth, job creation and income generation.



PHOTO © Bradford Roberts/IFC

Taking a chance on projects that other commercial investors have passed is what GAFSP's Private Sector Window does best: investing across the entire food supply chain from farm inputs to logistics and storage, to processing and financing.

Global Agriculture and Food Security Program 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. GAFSP targets countries with the highest rates of poverty and hunger. The public sector window helps governments with national agriculture and food security plans. 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, and equity to private sector companies to improve productivity growth, deepen farmers' links to markets, and increase capacity and technical skills.

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 <http://www.ifc.org/GAFSP>.

