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# Boosting Senegal's food security with rice production

**Coumba Nor Thiam (CNT) is a rice producer and processor operating in Thiagar, Senegal. Since its establishment in 1987, the company has grown from a local rice producer cultivating 40 hectares of land, to one of the largest producers and processors in the country. A network of independent distributors now sells CNT products throughout Senegal: whole rice, broken rice and fine rice for food, and rice bran for animal feed.**

Historically, Senegal has imported most of its rice – the country's main staple food. However, the government of Senegal has made efforts to develop rice farming and achieve agricultural self-sufficiency; between 2014 and 2017, production doubled to nearly 1 million tons – almost half of the country's annual rice consumption.

CNT aims to contribute to reducing Senegal's dependence on rice imports by increasing its capacity and fostering local production. The company currently operates 3,500 hectares

of land, producing 25,000 tons of rice paddy per year. Of this, 3,000 hectares is operated through an outgrower scheme of 3,000 smallholder farmers. The company offers full support to its network by:

- Providing technical assistance,
- Providing mechanized equipment services, especially for tillage and harvesting,
- Facilitating the acquisition of inputs through a system of microcredits,
- Assisting with plot irrigation and maintenance of the irrigation canals, and
- Offering market access by processing and marketing the rice.

To expand its current levels of production, CNT would like to increase its acreage under rice cultivation by including 750 new smallholder farmers in its outgrower scheme, and by adding 500 ha of land to its own plantation. By exploring underutilized capacity and doubling the shifts at its factory, CNT will gradually upscale its existing rice farming and milling enterprise to reach

a processing capacity of 40,000 tons of rice per year.

The smallholder farmers will benefit from the availability of new land prepared for rice cultivation, and from the improvement of the existing land. New rice plots and older, reallocated plots will be developed through leveling canalization and better drainage. The income of CNT outgrowers is expected to increase by 65%, reaching Euro 1,630 per year, contributing to the enhancement of their livelihoods and food security in the region.

To finance the expansion plan, the CFC and CNT have signed an agreement for a loan of Euro 1.3 million, of which USD 1 million is funded by the OPEC Fund for International Development (OFID). Funds will be used to purchase agricultural equipment at the beginning of the project, and farmers' working capital. CNT will use its own resources to finance land preparation, civil works and working capital. ■

# Financing SMEs in East Africa

**Access to working capital is a severe constraint to the growth of small and medium enterprises (SMEs) in Africa. They routinely face delays in payment for delivered goods, both in domestic and international supply chains. SMEs can struggle to find sources of financing, and banks often impose very restrictive conditions at the cost of business development. This issue is particularly pertinent to SMEs operating in the agricultural sector, hindering their competitiveness and ability to grow.**

**FACTS East Africa BV** is a factoring company operating in Kenya, Uganda and Tanzania through local subsidiaries that offer much-needed financial services to SMEs. Equipped with an innovative technological platform, FACTS provides short-term working capital solutions by using the SMEs' receivables

as collateral, overcoming some of the main obstacles faced at banks.

FACTS began operations in 2016 and has since grown significantly, reaching a portfolio of USD 3.5 million by mid-2019. Focusing on the Food & Agriculture sector, the company has

provided financial access to some 40 SMEs, enabling them to grow, create jobs, and build a more diversified economy in the region.

The CFC supported the activities of FACTS with a credit line of USD 1.2 million, to be disbursed in tranches according to the borrower's needs. CFC disbursed the first tranche in March 2019. ■



## 30 Years of the CFC

**In September 2019, the CFC reached a major milestone: it has been operating for 30 years. To celebrate, the CFC will host an event on 3 December 2019, coinciding with the 31<sup>st</sup> Meeting of the Governing Council. It will be a great opportunity to review the CFC's accomplishments and to look towards the future way forward.**

Despite growing awareness of impact investing (the CFC's main instrument), it has yet to prove effective in solving the fundamental issues facing commodity-dependent developing countries. Our 30<sup>th</sup> anniversary event will examine what additional strategies and instruments the CFC needs to develop for its future work.

Key stakeholders of the CFC will contribute to the event, including governments, international organizations, private sector companies operating in commodity value chains, non-profit development organizations, impact investors, academics, and development think tanks. The program for the event and its practical arrangements will be made available via the CFC's usual communication channels. ■



## Djinda Gueye joins the CFC to support the AATIF and ATAF

**Djinda Gueye recently joined the CFC to support the management of the Africa Agriculture and Trade Investment Fund (AATIF) and the Agroforestry Technical Assistance Facility (ATAF).**

Djinda comes from Senegal and holds a master's degree in International Development Studies from the University of Amsterdam, specializing in environmental governance. She conducted field research in Ethiopia to evaluate the inclusion of rural women in a climate change mitigation and adaptation project. The findings were presented in her master's thesis, which made a claim for gender-sensitive programming in the context of addressing environmental issues to ensure sustainable impact.

Most recently, Djinda worked as a Project Officer at Free Press Unlimited, a media development NGO. She was involved in the implementation of projects promoting access to independent media and information in fragile states across Africa and Central America. Through this experience, she gained strong project management skills and an in-depth knowledge of these regions, which will be a valuable contribution to the technical assistance management capacity of the CFC.

Djinda spent most of her life in Senegal and different countries throughout Western



Africa. She has been living in the Netherlands for a few years, and prior to that spent time in the U.S. Thanks to her international background, she is highly familiar with the context in which the technical assistance projects are implemented. In addition to her mother tongue, French, Djinda also speaks fluent English and Spanish.

In her free time, Djinda enjoys going to modern and African art exhibitions, kickboxing, and attending talks or events about contemporary social issues. ■

# Supporting new cocoa farmers in the Philippines

**Established in 2010, Kenner Foods International Inc. specializes in growing, sourcing and trading high-quality cocoa beans. Kenner is the largest trader of cocoa beans in the Philippines and has prominent commercial relationships within the chocolate industry, such as with Mars Inc.**

Kenner primarily sources cocoa from smallholder farmers. In the early days of Kenner's operations, cocoa farming was characterized by old trees, inadequate technical expertise, lack of affordable financing, and limited market access. As a result, farmers were not planting new trees, hindering the long-term supply of quality cocoa.

Kenner understood the challenges facing farmers, and established new initiatives to support the complete agricultural value chain. From providing planting material and technical assistance, to buy-back and price guarantee agreements, Kenner's measures helped to increase the volume and quality of the cocoa produced in the Philippine island of Mindanao.

However, one issue persisted: access to finance. Kenner therefore launched its own finance company in 2016: Agronomika Finance Corporation (AFC). AFC offers essential financial support to Kenner farmers, who have access to a 6-year loan (with a 2-year disbursement period and a

4-year repayment period). Repayment starts with the first harvest from the new cocoa trees; a percentage of the farmer's revenue is deducted after each delivery to Kenner.

The CFC supported the establishment of Agronomika with a USD 1.4 million loan, enabling increased cocoa production by Filipino farmers. In total, between 3,000 and 5,000 farmers are expected to benefit from the project, which estimates a fourfold income increase per farmer.

Some of the farmers involved are about to have their first harvest. The CFC spoke with two of Agronomika's clients to better understand how the project impacts their lives.



- Nelda Albofera, 59
- Married with three children
- 5 ha farm in Malita, Davao Occidental, Mindanao, Philippines



- Vioscora Saplaguio, 51
- Lives with partner and daughter
- 2 ha farm in Malita, Davao Occidental, Mindanao, Philippines

## What was your occupation before working with Agronomika?

I was already a farmer, mainly growing bananas and coconuts. My husband also was a farmer. After joining the program from Kenner and Agronomika, we decided to focus 100% on our own plantation.

## How has your experience with Kenner and Agronomika been so far?

The entire process was very smooth. I attended a seminar held by Kenner explaining the program and one and half months later I was ready to start my cocoa plantation. Since then, I've been receiving strong support on how to cultivate the cocoa, and monitoring visits from Kenner, assuring me the trees are growing well.

## How has this program impacted your life?

I wouldn't be able to establish my cocoa farm without AFC support. Since it has been only 2 years since I started cultivating the cocoa, there is no income yet, but I am really optimistic that my income level will increase soon with the first harvest.

## What are your plans for the future?

I want to expand my cocoa farm by two hectares next year. I also want to add a new variety of bananas to my crop portfolio. Given my great experience with Kenner and AFC, I have encouraged my sister-in-law to go into cocoa farming as well, and to join Kenner as a farmer.

## What was your occupation before working with Agronomika?

I grew up on my farm, so I have always been a farmer. I used to grow bananas, coconuts, mangoes, and peanuts. However, after I joined the program from AFC, I stopped cultivating peanuts.

## How has your experience with Kenner and Agronomika been so far?

It has been very nice. The application process was easy and straightforward, taking less than two months to be completed. I truly appreciate the materials and financing provided by Kenner and Agronomika. The training and monitoring offered are extremely useful, especially because cocoa is a new crop for me.

## How has this program impacted your life?

I wouldn't have access to this kind of loan elsewhere. Also, having Kenner as a buyer from the production is a great assurance. I am confident that producing cocoa will result in additional income for me and for my family.

## What are your plans for the future?

I want to expand my operations to four hectares by next year with the help of Agronomika and Kenner. With the additional income I would also like to explore the possibility of growing other crops. ■

# 64<sup>th</sup> Meeting of the **Consultative Committee**

**The Consultative Committee (CC) of the CFC met in Amsterdam from 1 to 4 July 2019 to assess the proposals received in response to the 14<sup>th</sup> Call for Proposals. The Committee reviewed six regular projects based on technical feasibility, potential for lasting development impact, and their preparedness to start without delay upon approval. All six projects were recommended for consideration and approval by the Executive Board.**

## A Radical New Approach to Coffee Farming – Ethiopia

Moyee Nederland B.V. is a privately owned Dutch-Ethiopian coffee company. Moyee sources raw materials from 350 local farming communities. The roasted coffee is sold domestically and for European export. The company aims to fairly distribute profits among the entire value chain, increasing the earnings of small producers.

Moyee intends to invest in a coffee plantation, storage facilities, wet mill and digital farm management system, upscaling its activities and creating a more diversified and integrated sourcing model. The project expects to impact about 1,000 smallholder farmers and create up to 140 full-time jobs in Ethiopia. The CC recommended financing the project with a loan of up to Euro 800,000.

## Establishment of Agro Retail Outlets – Myanmar

Harmony Myanmar Agro Group Co. Ltd (HMAG) is an organic fertilizer distributor. The company imports high-quality agricultural inputs, then applies a direct sales model to reach smallholder farmers through a network of over 60 retail outlets.

The company seeks to expand its operations to new regions and grow the number of farmers from 3,600 to 12,000 within 5 years, enabling them to significantly improve yields. The project will create 56 new jobs, which will be mainly filled by women. The CC recommended financing the project with a loan of up to USD 340,000.

## Mango Processing and Export – Mali

Timini Mali is a joint venture company that aims to process and export dried mango to Europe and the USA. The project will establish a plant with a processing capacity of 250 tons of dried mango. This state-of-the-art drying, storing and packaging facility will offer a much-needed processing solution to about 1,800 smallholder farmers in the region. The project expects to create 55 full-time jobs and 1,000 temporary jobs. The CC recommended financing the project with a loan of up to Euro 1,300,000.

## Production of Fresh Shiitake Mushrooms – Brazil

Hochibra Cogumelos Exoticos Ltda is a privately held company producing fresh mushrooms in Brazil. Hochibra intends to increase its production capacity by growing fresh shiitake mushrooms for the domestic market. The project will create 60 full-time jobs in the poor municipality of Vitoria da Conquista. The CC recommended financing the project with a loan of up to USD 1,500,000.

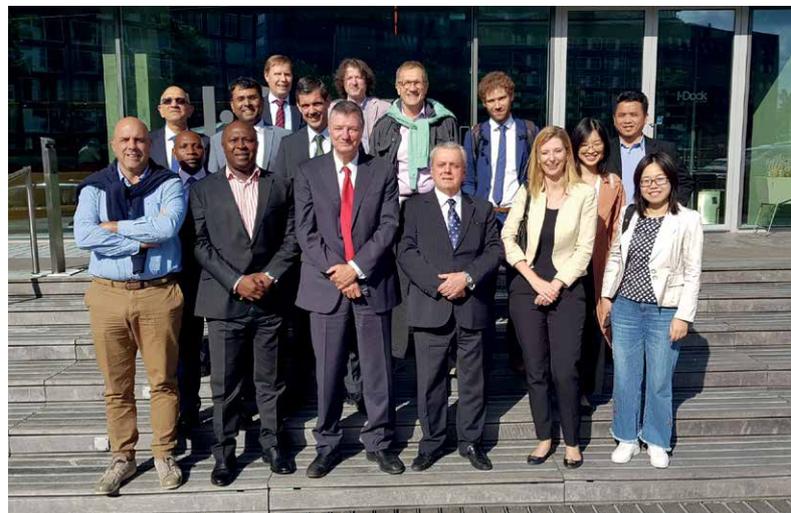
## Fresh Vegetable Exporting – Kenya

Instaveg is a fresh vegetable aggregation and packaging company operating in Kenya since 2014, currently exporting almost 100% of its production to Europe and the Middle East. The company intends to expand capacity by increasing the smallholder farmers in its supply chain from 320 to 1,100. Instaveg will offer training on best agricultural practices, enabling smallholders to increase the quantity and quality of vegetables. The project will create 44 new jobs in Kenya. The CC recommended financing the project with a loan of up to Euro 410,000.

## Olivado Working Capital – Kenya

Olivado EPZ (OEPZ) is the leading global producer of organic Fairtrade extra-virgin avocado oil. They source from 2,300 registered smallholder farmers in Kenya. Using a farmer-to-market model, OEPZ exports fresh avocados and avocado oil to 35 countries.

OEPZ intends to expand by exploring unmet market demand for avocado oil, and to utilize its processing plant for mango during the avocado off-season. The company expects to increase its supplier base to over 3,300 avocado farmers, offering support during the harvest season and paying a price premium. OEPZ expects to create 30 new full-time jobs in Kenya. The CC recommended financing the project with a loan of up to Euro 500,000.



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