

25 August 2021

Session n°2:

Promoting Bioeconomy and Green Businesses in the Caribbean: opportunities for SMEs



Caribbean Agrifood Business Series ...



AgriFI Blending Facility Overview

August 2021

The Agriculture Financing Initiative, by EDFI AgriFI

Impact investment facility in sustainable agriculture & forestry...

EDFI

European
Development
Finance
Institutions



- AgriFI is one of the EU development blending instruments aiming to invest in sustainable agriculture projects with **high impact on smallholders**
- Towards co-investors: its flexible EU funding aims to **build partnerships** and **unlock, accelerate & catalyse investments in agriculture in developing countries**, demonstrating they can be both **sustainable and profitable**

... With 2 main positioning to catalyse additional investors

1. Market developer



- AgriFI role: Scale up high risk, low maturity but high potential agri-businesses with flexible commercial conditions, enabling them to **grow at appropriate stage** for (co-investors to join in the following 3-5 years)

2. De-risking Co-investor



- AgriFI role: Complete and/or incentivize **co-investments** with subordinated instruments de-risking investors' positioning in sustainable agriculture

Supporting sustainable smallholder farming

Our vision



A world where smallholders are included in the value chain and make a **fair living** out of agriculture, while **preserving natural resources**

Our mission



Build sustainable and inclusive agribusinesses & contribute to **improve smallholders' livelihood**

Key impact targets (non exhaustive)



of smallholder farmers impacted (#/year)



Smallholder farmers revenue increase (€/year)



Agricultural production (Tons/year)



Area under sustainable cultivation (Ha/year)

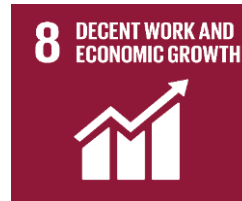


Net direct jobs created (#/year)



Leverage (# total investments catalysed / EDFI AgriFI contribution)

Contribution to SDG targets

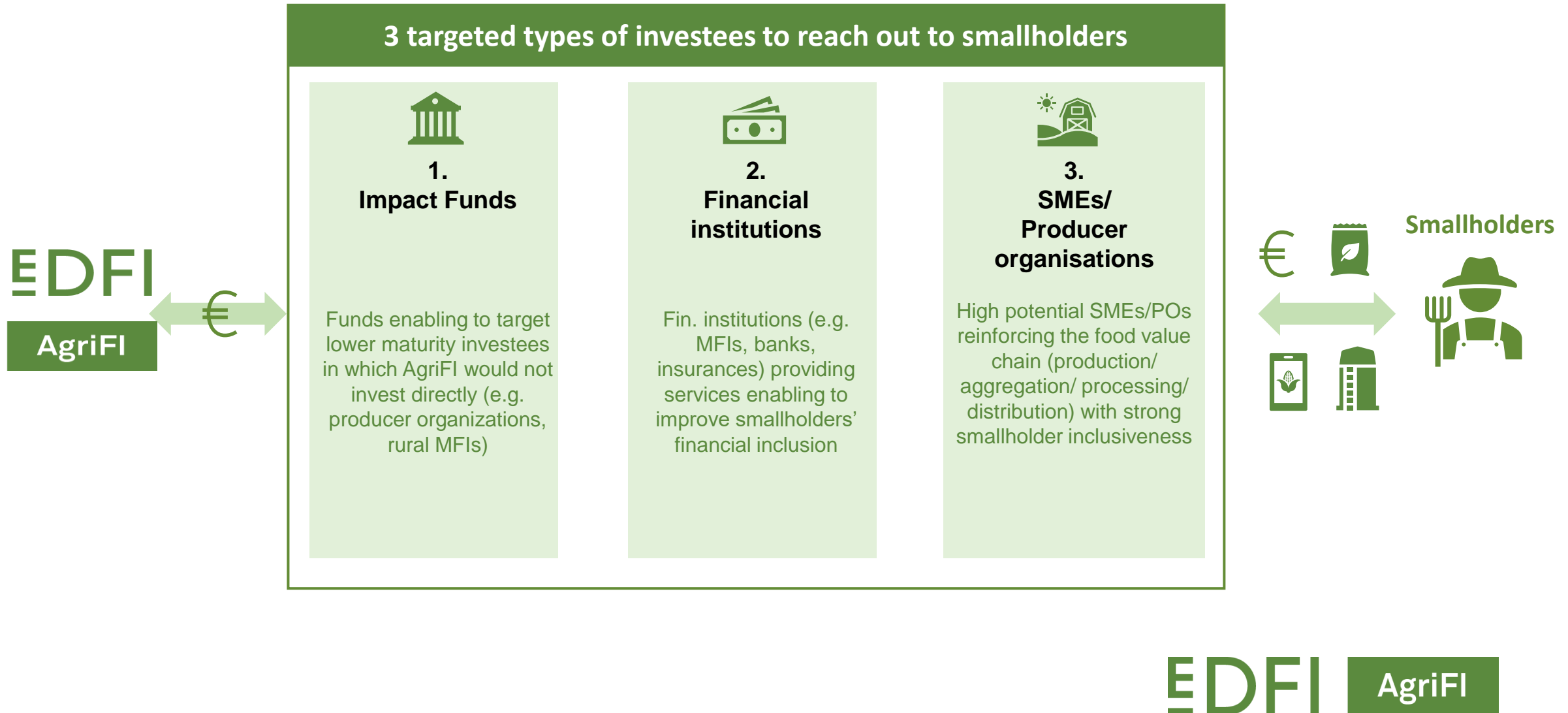


2X challenge

2X CHALLENGE
FINANCING FOR WOMEN

Gender equality monitoring in each investment

AgriFI invests through 3 types of investees: impact funds, microfinance institutions and small/medium sized agri-Businesses



Our portfolio to date: so far AgriFI has invested EUR ~16.4M into 5 investees who target to impact the lives of 1.5M+ smallholders

1. Impact Funds: EUR 8 M



A global impact fund supporting microfinance institutions, SMEs and cooperatives



EUR 5 M



America, Caribbean region and Africa



500,000 farmers expected to be impacted by the investee



Cooperative dedicated to smallholder farming



EUR 3 M equivalent in USD



38 countries in Africa, Asia and Latin-America



1,000,000/year farmers to be impacted by the investee

2. MFIs: ~2.7 M EUR



Maha Agriculture Microfinance

MFI providing microloans to rural farmers & MSMEs



USD 3 M equivalent in local currency



Myanmar



90,000 farmers to be impacted by the investee

3. SMEs / Agri Businesses: 5.6 M EUR



Innovative and award-winning SME providing inputs and services to smallholder farmers



EUR 5 M



Nigeria



48,000 farmers expected to be impacted by the investee



Senegalese dairy producer



EUR 0.6 M equivalent in local currency



Senegal



~ 2,500 farmers expected to be impacted by the investee

AgriFI offering: 0.5 to 5 million € long term financing with flexible instruments

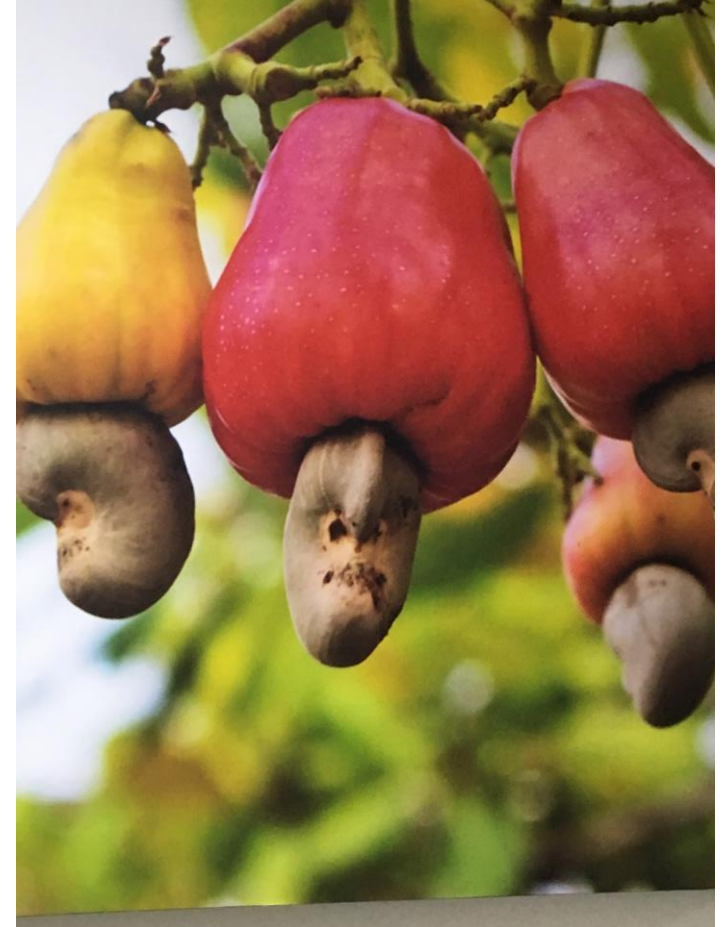


- **Tickets size:** 0.5 to 5 m€ investments*
- **Medium-long term tenor:** 5 - 10+ years (min. 3)
- **Flexible instruments:** junior/senior debt, quasi-equity, equity
- **Sectors:** **agricultural and forestry** value chain
- **Additionality & Catalyst role:** additional to other market players and thus catalysing additional investments
- **Flexible commercial terms** (e.g. local currency, grace period,...)

*AgriFI does not provide grant funding

Our investment criteria: track record (no seed round), with measurable impact on smallholders

- Focus on **exemplary projects**, standing out in terms of **economic** (taxes and job creation), **social &/or environmental impact**
- **Track record (2 years of activity min), business plan** and capacity to deliver (no seeds round)
- **Measurable impact on smallholders**
- **Be privately owned** (more than 50%)
- Be active in the **agricultural/ forestry** value chain, integrating smallholders
- **“Skin in the game”** from the Sponsor
- **Financial sustainability** in the mid-term
- **Appropriate monitoring, evaluation and results measurement** demonstrating the project’s contribution to development goals



Laiterie du Berger – case study



EDFI

AgriFI



This Programme is funded
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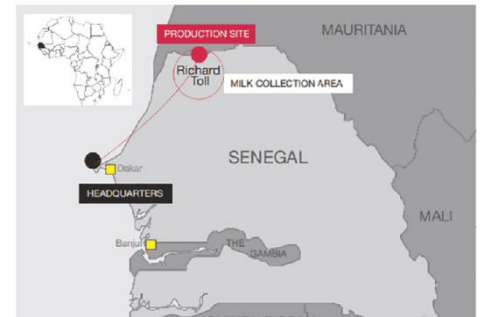
Case study – AgriFI investment in La Laiterie du Berger / Kossam

Project summary

- AgriFI approved the equivalent in XOF of a EUR 600,000 loan to **support Kossam, a subsidiary of La Laiterie du Berger (LDB)** in charge of milk collection in Senegal;
- Created in 2006, **LDB produces and sells dairy products** (yogurt, milk, etc.) based on powdered milk and cows' milk collected in Northern Senegal;

90% of the milk consumed in Senegal is imported as powder although 30% of the population is living from livestock farming (mostly Fulani/*Peuls* people)

- LDB has been **supported by BIO, Grameen CA, I&P and Danone** and is now the **2nd dairy market player in Senegal** (thanks to the success of its brand Dolima)



Case study – AgriFI investment in La Laiterie du Berger / Kossam

Initial situation (before the project)

- In 2019, LDB decided to “spin-out” its milk collection by creating Kossam in which LDB and a newly created cooperative (regrouping 1,000 herders collected) are shareholders;
- Goal: create an environment fostering milk production and empowering farmers: LDB needs to collect more fresh milk due to increasing sales!
- But several structural barriers to increase milk production:

Dairy cows genetics



1-2 litres per day



40-60 litres per day

Seasonality & transhumance



Wet season of only 3 months



Herders move 100 to 400 km for pastures

Poor infrastructure & cold chain



For sanitary and logistical reason, milk is collected twice a day in a radius of 30km around the plant

Lack of access to veterinary services



Lack of organised production (i.e. coop, producer org.)



Competition from imports

Case study – AgriFI investment in La Laiterie du Berger / Kossam

Mission: Supporting Kossam in implementing a **milk value chain** in Northern Senegal. The objectives are:

1. Develop a milk supply chain by:

- I. Increasing the number of farmers collected
- II. Investing in “mini-farms” and fostering genetical improvement

2. Support and capacity building to farmers:

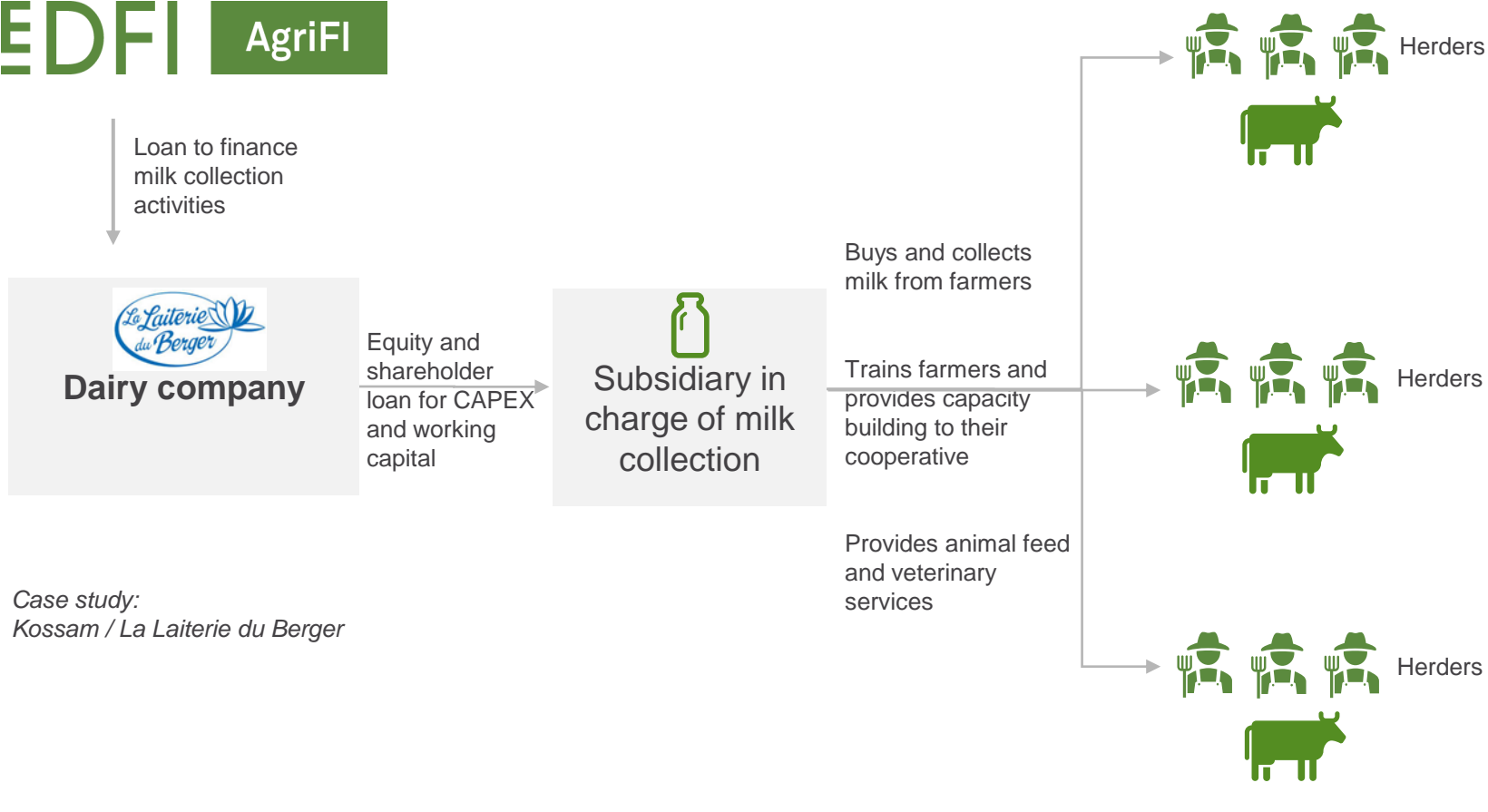
- I. Training to farmers and allow them to benefit from **veterinary services**
- II. **Providing animal feed** to farmers by buying crops by-products to local agri companies (i.e. rice bran, cane straw)

3. Empower the farmer's cooperative:

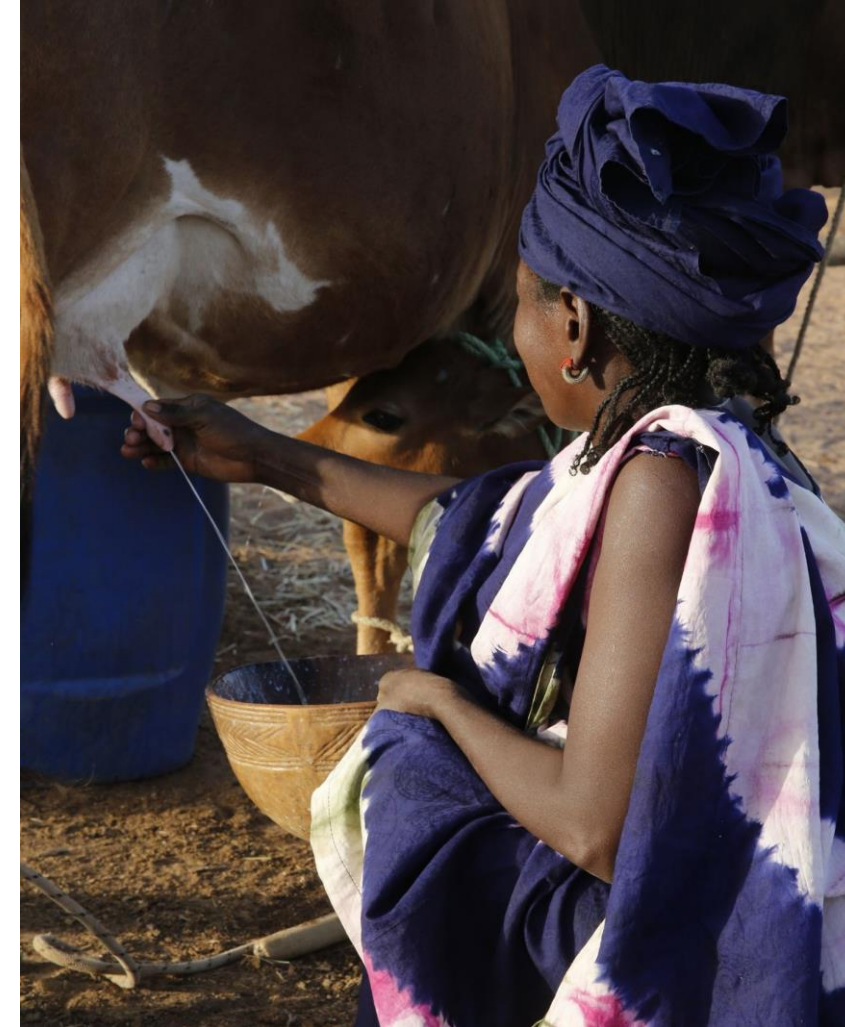
- I. Training program for administrators, implementation of **governance** principle
- II. **Allow the cooperative to participate in Kossam shareholding structure:** A contribution of 0,01 Eur per litre of milk will be withhold to finance this



Case study – AgriFI investment in La Laiterie du Berger / Kossam



Case study:
Kossam / La Laiterie du Berger



A man in a blue robe with yellow patterns is waving his right hand. He is standing in a dry, open field with a herd of white and brown cows. In the foreground, a large white cow is lying down. The background shows a line of trees under a clear sky.

Get in touch

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Thank you

