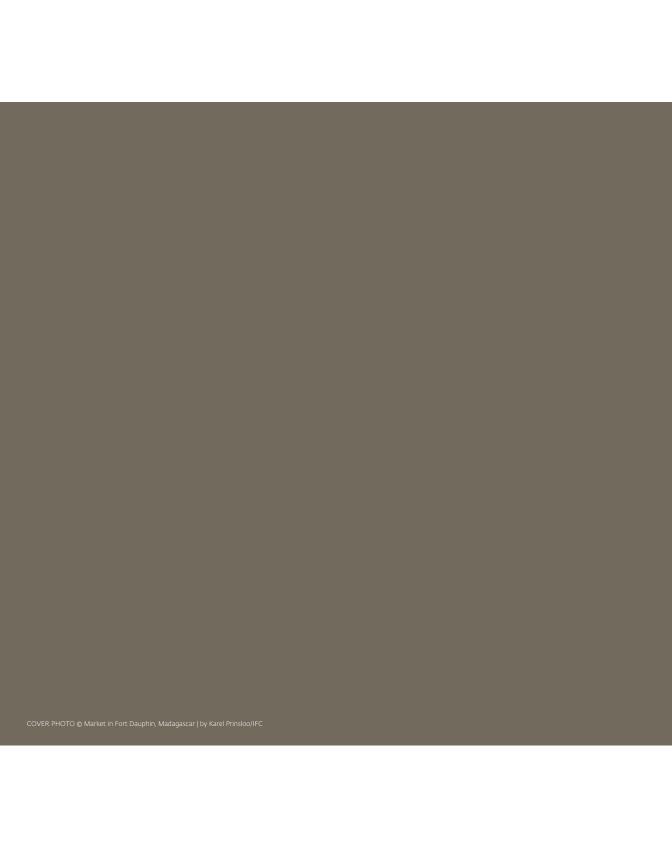






PRIVATE SECTOR SOLUTIONS FOR HELPING SMALL FARMERS

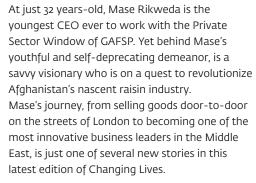


Changing Lives:

Private Sector Solutions for Helping Small Farmers

Foreword

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



Like many GAFSP private sector clients, Mase approached our team after other investors rejected his plan to build a state-of-the-art raisin processing facility north of Kabul as far too risky for their portfolios. But thanks to IFC and the PrSW's strong co-investing model, Mase found willing investors who saw that his courageous vision would not only resuscitate a once-critical Afghan agricultural industry but also improve the lives of thousands of Afghan smallholder farmers and their families.

In an era of global economic crisis and scarce public resources, a strong and engaged private sector is critical to ending poverty and boosting shared prosperity, and IFC and the Private Sector Window of GAFSP are at the leading edge of mobilizing private capital for development. Our



unique blended finance solutions have enabled businesses targeted towards smallholder farmers build competitive agricultural sectors, create new jobs, and accelerate development in challenging markets.

Since our program began in 2013, our Private Sector Window has supported 61 agribusiness investment projects in 27 countries with a total project size of \$311 million. In addition, we have approved 67 advisory projects in 30 countries valued at \$21 million.

This past fiscal year alone, over 70 percent of our investments were in fragile and conflictaffected (FCS) countries, building on IFC's strong commitment to create markets and private sector opportunities in some of the world's most challenging places. That means that we have invested in early stage or risky projects that hold high potential for development impact and financial sustainability in places where it is needed most.

Rooted in the heart of our model is the belief that GAFSP concessional funding should be temporary, and that our clients will one day become financially sustainable. This past fiscal year saw the vindication of that core philosophy when three GAESP Private Sector Window



projects—Sofitex, Pearl Dairy and Pran Foods— 'graduated' to new IFC led investments, without the need for a concessional co-investment from GAFSP.

In this edition, you will read about our journey with Mase in Afghanistan, where despite war, terrorism, and a crippled infrastructure, my team made its first ever foray into the country, supporting a US\$2.5 million investment from IFC in Rikweda Fruit Processing Company. This investment will enable Mase to purchase new laser-sorting technology that will make it possible for raisins to meet international export standards, ultimately helping 3,000 small-scale Afghan raising farmers improve their yields and incomes.

In Kosovo, heralding another first for our team, we supported the country's microfinance sector with loans to two of its leading institutions, KEP Trust, and the Agency for Finance in Kosovo. In Madagascar, one of the most fragile countries in the world, a joint IFC and GAFSP PrSW US\$7 million investment in BoViMa will help recreate an export market of Zebu beef and goat meat that collapsed following neglect and misguided policies. This project, which will establish a modern feedlot and abattoir in the south east of Madagascar, would not have been possible without IFC's four-year advisory program (also

supported by the GAFSP PrSW), which was critical to making BoViMa a bankable project.

This latest edition of Changing Lives offers a snapshot of some of our most recent GAFSP Private Sector Window projects. 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.

Working together with our donor partners – the governments of Australia, Canada, Japan, the Netherlands, the United Kingdom and the United States – we can help improve the lives of smallholder farmers around the globe, while creating new markets for the private sector. IFC and GAFSP's commitment as advisors, investors and innovators has never been stronger.

Niraj H. Shah

Principal Investment Officer
Program Manager—GAFSP Private Sector Window

Small farmers face BIG CHALLENGES along the way from FARM-TO-MARKET

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

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



ACCESS TO INPUTS ACCESS TO FINANCE

Every \$1 of PrSW funding leverages \$8 of private sector funding

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

We invest in nontraditional lenders who work with smaller borrowers and private supplychain finance that can provide farmers with more credit & more stable income. Women farmers are particularly disadvantaged, lacking land ownership opportunities and access to inputs.

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

GENDER IN-EQUALITY

ACCESS
TO
MARKETS &
STORAGE



We support investments & advisory services that empower women farmers.

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

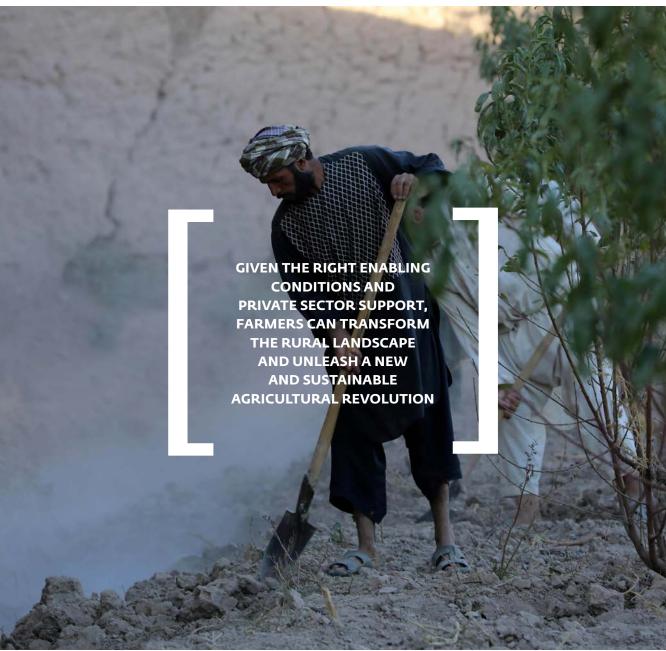


PHOTO © World Bank

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.

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

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 approved \$311 million in 61 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 67 advisory projects worth \$21 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.



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 conflictaffected areas and IDA countries

The Private Sector Window's advisory portfolio includes 67 advisory projects worth \$21 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.

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.







Afghan farmer Mohammadullah working in his vineyard | PHOTO @ ABBAS Farzami/Rumi Consultancy / World Bank

Feeding Afghanistan's Export Raisin Market

Afghanistan's raisin farmers used to supply snacks for people around the world. For many decades through the 1970s, the country claimed about 20 percent of the global market for raisins. But years of conflict and political instability contributed to a decline in production volumes and quality, and farmers lost market share—as well as income.

Today, less than 40 percent of Afghan raisins are exported. These are traded at deep discounts compared with those from neighboring countries because they fall short of international quality and food safety standards.

But a local company aims to help Afghanistan reclaim its status as a world-class raisin producer and exporter. With support from IFC, the Private Sector Window of GAFSP and the World Bank Group, the family-owned Rikweda Fruit Processing Company is building a state-of-the-art processing plant in Kabul province. It is expected to nearly double the country's raisin processing capacity and help 3,000 small-scale raisin farmers improve yields and incomes.

"The processing plant helps farmers because there is an existing buyer on their doorstep," says Chief Executive Officer Mase Rikweda, whose family has been in Afghanistan's raisin business for nearly three decades. Farmers feel more comfortable investing in their activity knowing that their produce will be bought at harvest, according to Rikweda. That's why the processing plant, currently under construction, is already bearing fruit: "Farmers are putting in new trees, just because they can see the factory overlooking their farm."

The processing plant will use laser-sorting technology never before available in Afghanistan to produce raisins that are calibrated to fit the size and color specifications of international buyers. This will help boost exports to wholesalers and retailers in important markets like Eastern Europe and Central Asia.

Some of the specific challenges to Afghanistan's raisin producers have included lack of infrastructure and technology, absence of efficient regulatory frameworks, dearth of market outlets for raisin farmers, and inefficient farming practices, including post-harvest practices.

The Rikweda Fruit Processing Company can help address these issues contributing to rebuilding the raisin industry while also boosting Afghanistan's economy. The two are linked because of agriculture plays a central role in the national economy. It accounts for 25 percent of Afghanistan's GDP and supports more than 80 percent of the population. Horticultural exports are estimated at more than \$700 million per year, of which raisins are Afghanistan's largest legal agricultural export.

In addition to helping build the processing plant, IFC is providing quidance to smallholder grape farmers in the region. The support will allow them to improve farming practices and implement harvesting, storage, and drying technologies that will sustainably produce high-quality grapes and raisins. These improvements, along with the subsequent elimination of intermediaries from the procurement structure, could lead to a 15 to 20 percent increase in prices to farmers.

This is IFC and GAFSP's first investment in the agribusiness sector of Afghanistan among the world's poorest countries, and one that depends heavily on foreign aid. The Bank Group's efforts are critical because there would be almost no financing options for the greenfield project otherwise.

The new raisin processing plant will create a total of 50 full time jobs, of which 35 will likely be held by women. Once the facility is at full production after it opens later this year, the project will also help avoid up to



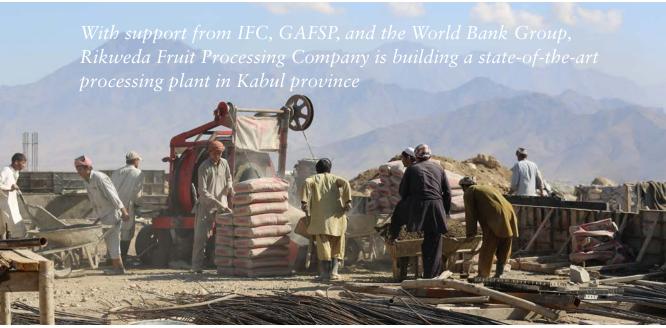


Afghan farmer Abdul Rahman cutting grapes | PHOTO © Nicholas Bertrand/World Bank

3,000 tons of carbon dioxide equivalent per year—because the adoption of commercial-grade processing standards will reduce losses of grapes.

The agriculture sector is a priority area of the Bank Group's engagement in Afghanistan because of that sector's role in job creation and inclusion in the country. The World Bank is currently engaged in developing Afghanistan's Agribusiness Job Charter, a project to promote the agribusiness sector as an area with greater job opportunities. IFC's experience with Rikweda Fruit Processing Company will help inform the Agribusiness Job Charter, identifying further areas of policy reforms needed to unlock potential investments.





A Young Entrepreneur Helps Afghanistan Regrow

At the close of 2008, Mase Rikweda, an Afghan-born immigrant living in London, found himself at a crossroads. The son of a Kabul-based businessman, Mase had just completed a master's degree and was considering a career in academia. Instead, after much soul-searching, the twenty-two-year-old decided to apply for work in the private sector. But Mase's timing could not have been worse: with a global recession in full swing, and unemployment on the rise, Mase's efforts to secure a job met with dead ends.

That's when Mase received a call from his father in Afghanistan. "How about I send you a container of rice from Pakistan," his father suggested, "and you try to sell rice to the Afghan halal meat shops across London?"

To Mase, the proposal appeared daunting. Even with no business background, Mase already knew that the London halal market was saturated with South Asian rice products. Still, intrigued, Mase accepted the challenge. Day after day, he drove through the narrow streets of west London, the back seat of his car



MASE RIKWEDA
CEO, Rikweda Fruit Processing Company

piled high with bags of rice, persuading halal butcher after butcher to make a purchase.

It took five months to sell the first container. The profit margins were low, but there were no losses. Encouraged, Mase's father sent a second container. When sales slowed, his dad suggested that Mase switch products. Determined, Mase set out again across London, this time selling Chinese made household goods from door to door.

"I could not understand why my dad was making me do all these tasks," Mase recalled. "I had just graduated with an advanced degree. Why I was having to plead with people to buy my goods?"

But unbeknownst to Mase, his father's crash course in entrepreneurial acumen was rooted in an ulterior plan. "I realize now that my father was testing my humility," Mase says, "that he was teaching me the skills of basic



Women will hold most of the jobs at the Rikweda's new raisin processing plant

trading, of book keeping, of how to persuade people to buy your product."

In 2012, satisfied that Mase had what it would take, his father invited him to Afghanistan for the ultimate test—to help resuscitate the country's raisin industry, decimated by decades of conflict and political instability. Mase's father, who after the fall of the Taliban in 2002 had returned to Afghanistan, dabbled occasionally as a raisin commodity trader, exporting to Russia where demand was high. "But the quality was poor," Mase said. "The raisins were dirty and diseased. We knew that if we wanted to sell raisins internationally, we'd have to raise the quality. To do that, we'd need a processing plant to wash and sort them properly."

By early 2013, Mase had conducted extensive research of Afghanistan's raisin sector and created a business proposal. He found a raisin processing equipment supplier in Turkey who offered to show Mase and his father around a local processing facility. So impressed were the father and son by what they saw, they purchased equipment on the spot. "After we saw the Turkish operations in practice we

knew that this business model would work perfectly in Afghanistan," Mase said.

The next step was to secure a location for their own factory. Mase chose the Shomali Plain, a fertile plateau just north of Kabul, a once beloved weekend picnic location for the city's residents in pre-war days. Home to thousands of small holder grape farmers and free from Taliban control, the valley seemed like a perfect spot. A local leader offered to sell Mase 25 hectares of his own land. To fund the sale, Mase's father liquidated the remaining family and business assets. With the sale complete, there was no turning back.

Construction of the factory began in early 2016. Owing to a lack of local technical expertise, and with spare parts impossible to source, Mase flew in engineers from Turkey and Belgium to install and repair the equipment. "If we need a filter for an air compressor, we can't find it in Afghanistan," he said. "Everything has to be flown in."

It had taken Mase five years to see his dream materialize. Along the way he navigated local warlords, landmines, a broken financial market and a country still at war. "A lot of people could not understand why it had taken so long," Mase said. "But there are so many barriers to investment here that you don't see elsewhere. In Afghanistan, as a business person, you are stuck at every juncture."

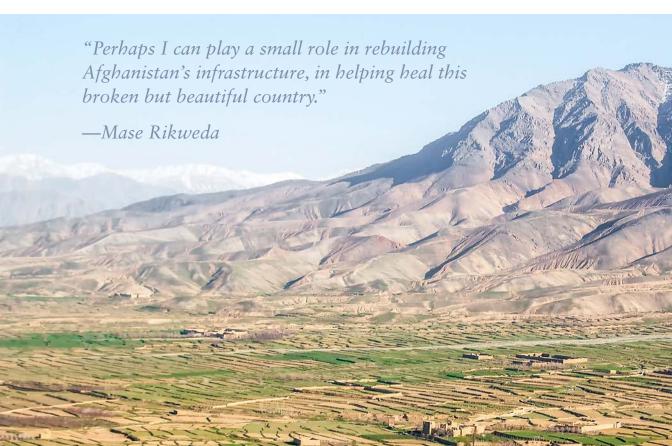
More seasoned CEOs may have balked at the challenges, but Mase—whose youthful, self-deprecating demeanor belies the savvy businessmen underneath—took it all in his stride. Understanding that revitalizing a once world-class industry could make a difference in thousands of Afghan lives, he forged a

partnership with IFC and GAFSP, knowing that financing options for a greenfield project in one of the world's poorest countries would be hard to find.

Now, Mase's state-of-the-art processing facility is expected to nearly double Afghanistan's raisin processing capacity and create a new export market to wholesalers and retailers in Eastern Europe and Central Asia, an astonishing achievement for a CEO who is just thirty-two years-old.

Mase is constantly asked why he would risk everything—including his safety—to invest in Afghanistan. "A lot of it is sentimental," Mase, who now lives full time in the Shomali plain, admits. "We have to do something for Afghanistan. If it's not us, then who?"

"We're here for the long-term. I want to build another five raisin factories across Afghanistan. Perhaps I can play a small role in rebuilding Afghanistan's infrastructure, in helping heal this broken but beautiful country."



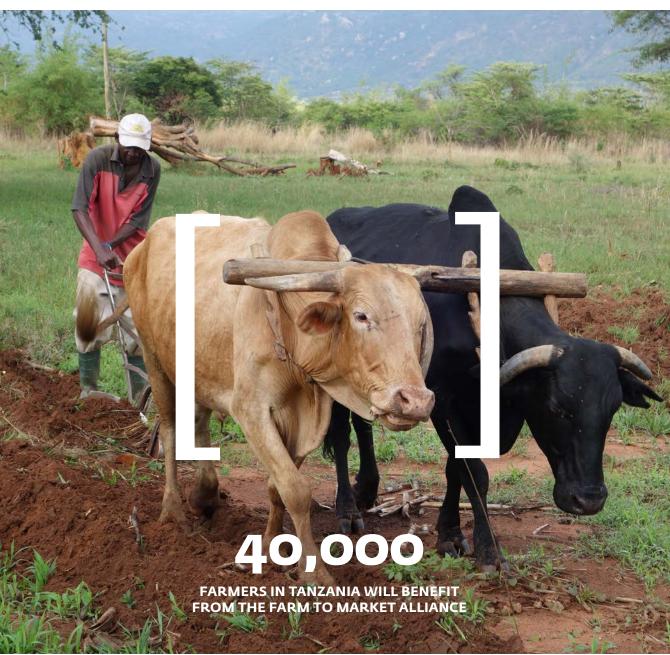


PHOTO © Bradford Roberts/IFC

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



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**



make it possible for these farmers to plant, harvest and sell enough high-quality crops to boost their income and increase food 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.

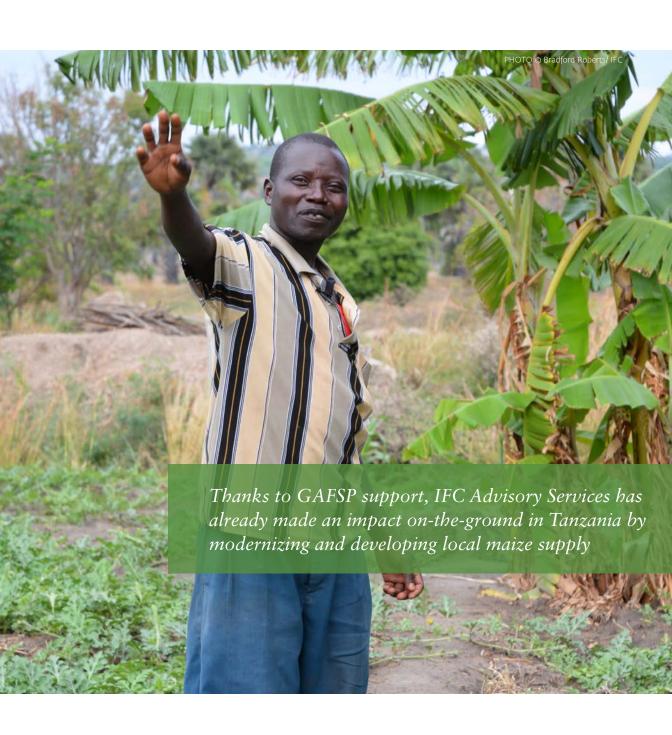




PHOTO @ Hannah Leupold/IFC

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.



COTTON INDUSTRY

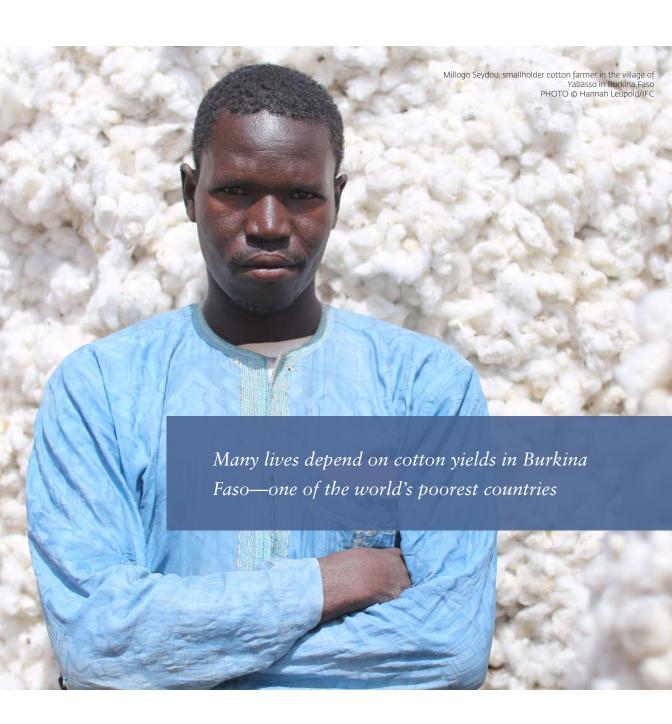
is the main source of income in rural areas of Burkina Faso



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.





\$5.3M

in lending for irrigation investments by smallholder

This opportunity is the result of an 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 hectors, 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

hectors of farmland with improved water management





Milking the Benefits of Blended Finance in Uganda's Dairy Sector

In 2012, when the Midland Group—a diversified company with decades of experience across Africa – decided to establish a dairy processing industry in Uganda, management struggled to secure financing. Local and international financial institutions understood that Uganda's burgeoning dairy sector held massive potential, but many were wary of investing in an inefficient and emerging market. To potential investors, Midland's proposal to build a greenfield processing plant and milk collection centers across Uganda seemed too risky. The company intended to source milk from thousands of small dairy farmers living in impoverished areas across Uganda, while supermarkets in the capital, Kampala, were already flooded with high end dairy products

imported from Kenya and Europe.

In early 2013, Midland management heard about the Private Sector Window (PrSW) of GAFSP, a blended finance facility managed by IFC which supported private sector projects impacting smallholder farmers. For nearly three years, the GAFSP investment team at IFC headquarters in Washington D.C. had been helping IFC teams re-evaluate deals that other investment institutions had passed, specializing in early-stage agribusiness projects that held high potential for development impact. From supporting smallholder, mango supply chains in Senegal to helping Ethiopian farmers export coffee and cashew nuts, the GAFSP PrSW team was







IN JUST 4 YEARS

Pearl Dairy has become the fastest growing dairy company in East Africa

already reaping demonstrable results. Perhaps Uganda's relatively untapped dairy sector with GAFSP's help—could yield similar results?

In late 2013, after months of careful analysis by their respective investment officers, IFC and GAFSP invested a combined \$8 million in Pearl Dairy, the second largest milk processing plant in Uganda. Now, in just four short years, Pearl has become the fastest growing dairy company in East Africa, benefitting from one of the lowest milk sourcing costs in the world, and with access to over 14,000 small farmers whose grass-fed cows require little supplemental feed and inputs.

Pearl Dairy's success has been an astonishing turn around for a company whose risks were once too high for other investors to tolerate, says Amit Sagar, a Kenyan-born businessman who in 2016 was made CEO of the company.

"When we started our relationship with IFC and GAFSP, Pearl Dairy's capacity was at

200,000 liters a day. Today, we're at 800,000 liters a day," Sagar said. "Within a period of four years, we've quadrupled our capacity."

Working closely with Ugandan dairy cooperatives, Pearl's extensive milk collection services mean that thousands of farmers—and their families—can participate in a growing and steady supply chain. "If a dairy company can buy everything you produce, and also pay you on time, there is no better way to build a sustainable supply chain," said Sagar. "We can help the farmer continuously improve his livelihood as he reinvests some of his profits."

"Pearl Dairy is in the position of making money but also of changing lives. I think there is no better business if you can do both at the same time "

At the heart of the GAFSP Private Sector Window's philosophy is the belief that blended finance should be temporary—that it should encourage the client to become financially

sustainable and raise funding on commercial terms. In May 2018, Pearl Dairy 'graduated' to this next level when it announced that the company had no further need for GAFSP concessional support and was seeking funding from other sources on purely commercial terms. With new funding, Pearl Dairy will be able to establish a new yogurt line, UHT plant, and butter packing to complement products that are already exported to East Africa, Egypt and Japan.

Amit Sagar recounted a conversation he had with a Pearl Dairy farmer who spoke of his family's improved living conditions since the company began purchasing milk from his tiny herd. Now, the farmer said, his children could go to school, and the family no longer went to bed hungry.

"Before Pearl, there was darkness," the farmer told Sagar. "But now we have light."







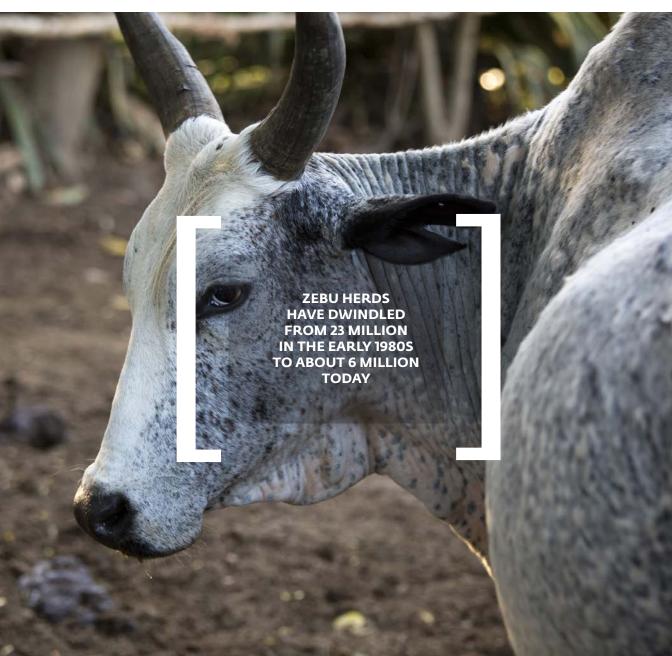


PHOTO © Karel Prinsloo/IFC

Beefing Up Madagascar's Zebu Export Business

For generations, zebu cattle have symbolized power and prosperity in Madagascar.

With their distinctive humped backs, long crescent horns, and flapping dewlaps, the animals are used to pull carts and plow fields; they're even featured on the country's coat of arms. In Madagascar's bustling capital, Antananarivo, zebu gain right-of-way ahead of cars and rattling Citroën taxis, while in upscale restaurants and street-side joints, hungry patrons savor sizzling zebu steaks.

But despite their prominence, zebu herds have dwindled from 23 million in the early 1980s to about 6 million today. One Malagasy entrepreneur plans to rebuild the island's cattle industry and resurrect a zebu beef export market that faded decades ago due to chronic underinvestment and a lack of proper veterinary care.

Backed by a \$7 million combined IFC and GAFSP Private Sector Window loan and extensive advisory support from IFC and the World Bank, BoViMa—short for Bonne Viande de Madagascar—is building a modern feedlot and slaughterhouse close to Tolanaro in Madagascar's impoverished South. The feedlot will source zebu and animal feed from local breeders and farmers, supporting a wide network of jobs and trade.

Separately, the World Bank will provide \$53 million to the Madagascar government to help fund an initiative that will train veterinarians, rehabilitate laboratories, and provide better animal care. These improvements will allow Madagascar to issue internationally recognized animal health certificates, opening up the export market. Zebu meat will be shipped overseas through a modern port at Tolanaro that was partly funded by the World Bank.

"Our partnership with IFC and the Private Sector Window of GAFSP is critical to help create the market for meat exports from Madagascar," said Danil Ismael, CEO of BoViMa. "Through this project we are creating value for our partners, our farmers, and our country. Madagascar's development must be led by the private sector."

More than 80 percent of Madagascar's population earns less than \$2 a day—and agriculture is the dominant employment sector. The project is expected to help BoViMa create jobs and generate significant economic activities in one of the poorest regions of Madagascar. By establishing first modern slaughterhouse, it will help introduce best practices in health and safety standards.



Zebu meat will be shipped overseas through a modern port at Tolanaro that was partly funded by the World Bank

BoViMa, a member of the SMTP Group, plans to produce zebu meat for domestic and foreign consumption, including the fast-growing Gulf markets of the United Arab Emirates and Saudi Arabia.

IFC's environmental and social advisory teams are also working closely with farmers, helping them merge traditional practices with modern, sustainable techniques to grow their herds and their incomes. With support from the GAFSP PrSW, IFC is helping BoViMa develop a livestock management system that will enable it to build a robust supply chain that includes smallholder herders and farmers.

"Many livestock farmers are skeptical about vaccinations and modern medicine, as they have never used them," says Nenana Bodo, BoViMa's nutritionist. "So, we are going village to village, educating breeders about animal health."

BoViMa's strategy will help formalize Madagascar's animal husbandry sector and increase food security by delivering protein-rich hides and offal to the local market.

The company also plans to build a renewable energy system using solar, wind, and biogas. The goal is to become energy self-sufficient about five years after production begins in 2019. The Ifaho River, which flows near the future feedlot and slaughterhouse, will be used for irrigation, taking advantage of an untapped resource.

For farmers like Jeannot Koto, BoViMa will transform the way cattle are bought and sold. Today, Koto must walk 20 kilometers over tough terrain to try to sell his cattle—with no guarantee a buyer will be waiting.

"With BoViMa, the market will come to us," he says. "I would be so happy if our zebu meat is of good enough quality to be exported. This means development for our region."



Bodo Zenana, BoViMa's nutritionist inspects Zebu cattle near the village of Mongaiky , Madagascar | PHOTO © Karel Prinsloo/IFC



PHOTO © Twiga Foods

Investing in the Future of African Retail

For Grant Brooke, the solution to revolutionizing Kenya's retail sector all started with a banana. In 2014, the ubiquitous fruit inspired the Texan businessman to create Twiga Foods, a mobile platform that connects smallholder farmers in rural areas to informal retail vendors in cities.

This platform gave small banana farmers a more efficient way to sell their produce. Now, Twiga has become one of East Africa's fastest growing enterprises, attracting top global investors and development partners, including IFC and GAFSP, who in 2018 made a joint investment of \$3 million in the company.

Before co-founding Twiga Foods with business partner Peter Njonjo, Brooke spent years studying Kenya's informal markets. His careful research led to the realization that Kenya's retail market was significant, but heavily fragmented, with over ninety-five percent of commerce occurring in small- and medium-sized (SME) stores.

"The way to solve this was to get a number of retailers onto a single platform for just one product to start with: bananas," Brooke said. "For farmers, this meant a reliable market in an agricultural sector that is rife with market uncertainty."

Using simple mobile phone technology, Brooke went back to basics to streamline Kenya's approach to retail. He created a network of

smallholder Kenyan farmers to supply fruit and vegetables to SME vendors, outlets, and kiosks in the country's capital, Nairobi. The mobile-based cashless platform allows Twiga to use a 'buy high, sell low' philosophy—paying farmers more for their bananas and produce, and selling to vendors for less. This was possible because the platform introduced efficiencies and removed middle-men from the supply chain.

"Vendors no longer have to walk to large-scale open-air markets at 4am," said Brooke. "Instead, we deliver better-quality products, at lower prices, to their doorsteps. Farmers can stock their products on Twiga and have a persistent and predictable market partner."

Farmers who sell produce to Twiga now have access to a fair, transparent, mobile marketplace that offers higher prices for their goods. In the past, they often lost money, time, and products because sales depended on multiple layers of brokers to get their goods to market and wholesale vendors. Each middleman took a cut that ate into their family's income.



Twiga Foods currently has 12 collection centers across Kenya, employs 240 staff, and has become the largest seller of bananas in Kenya

Besides earning more for their crops, farmers can increase their farms' productivity as they receive technical advice and financial offerings geared to their specific needs. On the other end of the supply chain, vendors benefit from fast, free delivery of produce.

Twiga Foods currently has 12 collection centers across Kenya, employs 240 staff, and has become the largest seller of bananas in Kenya. The company's collection centers include cold storage facilities, and house a fleet of over 50 trucks and vans for swift collection and distribution of produce. The company distributes 8,000 weekly deliveries to more than 5,000 registered vendors who re-order, on average, every two days.

Thanks to IFC and the GAFSP Private Sector Window's joint \$3 million investment, Twiga Foods will improve operations, funding the purchase of collapsible crates, automatic scanners, new vehicles, and new weighing machines to improve processing and distribution services. The investment will also provide access to markets for thousands of Kenyan smallholder farmers, many of who live in remote areas. Twiga is also developing other innovative partnerships, such as blockchain-based loans to vendors with IBM and cold-chain rooms with InspiraFarms.

Five years on, Brooke believes that Twiga's success has been grounded in the company's reputation as a trusted actor in an informal market rife with unpredictability. "What separates us from brokers is that we are only interested in the farmers and buyers who want to build long-lasting relations with us," Brooke said. "In a market full of traders, we are the only ones waking up every day asking how we can make food cheaper."



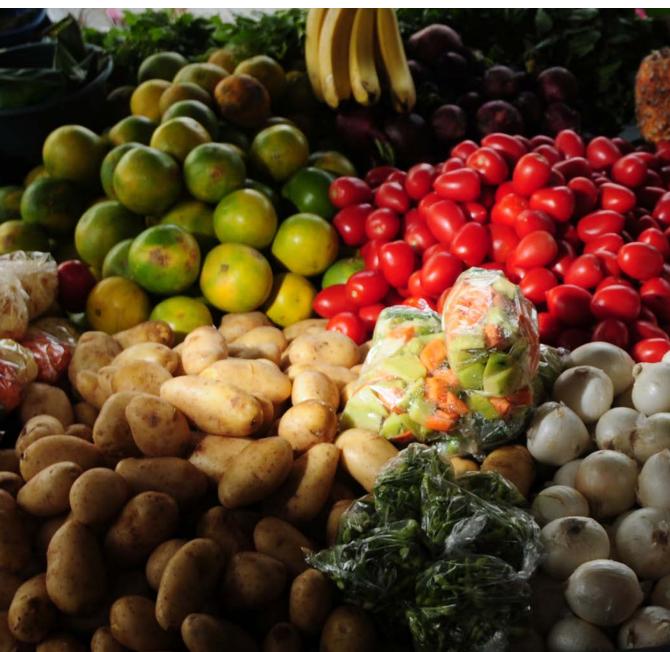


PHOTO © World Bank





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 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

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



PHOTO @ World Bank

\$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.



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 from scratch. Knowing that hundreds of thousands of



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

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."

Dhiren Chandaria

"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."



PHOTO: © Russell Watkins/DFID



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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".

from malnutrition—are now receiving fortified whole grain porridge provided by Insta every day.

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

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 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."

LARGEST PRODUCER OF RUTF IN EAST AFRICA

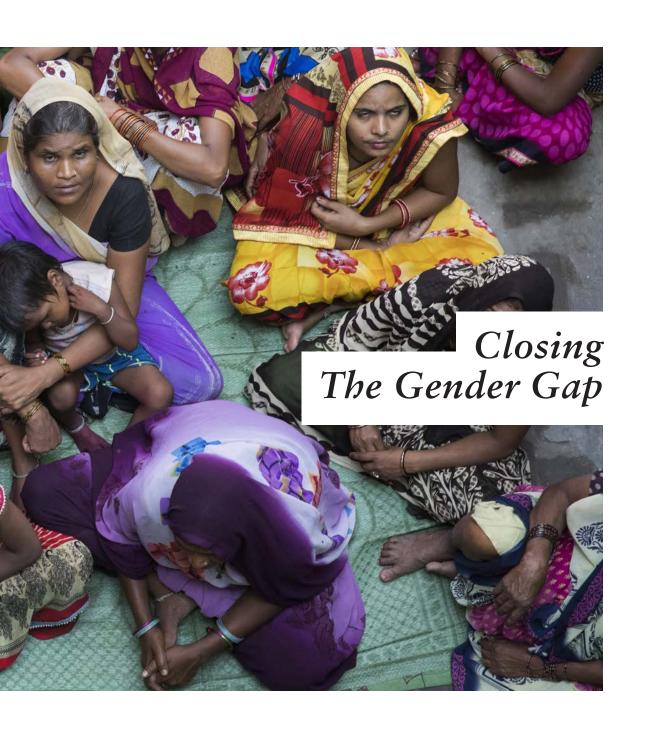
INSTA'S PRODUCTS HAVE HELPED HUNDREDS OF THOUSANDS SUFFERING FROM ACUTE MALNUTRITION AND STUNTING IN TWELVE DEVELOPING COUNTRIES AROUND THE WORLD

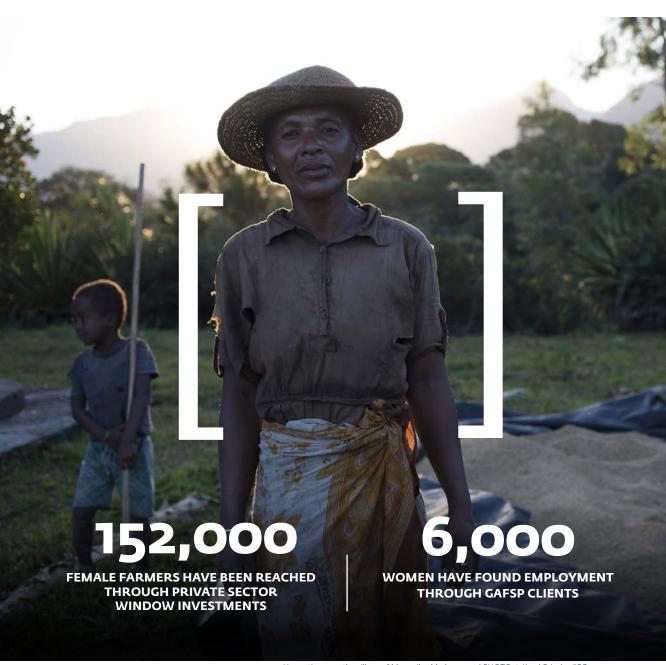


PHOTO: © Russell Watkins/DFID



Women attending a free financial-education workshop in Puranapul Village, India | PHOTO @ Dominic Chavez/IFC





Harvesting near the village of Mongaiky, Madagascar | PHOTO @ Karel Prinsloo/IFC

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 152,000 female farmers have been reached through our investments with about 6,000 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.



Zebu cattle and goats in Amboasary, Madagascar | PHOTO © Karel Prinsloo/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 www.qafspfund.org or www.ifc.org/GAFSP.



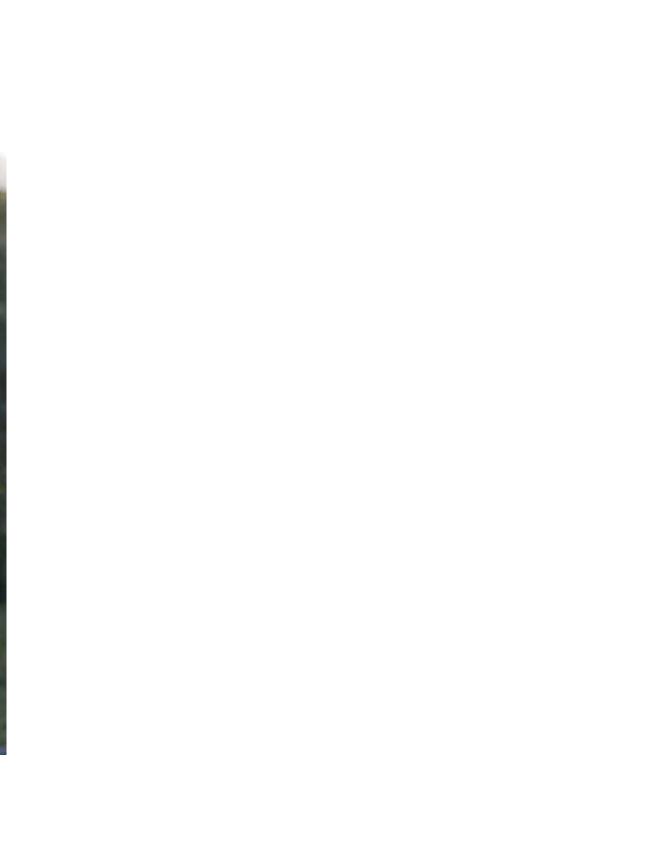








PRIVATE SECTOR SOLUTIONS FOR HELPING SMALL FARMERS







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