PRIVATE SECTOR SOLUTIONS FOR HELPING SMALL FARMERS
CHANGING LIVES:
Private Sector Solutions for Helping Small Farmers
Foreword

GAFSP's Private Sector Window at the Forefront of Development Needs

At the UN’s Third Financing for Development conference in July 2016 in Addis Ababa, world leaders discussed ways to pay for the ambitious sustainable development goals (SDGs) to end poverty and achieve food security in every corner of the globe by 2030. By weeks’ end the message was clear: these goals could only be met by moving from billions in financing commitment to trillions—with the private sector leading the way.

The Private Sector Window of GAFSP has never been more engaged in the challenge to improve lives in the poorest of countries around the world. Now approaching our fourth year of operations, we are at the forefront of development needs, using our combined investment and advisory services to support private sector agribusinesses in low-income countries and to link smallholder farmers to markets by improving their access to finance, technology, expertise and inputs.

The numbers speak for themselves. As of December 2015, GAFSP’s Private Sector Window (PrSW)—funded by the governments of Australia, Canada, Japan, the Netherlands, the United Kingdom and the United States—is supporting 32 investment projects in agribusiness with a total project size of $1,115 million, deploying $192 million of GAFSP PrSW funding. In addition, we have approved 30 advisory projects valued at $5.7 million.

In Liberia, the GAFSP Private Sector Window made two critical emergency investments to support Liberian rubber and cocoa farmers in the wake of the devastating Ebola crisis. In coming years, cocoa farmers in Liberia can expect a total increase of 200 percent in their yields while up to 15,000 people will directly benefit from the replanting of up to 8,000 hectares of aging rubber trees.

In Bhutan, the land of Gross National Happiness, we made an unusual investment in a small agribusiness company that promises to deliver big results. Our $3 million dollar equity investment will allow Mountain Hazelnuts to supply hazelnut tree plantlets, inputs and support to local farmers free of charge.

In time, the company hopes 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. Eventually up to 15 percent of Bhutan’s population is expected to directly benefit from this innovative project.

In Rwanda, where nearly half of all children suffer from stunting and where the effects of chronic hunger costs the government $820 million annually, we invested in two linked projects that will help feed an estimated one million malnourished children, pregnant and breast-feeding women each year.

This publication offers a snapshot of some of our recent GAFSP Private Sector Window projects, from Cameroon to Nicaragua and from Bhutan to Tanzania. Organized under five themes, the projects will 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.

‘Changing Lives’ highlights the stories of some of those smallholder farmers we have been honored to help. Like Bhutanese hazelnut farmer Ani Kinzang, who before Mountain Hazelnuts struggled to exist on the paltry earnings produced by the bamboo and walnut trees that dotted the stony slopes of her mountainous farm. And Nicaraguan coffee farmer Amy Obregon, who watched the insidious coffee rust fungus, La Roya, destroy her livelihood. Now, thanks to long term financing provided by GAFSP, Amy can provide for her family while replanting her coffee fields with new trees resistant to the disease. “I am very happy to know that [GAFSP] worries about us, our community, our country, and the coffee producers specifically,” Amy told us.

It is the stories of Ani and Amy that inspire and motivate us at the Private Sector Window of GAFSP. Facing into the future, we look forward to continuing our work with our partners across the world to increase incomes and reduce hunger among smallholder farmers: one innovative investment at a time.

Private Sector Window Secretariat

December 2015
We invest in non-traditional lenders who work with smaller borrowers and private supply-chain finance that can provide farmers with more credit and more stable income.

We support investments and advisory services that empower women farmers.

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

With GAFSP lending over 5,500 farmers in Tanzania will gain access to adequate storage for their harvested goods.

To date over 118,000 female farmers have been reached through our investments and over 2,000 direct jobs have been provided to women.
The Challenge
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 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 smallholder 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
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.

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 invested $192 million in 32 projects in agribusiness that are improving the lives of over a million SME and small farmers across the globe. In addition, we are supporting 30 advisory projects valued at $5.7 million.

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

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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.
Raising Agricultural Productivity and Improving Climate Resilience
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.

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 private sector investment in agriculture and food security.
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.

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

UP TO 15 PERCENT OF BHUTAN’S POPULATION IS EXPECTED TO DIRECTLY BENEFIT FROM THE PROJECT.
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.

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 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.”

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

Daniel Spitzer
CEO of Mountain Hazelnuts

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?

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

What are the environmental 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.
GAFSP RESPONDS TO THE EBOLA CRISIS

THROUGHOUT 2014, THE WORLD WATCHED IN HORROR AS A SUDDEN OUTBREAK OF THE DEADLY EBOLA VIRUS WRECKED 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.

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 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.
BREWING UP A PRIVATE SECTOR SOLUTION TO THE COFFEE RUST CHALLENGE

THEY CALL IT “LA ROYA”, OR THE RUST. AN INSIDIOUS ORANGE FUNGUS THAT HAS WREAKED HAVOC ACROSS CENTRAL AMERICA’S COFFEE FARMS—WITHERING LEAVES, CHOKING COFFEE BERRIES, AND TURNING LUSH VERDANT SLOPES INTO BARREN LANDSCAPES.

For over 150 years, La Roya has been the curse of coffee farmers across the globe. But in recent years, owing largely to climate change, the disease has regained a foothold in Central America, affecting up to 40 percent of coffee plantations in Honduras and Nicaragua and up to 70 percent in Costa Rica, El Salvador, and Guatemala.

Although research has shown that coffee rust can be combated through replanting programs coupled to good agronemics, this solution has proven a challenge for small farmers in Central America—many of whom have limited access to long-term financing and resources. This is where the Private Sector Window of GAFSP can help.

Across Central America over 1.5 million people depend on coffee for their livelihoods. For these people, many of whom are small holder farmers, the effects of coffee rust are already devastating, pushing rural families into extreme poverty and food insecurity.

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In Nicaragua, where coffee is one of the largest sources of rural employment and accounts for over 15 percent of exports, GAFSP and IFC are developing an innovative model for providing affordable, long-term financing and technical assistance to coffee farmers so they can renovate their farms.

Through a proposed $30 million loan, IFC and GAFSP—in conjunction with the Inter-American Development Bank (IDB), Ecom, Exportadora Atlantic and Starbucks—would provide financing to farmers for the renovation of over 5,000 hectares of coffee plantations in Nicaragua affected by La Roya. The project will help to mitigate climate change by deploying a scalable model of climate-
smart renovation that could be replicated by other countries and coffee traders.

This unique project, which is IFC’s first agri climate adaptation project in Latin America, would also be combined with advisory services on agronomic and climate best management practices. GAFSP will provide a first loss guarantee for IFC’s investment, which will lower risks and the level of interest rates charged to farmers.

IFC and GAFSP are hopeful that this collaborative effort will help secure coffee supply and jobs in Nicaragua for years to come, eradicating some of the extreme poverty that the fungus has already wrought on the lives of small farmers. It is a perfect example of how GAFSP’s Private Sector Window can brew up an innovative solution to a vexing climate change challenge.

WE WILL PROVIDE FINANCING TO FARMERS IN NICARAGUA TO RENOVATE OVER 5,000 HECTARES OF COFFEE PLANTATIONS AFFECTED BY LA ROYA.
DISPATCH FROM THE COFFEE FIELDS:

Ever since the onset of La Roya, farmers across Nicaragua approach harvest time with trepidation. One such farmer is Amy Obregon who owns a small farm in Matagalpa, Nicaragua, one of the areas hardest hit by coffee rust.

In September 2015, Amy was present at IFC headquarters in Washington – alongside representatives from GAFSP, IDB, Ecom, Exportadora Atlantic and Starbucks – to witness the signing of the $30 million loan to help coffee farmers like her obtain long term financing.

Amy told a packed room about the ravages of La Roya over the previous years: how the disease devastated her harvest, silencing the local mills that grind red coffee cherries by the basketful and leaving bare the fields that should have been full of coffee pickers each autumn.

“In the beginning I wasn’t worried about it, but by 2013 I was starting to be concerned because I was seeing the effects in my older plants,” Amy said. “La Roya is very aggressive and destroys everything. The current Roya is a mutation of the fungus that we confronted before. It’s very worrisome to see all my neighbors and other coffee producers struggling with the same issue.”

But now for the first time since the onset of La Roya, Amy is hopeful for the future. Thanks to GAFSP, she will be able to plant new coffee trees and combat future strains of the disease.

“I am very happy to know that somebody worries about us, our community, our country, and the coffee producers specifically,” she said. “I am very enthusiastic about the changes.”
Adopting High Yield and Innovative Technology
BOOSTING PROSPERITY
ONE MANGO AT A TIME

IT WAS 2007 AND CRAIG HARDIE, A MARKETING MANAGER FOR A UK BASED COMPANY, WAS TAKING TIME OFF WORK TO TRAVEL THROUGH SUB-SAHARAN AFRICA ON A PERSONAL QUEST TO UNDERSTAND DEVELOPMENT ISSUES.

Sitting in a small community meeting in the north of Malawi, Hardie listened as a representative from the Ministry of Agriculture lamented an astonishing fact: that 85 percent of all the fruit borne on Malawi’s four million mango trees simply goes to waste—the fruit rotting where it falls owing to a lack of processing capacity in-country.

Seeing an opportunity to create a business that would not only deliver significant yields, but also give back to the local community,

Hardie gave his pal in London, Jonathan Jacobs, a call.

“Immediately when I heard Craig’s idea, I said, 'I want to do that,'” remembers Jacobs who at the time was working for Morgan Stanley.

"We’re solving a waste issue, we’re solving a development issue, and we’re solving a business issue. It absolutely grabbed me like nothing has ever before—or since.”

By 2009 the agricultural start-up Malawi Mangoes was born—the first ever fruit farming enterprise and processing
$5M

invested to help Malawi Mangoes develop its own world class plantation to demonstrate the viability of banana and mango commercial-scale production

company in Malawi. Now six years later, with the help of the Private Sector Window of GAFSP, Malawi Mangoes is revolutionizing agriculture in this agricultural East African haven.

This year, GAFSP and IFC each invested $5 million to help Malawi Mangoes to develop its own world class plantation to demonstrate the viability of banana and mango commercial-scale production in Malawi. A further $5 million from FMO, the Dutch development bank, was mobilized to further support this initiative.

Working with over 4,000 small holder farmers to provide training sessions, tree grafting, pruning and spraying services, Malawi Mangoes expects to reach an additional 2,000 farmers by 2018.

It is a win-win situation for all—by agreeing to have their trees grafted to produce more commercially viable fruit, the farmers are guaranteed that Malawi Mangoes will buy that fruit once it is harvested.

“One of the things that we’re about—and that IFC and GAFSP have realized—is that the development consequences are radical but the change itself is not rocket science,” said Jonathan Jacobs.

“It’s about a commitment and an implementation more than anything else.”

Mary Mawonga, Small-holder farmer who joined Malawi Mangoes in 2012.

“Before farmers in this village began selling mangoes to Malawi Mangoes we could not build good houses, we could not build good lives. But now we can buy food for our families, we can buy new fertilizer for our trees, and fuel for our truck.”

Dickson Kasero, Team Captain at Malawi Mangoes:

“This company, Malawi Mangoes, has brought more excitement to the community surrounding Salima. Now there is job creation. More local people have been employed. Malawi Mangoes has also opened a whole new market. Initially mangoes were just rotting in the fields but now farmers can sell them to Malawi Mangoes. This is a very big opportunity, not just for the people of Salima but for the people of Malawi too.”

Lyon Matthews, Joined Malawi Mangoes in 2012 and now works as a lead farmer:

“Before joining Malawi Mangoes I grew only maize and a cheap variety of mangoes. But then Malawi Mangoes came and helped farmers like me grow a better type of mango. Since joining Malawi Mangoes my economic life is so much better. The old variety of mangoes I sold at cheaper prices. Now I can sell at a much higher price and there are so many benefits. Life is much better now than before.”
Nutrition
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.

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

“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.”

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

FARMERS WILL GET INPUTS FOR RAISING PRODUCTIVITY AND INCOME.
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 emphasise 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.
Closing The Gender Gap
WOMEN—who produce more than half of the world’s food—are the beating heart of agricultural productivity. 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, their yields would increase by 20 to 30 percent, raising total agricultural output in developing countries by four percent. 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.

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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
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 smallholder 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.
TRANSFORMING THE FARMING SECTOR IN CAMEROON

AT THE PRIVATE SECTOR WINDOW OF GAFSP, PARTNERSHIPS MATTER.

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.
AGRICULTURE IS A CRUCIAL SECTOR FOR TANZANIA’S ECONOMY, EMPLOYING APPROXIMATELY 80 PERCENT OF THE COUNTRY’S WORKING POPULATION AND CONTRIBUTING ABOUT 30 PERCENT TO GDP.

This year, GAFSP invested $10 million in a $25 million GWFP funded line to CRDB Bank, Tanzania’s largest agribusiness lending institution. CRDB is the perfect partner to reach Tanzania’s small farmer community, maintaining the largest warehouse financing portfolio in Tanzania’s coffee, cashew nuts and cotton sector.

Working with over 800 clients including SMEs and farmer cooperatives, and standing upon fourteen years of warehouse financing operations, CRDB will reach approximately 6,000 farmers with IFC’s support.

“I would like to thank IFC for empowering CRDB. While Tanzania’s economy is growing, a low rate of access to finance is a serious issue. In order to help grow the private sector, I believe IFC’s financing to CRDB will make a difference.”

The Hon. Saada Mkuya Salum Finance Minister of Tanzania 11 April 2014 IFC, Washington, DC
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.