Social & Environmental Report 2024

FEFISOL II

Glossary 3

Foreword 4

Our governance and shareholding structure 5

FEFISOL II at a glance 6

Objectives and realizations 7

FEFISOL II's additionnality 8

A strong focus on vulnerable and high-risk regions 8

A diversified and adapted technical assistance to meet clients' needs 11

FEFISOL II's technical assistance facility 13

Client assessment and follow-up 16

FEFISOL II's clients 18

Microfinance institutions, with a focus on MLF Malawi 18

Agricultural entities, with a focus on Ecocajou 24

GLOSSARY

ACP African, Caribbean and Pacific group of states
AE Agricultural Entity
CCC Council Coffee Cocoa
CSAF Council on Smallholder Agricultural Finance
EIB European Investment Bank
FLO Fairtrade Labelling Organisation
FSI Fragile State Index
GDP Gross Domestic Product
GLP Gross Loan Portfolio
HDI Human Development Index
MFI Microfinance Institution
MIS Management Information Systems
MIV Microfinance Investment Vehicle
OSS Operational Self-Sufficiency
PAIF Private Asset Impact Fund
PAR 30 Portfolio At Risk 30 days
PPI Progress out of Poverty Index
ROA Return On Asset
S&E Social & Environmental
SIDI Solidarité Internationale pour le Développement et l'Investissement
SME Small and Medium Enterprise
SPI5 Social Performance Index 4
SPM Social Performance Management
SSA Sub-Saharan Africa
TA Technical Assistance
WAEMU West African Economic and Monetary Union
WRI World Risk Index

FEFISOL II
SOCIAL AND ENVIRONMENTAL REPORT 2024
Production: SIDI
12, rue Guy de la Brosse - 75005 Paris
Tel.: 01 40 46 70 00 - Mail: info@sidi.fr
Editorial: Ariane Bévierre, Jon Sallé, Juan David Torres, Natasha Olmi
Graphic design:
Anne-Claire Lamy
Photos credits: Philippe Lissac - Agence Godong ; SIDI (p.9, 12, 17, 20, 22, 27) ; Henitsoa Rafalia (p.10)

Foreword

The year 2024 marked a significant milestone in the development of FEFISOL II, as the Fund entered its third year of operations (April 2024 – March 2025) with strong momentum and tangible progress. Over the course of the year, the Fund experienced robust growth of its portfolio, deepened its geographic reach, and further strengthened its impact-oriented financial model through innovative blended finance mechanisms.

Driven by the intensive early-stage prospecting efforts, FEFISOL II disbursed 15.6 M€ in 2024 and expanded its portfolio to 18.5 M€, an 11% increase compared to the end of March 2024. The fund onboarded 14 new partners and entered 4 new countries, bringing the total to 43 active partners across 17 countries during the year. This expansion included impactful financing in key agricultural value chains such as vanilla in Madagascar and coffee in Rwanda and East Africa, as well as long-awaited partnerships with institutions like ACEP Madagascar and SFA Senegal. Since its inception, FEFISOL II has already supported 43 organizations by granting them more than 41 M€ of financing and committing 468,2 M€ of Technical Assistance.

A key enabler of growth this year was the launch of the European Commission - TCX Pricing Facility in June 2024, which allowed FEFISOL II to offer local currency loans to microfinance institutions at reduced hedging costs. This facility accelerated disbursements in the second half of the year, with 7 new loans disbursed under this mechanism.

In parallel, the Fund's capital base continued to strengthen, with a third closing approved in 2024 that secured an additional 2.5 M€ commitment from BIO and BAS (third closing realized on July 31st, 2025). These new commitments will bring the Fund's total size to nearly 28 M€.

The year also saw the reinforcement of FEFISOL II's risk mitigation framework. The Fund benefited from three complementary risk-sharing mechanisms, including a new grant agreement with USAID signed in June 2024, alongside existing guarantee instruments from DFC and Aceli. While the grant with USAID has been terminated after the election of President Trump, the Fund already received EUR 237,000 USD to offset some portfolio-related risks. These tools have bolstered the Fund's risk-return profile and enhanced its resilience amid operational complexities in certain geographies.

Despite challenging macroeconomic and geopolitical contexts in FEFISOL II's area of intervention, FEFISOL II maintained strong portfolio quality, with only one small agricultural loan in default and fully provisioned. Portfolio diversification and prudent country and sector exposure limits contributed to this solid risk management.

Alongside financial risks, FEFISOL II also faces rising social, and particularly environmental, challenges. In 2025, the team began strengthening the fund's S&E risk evaluation system. The new framework will be designed to better identify the potential negative externalities linked to financing certain organizations, especially agricultural enterprises operating in high-risk sectors. Beyond this assessment, it will also serve as a tool to engage with partners and support them in mitigating these risks, thereby both reinforcing the fund's impact, but also the partners' long-term resilience.

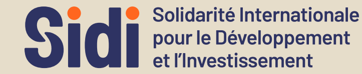
Finally, the broader market context underscored the relevance of FEFISOL II's mission: agricultural producers and cooperatives faced high commodity price volatility, increasing climate unpredictability, and intensifying competition in financial markets. FEFISOL II's targeted, impact-driven investments remain crucial in addressing these structural challenges and promoting inclusive, climate-resilient growth in rural Africa.

We hope you enjoy reading this report.

Anne-Sophie Bougouin
& Jean-Marc Debricon

FEFISOL II's shareholders

FOUNDING SHAREHOLDERS



INSTITUTIONAL SHAREHOLDERS

FEFISOL II's organization

BOARD OF DIRECTORS

Luc Vandeweerd
BoD Chairperson

Jean-Marc Debricon
BoD Vice-Chairperson

Jean-Nicolas Béasse

Anne-Sophie Bougouin

Pierre Aeby

ADVISORY COMMITTEE

Lydie Favre-Felix
Alternative Bank Switzerland

François-Xavier Côme
BIO

Diana Hazvartian
Caisse des Dépôts et des Consignations

Cosmin Olteanu
European Investment Bank

Agnès Huang
FISEA/Proparco

Dany Maklouf
Crédit Coopératif

Filippo Vettorato
Banca Etica

INVESTMENT COMMITTEE

Mathilde d'Orgeval
President

Philippe Massebiau

Zahra Khimdjee

Caroline Tsilikounas

Alex Tack

INVESTMENT COORDINATORS

Natasha Olmi
Portfolio coordinator

Iness Nouira
Back office

Mathilde Schmitt
Technical Assistance

Jon Sallé and Ariane Bévierre
Social and Environmental performance

FUND MANAGER - INPULSE

Bruno Dunkel
Managing Director at Inpulse

Laurence May
Risk & Compliance Director at Inpulse

Matteo Ragno
Risk & Compliance Analyst at Inpulse

FEFISOL II at a glance

The mission of FEFISOL II is to finance and strengthen African economic agents which are underserved by the mainstream banking sector, and which bring services and markets to vulnerable and rural populations, as well as SMEs, particularly those in the agricultural sector.

By supporting these organizations, the fund aims to improve living standards, reduce inequalities and support sustainable development in the continent.

To achieve this mission, two types of structures have been identified:

- **Microfinance Institutions (MFIs)** contribute to Africa's sustainable economic growth by providing a range of products adapted to the needs of vulnerable populations and SMEs. Through these entities, FEFISOL II aims at targeting in particular rural populations and agricultural businesses.
- **Agricultural Entities (AEs)**, engaged in the production, processing, and sale of agricultural products, sourcing their raw materials from smallholder farmers, targeting premium markets, and committed to implementing sustainable agricultural practices. These entities play a key role in strengthening local value chains and increasing the resilience of rural populations.

As of the end of March 2025, FEFISOL II's average monthly portfolio for the fiscal year stood at 20M€,reflecting a 59% increase compared to the 12,6M€ of the previous year.

The sustained prospecting efforts of the investment team paid off, resulting in 15 new organizations entering the fund's portfolio, and an expansion into four additional countries: Benin, Malawi, Mali, and Uganda. The portfolio is now well-diversified, and the continued high level of activity points to a promising year ahead.

Looking forward, the FEFISOL II fund will continue to promote the adoption of sustainable practices among microfinance institutions and agricultural entities through tailored support. This ambition is made possible by a combination of flexible financing mechanisms, innovative incentives, and a robust technical assistance facility designed to maximize impact on the ground.

OBJECTIVES AND REALIZATIONS

CATEGORY	ANNUAL TARGET	REALIZATIONS AT 31.03.2025	EVOLUTION SINCE 31.03.2024
AFRICA	**100% of GLP**	**100%**	**=**
Sub-Saharan Africa	>75% of GLP	94%	+12%
ACP countries[1]	>75% of GLP	94%	+12%
North Africa	≤25% of GLP	6%	-3%
West African Economic and Monetary Union	Btw 30% and 40% of GLP	27%	+30%
COUNTRIES WITH A LOW HUMAN DEVELOPMENT INDEX AND/OR HIGH CLIMATE VULNERABILITY	**Btw 50% and 70% of GLP**	**80%**	**+6%**
GROSS LOAN PORTFOLIO BY TARGET CLIENT	**100% of portfolio**	**100%**	**=**
MICROFINANCE INSTITUTIONS	**Btw 70% and 80% of GLP**	**78%**	**+23%**
Amongst which Tier 2 and Tier 3 MFIs	At least 85% of MFI GLP	77%	+25%
Number of MFIs financed through subordinated loan	Btw 4 and 10 MFIs	1	=
AGRICULTURAL ENTITIES	**Btw 20% and 30% of GLP**	**22%**	**-19%**
RURAL PORTFOLIO	**>55% of GLP**	**66%**	**+8%**
MFI CLIENTS FINANCING AGRICULTURAL PRODUCTION AND/OR THE PROCESSING AND SALE OF AGRICULTURAL PRODUCTS AND AE CLIENTS	**>65% of clients financed >65% of GLP**	**67% of clients 53% of GLP**	**+45% for clients -2% of GLP**
LOCAL CURRENCY PORTFOLIO	**Between 70% and 80% of MFI GLP**	**64%**	**+20%**

In addition to the annually monitored objectives presented in the table above, FEFISOL II also established a set of targets to be reached by the end of the fund. The table below outlines these targets alongside the corresponding achievements as of 31.03.2025.

CATEGORY	CUMULATIVE TARGETS AT FUND CLOSURE	REALIZATIONS AT 31.03.2025	EVOLUTION SINCE 31.03.2024
GROSS LOAN PORTFOLIO (GLP)	**Between 30 and 35 million euros**	**18,537,821€**	**+11%**
TOTAL NUMBER OF CLIENTS FINANCED	**Between 100 and 130 clients**	**43**	**+14 clients**
TOTAL NUMBER OF COUNTRIES OF INTERVENTION	**Between 26 and 30 countries**	**17**	**+4 countries**

These results indicate that FEFISOL II is well on track to meet its end-of-fund objectives

(1) ACP countries are the African, Caribbean and Pacific states that signed cooperation agreements with the European Union, mainly under the Cotonou Agreement (2000)

FEFISOL II's additionality

FEFISOL II is a highly additional fund, both in terms of its geographic focus and the tailored nature of its support. The fund concentrates its efforts on Sub-Saharan Africa, the world's poorest and most unequal region, with a particular emphasis on countries usually perceived as too risky by traditional investors, due to high poverty levels, fragile political or economic contexts and already tangible effects of climate change.

Within these challenging environments, FEFISOL II targets organizations that are typically overlooked by mainstream finance but demonstrate strong potential for social and environmental impact, particularly those serving women and rural populations, who remain disproportionately affected by poverty because of persistent gender inequality and limited access to financial services and basic infrastructure.

To respond effectively to the complex realities faced by its partners, FEFISOL II has developed a diverse and flexible range of financial instruments and services, specifically designed to meet the operational constraints and strategic needs of its partner organizations.

The fund offers adapted and flexible loan structures that consider the financial cycles and risk profiles of both microfinance institutions and agricultural actors.

Complementing its financial offer, the fund's technical assistance facility (TAF) strengthens partner organizations across strategic and operational areas, from institutional governance to social performance management, helping them grow sustainably while fulfilling their social mission.

A FOCUS ON VULNERABLE AND HIGH-RISK REGIONS

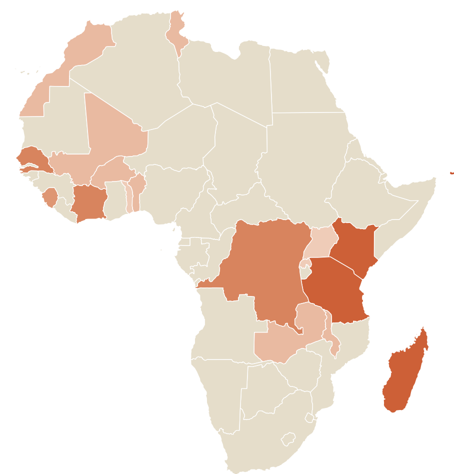
A STRONG PRESENCE IN SUB-SAHARAN AFRICA

FEFISOL II is one of the few investment funds that places Sub-Saharan Africa at the heart of its strategy, with a commitment to allocate at least 75% of its portfolio to the region. This geographic focus reflects both the scale of development needs and the critical lack of available financing in the region.

Sub-Saharan Africa remains the world's poorest region, with 60% of the world's extreme poor in 2024, and over 35% of its population living below the international poverty line[1]. It also faces a complex combination of challenges, from political instability and economic volatility to structural inequality and acute vulnerability to climate change.

These factors severely constrain access to capital, particularly for smaller, high-impact actors who are often considered too risky by mainstream investors. In this context, the continued presence of funds like FEFISOL II is all the more important.

▶ **In 2024-2025, FEFISOL II supported 41 partner institutions across 15 countries in Sub- Saharan Africa, with the region representing 94% of the fund's total portfolio.**



FEFISOL II'S PRESENCE IN SUB-SAHARAN AFRICA, ACCORDING TO THE LEVEL OF EXPOSURE

0 — 2,683,064

INTERVENING WHERE OTHERS WON'T

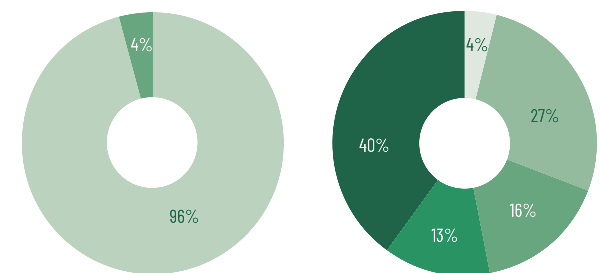
In line with its mission to serve the most underserved markets, FEFISOL II actively seeks to operate in countries facing deep structural vulnerabilities. The fund is committed to investing in regions marked by high levels of poverty and precarious living conditions, where access to capital is limited and the need for impact-driven finance is greatest.

To guide its strategy and ensure it reaches the most fragile contexts, FEFISOL II relies on a set of international indicators that go beyond traditional economic metrics:

- The Inequality-adjusted Human Development Index (IHDI), developed by the United Nations, enables the fund to assess income levels but also the overall quality of life, including health, education, and life expectancy, while accounting for inequalities within the population. FEFISOL 2 shifted from using the HDI to the IHDI, in order to assess more accurately the real living conditions and development challenges faced by the populations of the country in which it operates.
- The World Risk Index (WRI) is also integrated into FEFISOL II's risk analysis to evaluate countries' exposure and vulnerability to climate-related shocks and their capacity to respond to them.
- The classification of Least Developed Countries (LDCs) complements this approach by highlighting countries with structural vulnerabilities in areas such as income, human assets, and economic resilience.

By considering this indicator, FEFISOL II can remain present and supportive in contexts marked by persistent development challenges.

The graphs bellow represent the breakdown of FEFISOL II's investments according to these indices.



OUTSTANDING PORTFOLIO BREAKDOWN BY LEVEL OF IHDI

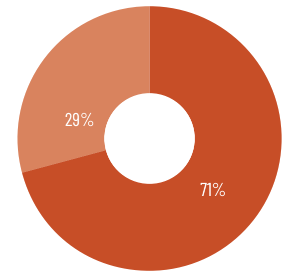
Medium Low

OUTSTANDING PORTFOLIO BREAKDOWN BY LEVEL OF WRI

Very low Low Medium High Very high

(1) World Bank, Poverty and Inequality Platform, 2019

(2) This benchmark comes from the Private Asset Impact Fund Report, a report by Tameo which centralizes data from social, impact-oriented investors all around the world. FEFISOL II reports its own data each year to Tameo to be included in this benchmark.



OUTSTANDING PORTFOLIO BREAKDOWN BY LEAST DEVELOPED COUNTRIES

LDC Non LDC

By comparison, only 9.4% of the consolidated portfolio of social investors represented in the PAIF benchmark[2] was invested in these countries in 2023, a share which has been decreasing in the past few years.

This multi-dimensional lens on vulnerability reinforces FEFISOL II's positioning as a truly additional fund, one that continues to invest in underserved regions and that is designed to provide stability and support in the most fragile environments.

Finally, reaching rural populations is central to FEFISOL II's mission, and a core component of its additionality. Indeed, the fund places particular emphasis on smallholder farmers and agricultural SMEs or cooperatives. By supporting these rural actors, FEFISOL II contributes to strengthening agricultural value chains, improving food security, and enabling access to essential resources, including financial products, agricultural inputs, markets, and improved yields.

Through this rural focus, the fund addresses a major financing gap and contributes directly to building more resilient and sustainable local economies.

▶ **In 2024-2025, the fund successfully met its objective of allocating at least 55% of its portfolio to rural areas, with 66% of the outstanding portfolio invested in the rural sector.**

COUNTRY PROFILE: MADAGASCAR

Madagascar is a high-need, high-risk environment. From an economic and social standpoint, it remains one of the most disadvantaged countries globally. Its Inequality-adjusted Human Development Index (IHDI) is 0.322, reflecting deep disparities in access to health, education, and income across the population. It is one of the poorest countries in the world, with roughly 75% of its population living under the national poverty line[1]. This context of systemic exclusion, institutional fragility, and limited market infrastructure, reflected in Madagascar's "C" risk rating from Coface, has led most traditional investors to limit their financing in this country. Yet, the development needs remain significant, making the role of a mission-driven investor like FEFISOL II essential.

These structural vulnerabilities are compounded by environmental fragility. Despite exceptional biodiversity, the country faces alarming levels of deforestation, soil degradation, and habitat loss. These stresses directly undermine rural livelihoods and food security, in a country where most people depend on agriculture. Madagascar is also highly exposed to climate shocks, with three to four cyclones per year that repeatedly damage infrastructure, crops, and homes. Without rapid adaptation, World Bank projections estimate the economic impact of climate events could increase fivefold by 2050[2].

In this fragile context, FEFISOL II provides strong additionality by supporting local MFIs and AEs. Through investments and technical support, the fund helps them extend inclusive services, adopt sustainable practices, and strengthen their organizational resilience.

With only 24% of the population possessing a financial account in 2024[3], financial inclusion remains a major challenge. In this context, FEFISOL II currently partners with two microfinance institutions that play a crucial role in reaching underserved populations across the country:

- SIPEM Banque, founded in 1991, is one of Madagascar's oldest and most established MFIs. Serving over 40,000 clients (51% women) across 29 branches, including in semi- rural areas, SIPEM benefits from FEFISOL 2's support in strategic expansion, risk management, and governance. The collaboration aims to reinforce SIPEM's long-term sustainability and amplify its social mission.
- ACEP Madagascar, part of the pan-African ACEP Group, serves nearly 70,000 clients, 63% women, with a portfolio of 34 M€. Active in16 of the country's 23 regions, ACEP is expanding from urban into rural territories. Beyond microloans and SME lending, it offers savings products and health microinsurance, vital in a country with limited access to public services. FEFISOL 2's engagement enables this rural diversification and institutional strengthening, helping ACEP reach populations that are excluded from traditional finance.

On the agricultural front, in a context where nearly 80% of Malagasy households derive their income from the sector4, FEFISOL II supports various value chains and promotes the use of sustainable practices. In 2024, FEFISOL II partnered with Madagascar Vanilla Export (MVE), a family run SME based in Tamatave, on the Eastern coast of Madagascar. MVE sources high-quality vanilla from over 1,000 smallholder farmers, paying above-market prices and providing premiums. It also finances organic and fair trade certifications for its producers, boosting market access, farmer incomes and environmental sustainability. MVE was looking for its firstinternational lender when it connected with SIDI and FEFISOL II. They showed strong environmental and social potential, and FEFISOL II was open to assist MVE in adopting a more structured financial management.

In short, Madagascar illustrates FEFISOL II's mission driven logic:

- Geographic and sectoral focus, working in high-poverty, high-risk contexts underserved by traditional finance actors.
- Partnerships with impactful local institutions in microfinance and agriculture.
- A blended approach combining debt, advisory support, and long-term commitment.

A DIVERSIFIED AND ADAPTED OFFER TO MEET CLIENTS'NEEDS

FEFISOL II's added value also lies in its ability to offer flexible, tailored financial solutions that adapt to the seasonal, structural, and evolving needs of its partners in complex operating environments.

A COMPREHENSIVE AND FLEXIBLE OFFER

FEFISOL II offers a range of adaptable financial instruments, including seasonal credit lines and investment loans for agricultural entities, as well as senior loans and subordinated debt for the MFIs. These products are designed to respond pragmatically to the rhythms and constraints of local partners.

A telling example of FEFISOL II's flexibility is the financing set up in Côte d'Ivoire between Ecookim, a major union of cocoa cooperatives, and its subsidiary Ecocajou, created to process cashew nuts locally. Ecookim, which gathers 32 cooperatives and over 37,000 members, manages large volumes of cocoa between September and March. Ecocajou was established to promote local value creation and income diversification through the transformation of raw cashew nuts into kernels for export. Its activity takes place between March and December, complementing the cocoa cycle.

To make the most of this, FEFISOL II adopted a group approach, with a maximum exposure limit on both Ecookim/Ecocajou. FEFISOL II finances the cocoa season of Ecookim first, with a repayment planned just before the cashew season to finance Ecocajou for the rest of the year. This setup allows the fund to optimize the use of its capital year-round, while reinforcing two impactful agricultural actors with strong social missions.

It also enables risk diversification and strengthens the partnership between FEFISOL II's founders, ALTERFIN and SIDI. Ecookim was initially brought in by ALTERFIN, while SIDI has played a key role in supporting the launch of Ecocajou through capex financing.

This flexible structure, which proved effective during the 2024 campaign, illustrates how FEFISOL II adapts its tools to serve both operational efficiency and long-term impact in rural economies

(1) World Bank Poverty and Equity Brief, 2023.

(2) Country Climate Development Report, World Bank, 2024

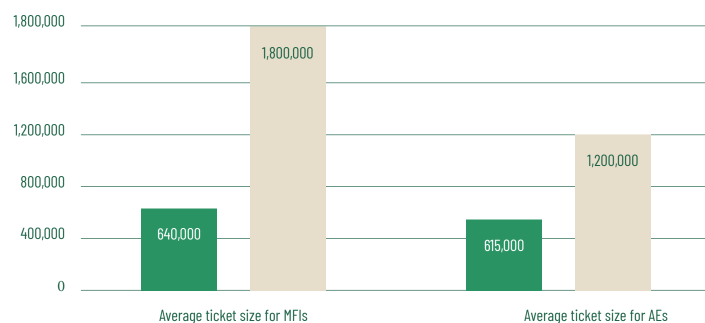
(3) Global Findex, 2024

(4) World Bank, 2023

INVESTMENT SIZE

A key differentiator of FEFISOL II lies in its capacity to offer relatively small loans, adapted to the size and needs of its target clients. **In 2024, the average loan size was 640K€ for MFIs and 615K€ for AEs**, figures significantly lower than those of most impact funds, as demonstrated in the graphs below. This positioning makes the fund particularly relevant for smaller or less mature institutions, for whom access to finance remains a major obstacle, and which have relatively small financing needs.

When larger needs arise, the fund can also co-finance operations with its founders ALTERFIN and SIDI which allows it to increase the loan amount and support bigger entities.



COMPARISON OF THE AVERAGE TICKET SIZE DISBURSED BY FEFISOL II, WITH THAT OF CSAF MEMBERS AND MIVS[1]

FEFISOL II Benchmark

INVESTMENT IN LOCAL CURRENCY

To further align with its partners' needs and protect them from foreign exchange risk, FEFISOL II prioritizes local currency lending whenever possible.

- As of 31.03.2025, 65% of FEFISOL II's microfinance portfolio is denominated in local currency, representing a substantial increase compared to last year's value of 32%.

While this remains below the fund's medium-term objective of achieving a 70–80% local currency portfolio for MFIs, the progress is notable and reflects a consistent effort toward de-risking partners' financial structures.

To support this ambition, FEFISOL II continues to explore and implement innovative hedging mechanisms aimed at developing the local currency portfolio.

FOCUS: EU-TCX FACILITY

In 2024, the European Commission and TCX launched a new facility to subsidise the cost of hedging foreign exchange risk for several African currencies. This initiative addresses a critical need in an unstable global economic context characterised by high exchange rate volatility, which makes hedging certain African currencies particularly expensive.

FEFISOL II has seized this strategic opportunity to provide MFIs with adapted financing. Thanks to this facility, four senior loans were disbursed in local currency to MFIs operating in the following countries: Rwanda, Sierra Leone, Madagascar and Zambia. Against the backdrop of the Sahel crisis and the increased risk of the FCFA (XOF) falling out of favour, FEFISOL II also used the facility to hedge its XOF exposure. This has enabled the fund to increase its support for partners operating in West Africa and the Sahel. Three new XOF loans were granted to MFIs in Burkina Faso, Senegal, and Benin.

The results of our collaboration with the Facility are very positive:

- 5 M€ in additional disbursements have been made.
- Seven new partner MFIs have been integrated into the fund's portfolio.

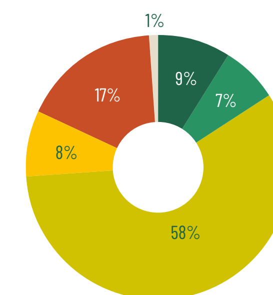
This demonstrates FEFISOL II's capacity to leverage innovative instruments to amplify its impact while mitigating the risks associated with currency volatility in its operating regions.

TECHNICAL ASSISTANCE FACILITY

Launched in November 2022, the Technical Assistance Facility (TAF) of the FEFISOL II fund is managed by SIDI and co-financed by FISEA/PROPARCO, BIO, and since 2024, DFC.
TA priorities are aligned with the Fund's mission to strengthen underserved rural actors by:

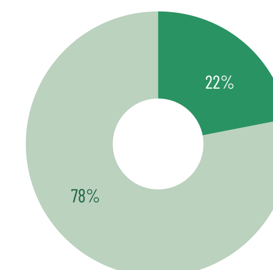
- Reinforcing agricultural value chains and inclusive finance,
- Promoting social, environmental, and climate-resilient practices,
- Supporting the development of responsible, inclusive and client-tailored products.

Support may include consultancy, training, audits, studies, exchange visits, or equipment co- financed by the clients.



COMMITMENTS PER TA TOPIC SINCE THE INCEPTION OF THE TAF

AE practices, products & certification; Finance & Management; Governance & Strategy; MIS; Risk Management; S&E Performance



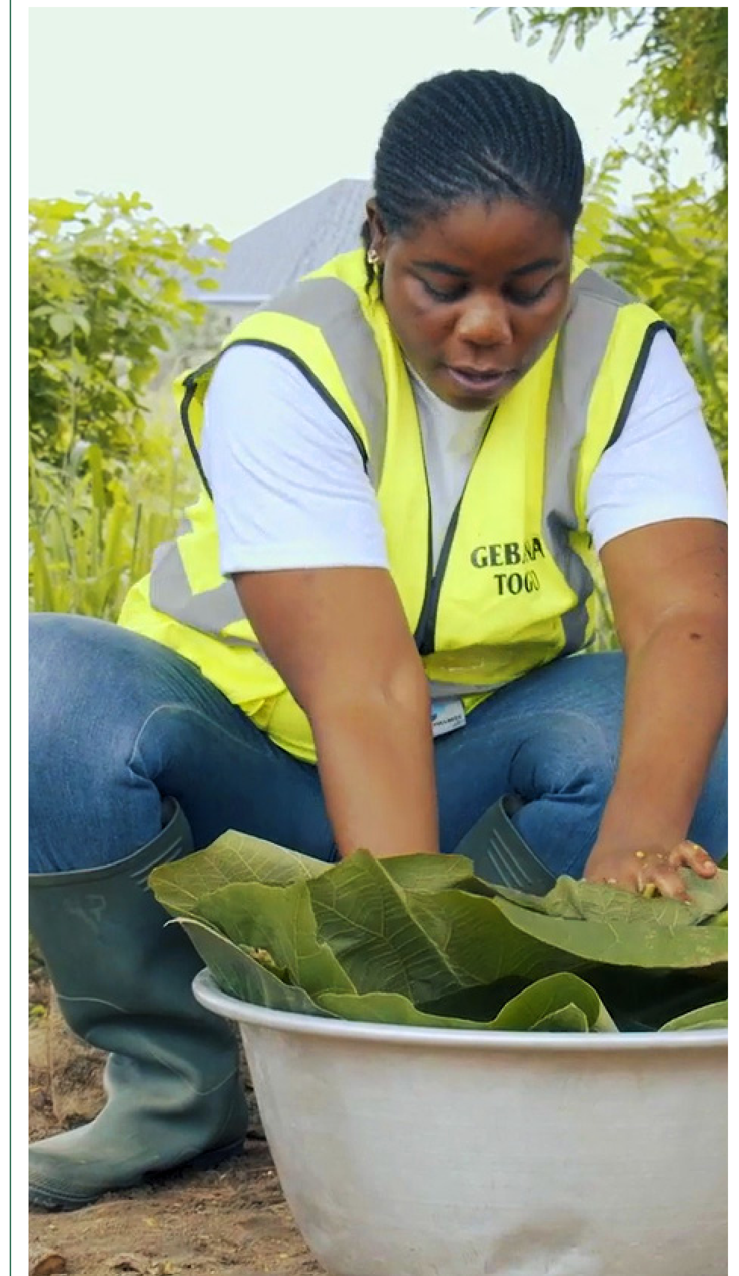
COMMITMENTS PER TYPE OF CLIENT SINCE THE INCEPTION OF THE TAF

AE MFI

In 2024, the TAF achieved a key milestone by integrating the United States DFC, bringing the total budget to 2.743M EUR, with up to 418K EUR earmarked for co-financed equipment support. This was achieved despite the political uncertainties in the US which threatened the allocation of such financing.

Operationally during the year:

- 8 new TA projects signed (298 K€ committed), including 2 which were initiated and completed within the year
- 213 K€ disbursed
- 5 projects launched in 2023 completed
- A new intern joined the team to support the implementation.



(1) For the comparison with the MFIs, the values for the benchmark come from the Private Asset Impact Fund Report. When it comes to the AEs, the benchmark value is extracted from the CSAF annual report. The CSAF is a network of investors lending specifically to AEs. As a member of this network, SIDI is required to report on a certain number of indicators each year and has access to key benchmarks for the sector.

ONE YEAR LATER, TANGIBLE RESULTS FROM THE TECHNICAL ASSISTANCE DEPLOYED WITH GEBANA TOGO

One year after the launch of the inoculation project, Gebana Togo has confirmed the relevance of the support provided through the FEFISOL II TAF. This project, focused on improving soy yields through the promotion of the inoculation technique, has had a direct and measurable impact on smallholder farmers.

Gebana Togo is an SME specialized in the production and export of organic soybeans in Togo. It has an extensive supply network of nearly 6,000 producers, to which it provides various services such as trainings in agricultural practices, as well as seed distribution.

Despite being the 3rd most important player in the organic soy industry in Togo, the SME was confronted to a significant challenge in terms of farmer productivity, which lagged behind productivity levels in other countries like Brazil or China. In this context, in 2023, Gebana Togo sought out assistance from FEFISOL II to support its supplying producers in the use of inoculation, an agricultural practice which had proved successful in increasing farmers' yields, whilst improving the impact of production on the environment. The inoculation process indeed has a lot of benefits as it can enhance farmers' productivity levels without adding too much workload, and helps to naturally improve soil quality.

FEFISOL II therefore supported the adoption of this technique amongst the farmers by developing comprehensive dissemination materials, aimed at clarifying the inoculation process, and instilling confidence in farmers by highlighting its benefits. Following this, the practice was widely adopted by the producers during the 2023-2024 campaign: more than 10,000 hectares were covered, representing over 90% of organic surfaces and nearly 60% of the total land area under soy cultivation for Gebana Togo. The campaign involved more than half of the company's producer network.

A year later, the results are very positive: average yields have increased by 20%, with very limited additional work required from farmers. For an estimated cost of 1.6€/ha, producers were able to generate up to 107€ in additional revenue per hectare. The materials created have proven to be successful in increasing farmers' yields, and the use of the inoculation technique has now been integrated in the routine of the supplying producers. For the 2024-2025 campaign, they received 18K€ in pre-financing from Gebana Togo to purchase the inputs needed for the inoculation process.

This case is a great example of a success story for technical assistance. The TAF's support helped consolidate a technical and economic solution that is now being scaled, with both productivity and environmental benefits. This experience shows the value of combining financial tools with operational support rooted in the field.

THE RESTRUCTURING OF UM-PAMECAS' NETWORK : A STRATEGIC PROJECT BY THE FEFISOL II TAF

UM-PAMECAS is a key actor in Senegal's microfinance sector, ranking 3rd nationwide in both outstanding loans and deposits. Established in 1999, it is a network composed of 28 savings and credit cooperatives as of 2025. With a mission rooted in strong community engagement and promoting financial inclusion for populations excluded from traditional banking, the network aims to reach underserved clients, particularly women and youth.

In 2024, UM-PAMECAS launched a strategic internal reorganization to create a more balanced institutional structure. Indeed, 25 of its 28 member cooperatives are presently concentrated in Dakar, while only 3 are located in regional areas, an imbalance which impacted activity levels and portfolio quality. To support this transition and ensure its successful execution, the institution requested technical assistance from FEFISOL II. The goal was to facilitate the change process by updating internal policies and operational procedures, while providing tailored support to staff and governance bodies.

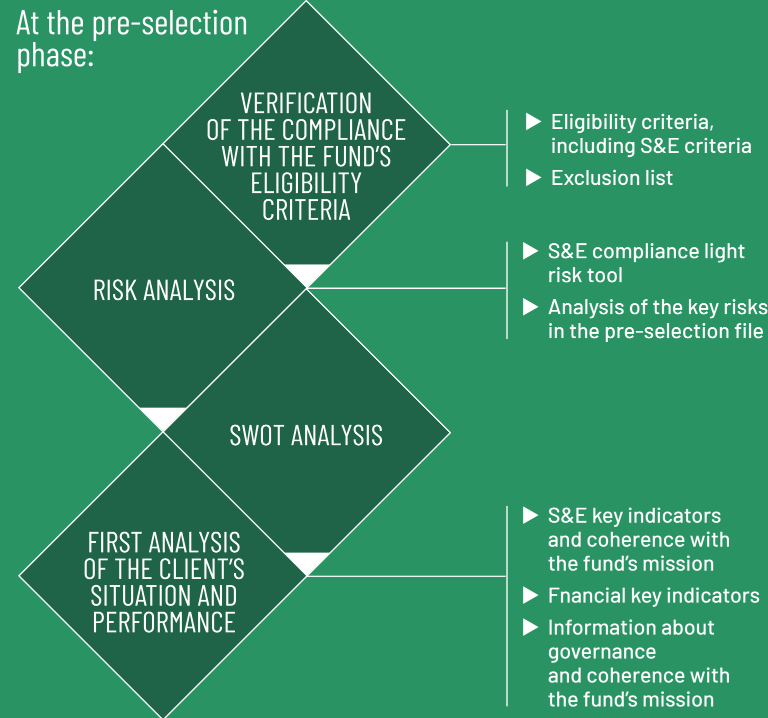
The project began in April 2024 with a comprehensive review of the proposed reorganization plan, evaluating its operational relevance and identifying key strengths and weaknesses. In parallel, the consulting firm engaged for the assignment conducted an in-depth assessment of UM-PAMECAS's human resources structure. A scoping report was produced, presenting the main findings and outlining recommended adjustments. This led to a refined reconfiguration plan, concrete guidance on adapting internal procedures, and close collaboration with senior management to optimize the HR structure.

Although the process is still ongoing, it has already yielded promising results. With FEFISOL II's support, UM-PAMECAS has been able to undertake this ambitious transformation in a coordinated and professional manner, strengthening both institutional cohesion and internal dialogue.

Client assessment and follow-up

INVESTMENT REVIEW PROCESS

At the pre-selection phase:

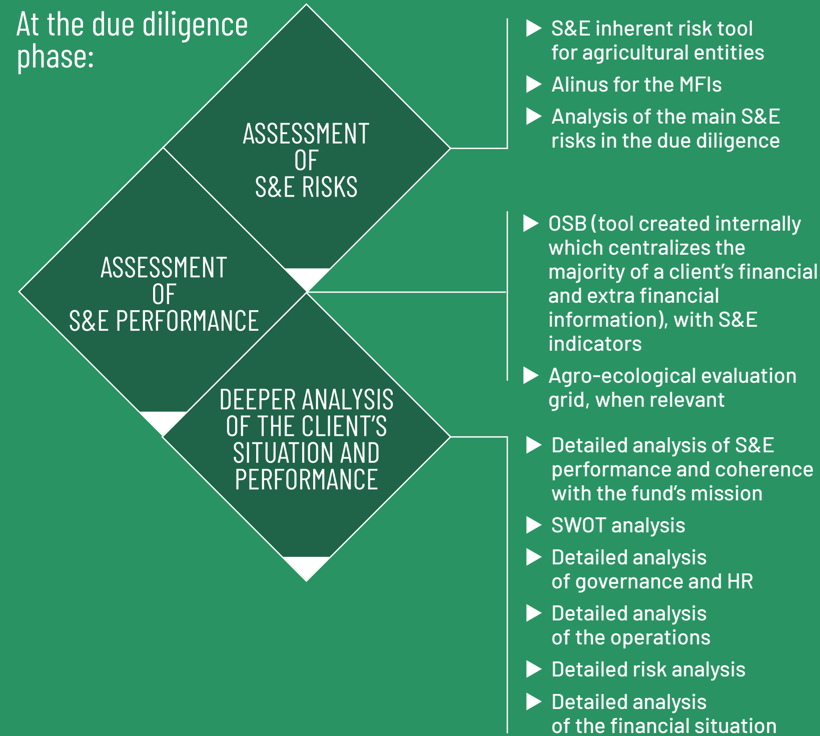


- Eligibility criteria, including S&E criteria
- Exclusion list

- S&E compliance light risk tool
- Analysis of the key risks in the pre-selection file

- S&E key indicators and coherence with the fund's mission
- Financial key indicators
- Information about governance and coherence with the fund's mission

At the due diligence phase:

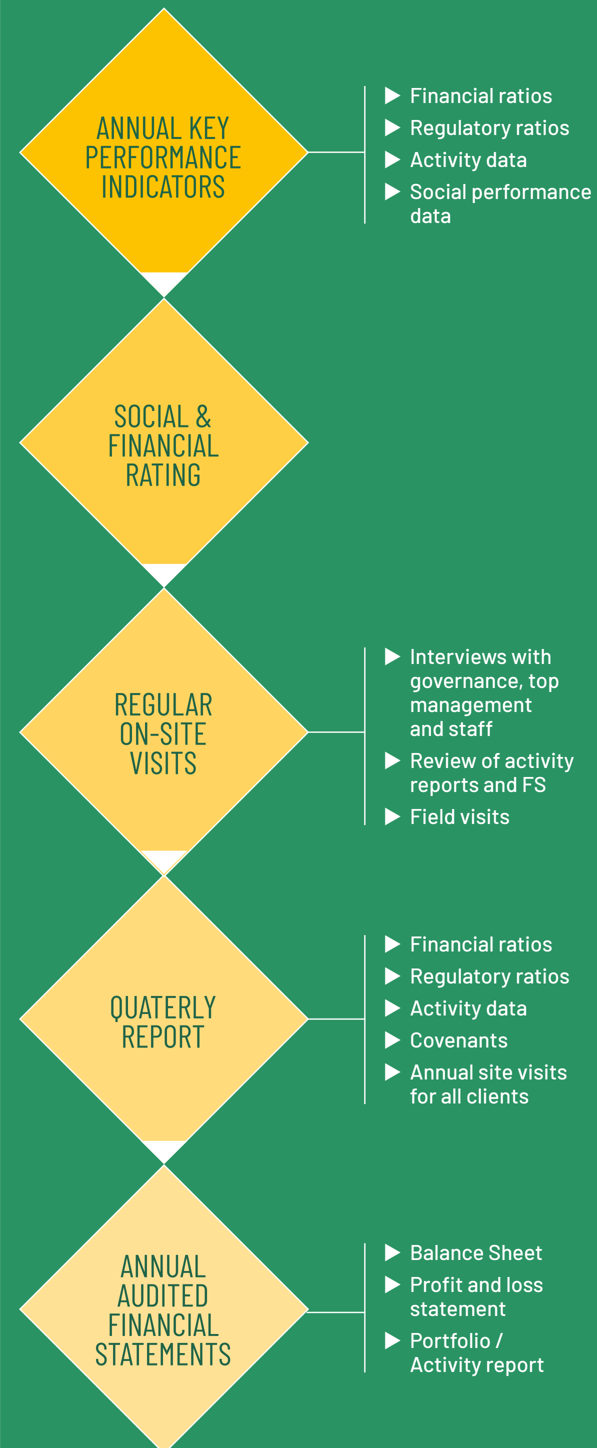


- S&E inherent risk tool for agricultural entities
- Alinus for the MFIs
- Analysis of the main S&E risks in the due diligence

- OSB (tool created internally which centralizes the majority of a client's financial and extra financial information), with S&E indicators
- Agro-ecological evaluation grid, when relevant

- Detailed analysis of S&E performance and coherence with the fund's mission
- SWOT analysis
- Detailed analysis of governance and HR
- Detailed analysis of the operations
- Detailed risk analysis
- Detailed analysis of the financial situation

MONITORING PROCESS



- Financial ratios
- Regulatory ratios
- Activity data
- Social performance data

- Interviews with governance, top management and staff
- Review of activity reports and FS
- Field visits

- Financial ratios
- Regulatory ratios
- Activity data
- Covenants
- Annual site visits for all clients

- Balance Sheet
- Profit and loss statement
- Portfolio / Activity report

FEFISOL II's clients

In fiscal year 2024–2025, FEFISOL II had 43 active clients, which represents a 48% increase compared to last year's number. This includes clients with an outstanding loan at year-end, those who received disbursements during the year, and those who benefited from technical assistance projects.

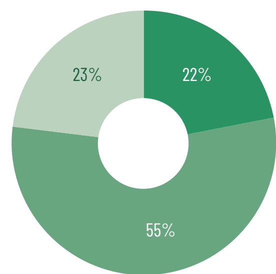
MICROFINANCE INSTITUTIONS

As of the end of March 2025, MFIs represented 78% of FEFISOL II's portfolio, accounting for 24 out of 43 clients. With 9 new microfinance partners in its portfolio, this marks a notable increase from the previous year and confirms that the fund is progressing toward its strategic goal of expanding outreach through new partnerships and investments in inclusive finance.

FEFISOL II focuses particularly on supporting smaller, locally anchored institutions that are often underserved by traditional investors. One of the fund's objectives is to allocate at least 85% of its microfinance portfolio to Tier 2 and Tier 3 MFIs—defined as institutions with total assets below EUR 50 million.

▶ In 2024, 77% of the MFIs financed met this criterion.

This demonstrates strong alignment with the fund's mission to support financial inclusion at the grassroots level, especially in rural and fragile areas, while also highlighting the potential to further deepen this commitment in the coming years.



OUTSTANDING PORTFOLIO BREAKDOWN BY TYPE OF ORGANIZATION

MFI Tier 3 · MFI Tier 2 · MFI Tier 1

OUTREACH

▶ In 2024, around 3 million people benefited from the services of the MFIs supported by FEFISOL II.

The total number of active clients, including both borrowers and savers, increased by an average of 5% compared to 2023. This growth reflects both the fund's reach and the relevance of its partner institutions. Several MFIs are adopting strategies to extend their outreach.

Fortune Credit, a FEFISOL II partner, offers an example of this. The institution expanded its reach through technology and digitalization, especially via its platform Fortune Connect, which promotes climate-smart agriculture and supports climate risk adaptation and mitigation. With a focus on rural and green finance, the platform serves over 54 000 farmers, offering access to tailored financial products. Fortune Credit is also growing its embedded finance portfolio by partnering with food-tech companies, solar providers, and e-mobility initiatives. This high tech-low touch approach has proven effective as between 2023 and 2024, the institution recorded an 88% increase in borrowers, with strong growth in rural areas.

Reaching vulnerable populations, particularly women and rural communities, is a key goal for FEFISOL II.

▶ In 2024, women represented approximately 43% of all MFI clients, and the number of female clients grew by 12% compared to 2023. Meanwhile, rural clients accounted for 33% of the total base, with a 17% increase.

These figures highlight the commitment of FEFISOL II's partners to underserved groups, even if doing so involves challenges.

For example, ACEP Madagascar, traditionally focused on urban lending, has implemented a strategy to expand into rural areas. In 2024, however, they faced heightened risk in their warehouse financing portfolio, leading to a slight reduction in exposure in their rural portfolio. Still, the institution remains determined to find tools to maintain a rural presence. This example underscores the complexity of financing rural clients and the importance of continued support from actors like FEFISOL II to help partners strengthen their agricultural lending.

Beyond access to finance, FEFISOL II also contributes to job creation.

▶ In 2024, the MFIs it financed employed 9,214 people, including 4000 women. The fund emphasizes inclusive and quality employment across its partner institutions.

This focus on reaching underserved populations is also evident in the loan sizes offered by FEFISOL II's partner institutions. **The average loan size across MFIs supported by FEFISOL II in 2024 was €473, a figure that contrasts with the benchmark of $4,666, as reported by a comparative study of peer microfinance impact investors[1]**. This difference underlines the fund's commitment to the most underserved populations, particularly low- income, rural, and financially excluded communities. By working with institutions that serve clients at the base of the pyramid, FEFISOL II stays aligned with its social mission and reinforces its strategy of targeting the smallest and most vulnerable entrepreneurs.

(1) PAIF Report 2025, Tameo

PORTFOLIO GROWTH AND FINANCIAL PERFORMANCE

▶ **In 2024, the MFIs supported by FEFISOL II managed a combined gross loan portfolio of 630.4M€, with an average portfolio size of 26.3M€ per institution. This represents a 15% increase compared to 2023, reflecting the fund's continued momentum and the solidity of its partners.**

A compelling example of this growth is seen in Guilgal, a partner MFI in the Democratic Republic of Congo. The partnership with FEFISOL II began in early 2023 and has supported Guilgal's shift from a Kinshasa- focused model to a decentralized network, now operating 18 branches across 13 provinces. Over this period, Guilgal transitioned from relying solely on internal capital to raising over 15M€ in loan portfolio by end- 2024, with plans to raise 20M€ more. The institution met 103% of its lending targets and mobilized 261% of its debt objective, while stabilizing loan sizes and diversifying its client base. The FEFISOL II financing was catalytic, helping strengthen Guilgal's credibility with investors and expand impact in a high-potential country across microfinance, agriculture, and renewable energy. Although the current context may challenge its geographical expansion in Kivu, FEFISOL II remains committed to supporting the institution and its work with the most excluded populations of the DRC.

When it comes to its microfinance portfolio, FEFISOL II also focuses its strategy on supporting the institutions which finance income- generating activities that empower clients and strengthen local economies.

▶ **In 2024, on average, 83% of the loan portfolio of partner MFIs was allocated to such activities, particularly in sectors like trade, agriculture, and crafts.**

These types of loans not only support entrepreneurship but also play a vital role in improving household resilience and economic inclusion.

Finally, in alignment with FEFISOL II's commitment towards the agricultural sector, the fund also strives to support MFIs particularly involved in agricultural financing.

▶ **In 2024, although the share of loans specifically directed toward agriculture remained modest at around 18%, it held steady.**

Increasing this share remains a strategic objective for FEFISOL II, given its mission to reach more smallholder farmers and micro-entrepreneurs across agricultural value chains. By doing so, the fund aims to contribute more directly to rural development, and climate resilience, especially in regions where access to agri-finance remains extremely limited

THE RISE OF GREEN LOANS

As climate change increasingly affects vulnerable rural populations across Sub-Saharan Africa, MFIs are stepping up to offer solutions to help clients face this challenging environment.

▶ **Over half of the MFIs financed by FEFISOL II offer at least one form of green loan.**

Most of these products are focusing on improving access to sustainable energy solutions.

These products include financing for solar home systems, clean cookstoves, solar irrigation kits, biogas digesters, electric motorcycles, and even solar-powered egg incubators. Such innovations help improve daily life by lowering energy costs, increasing productivity, and reducing reliance on polluting sources. At the same time, they contribute to the fight against climate change. However, environmental impact in microfinance goes beyond energy. Some FEFISOL II partners are engaged in agricultural lending combined with programs promoting sustainable practices.

One example is the strategy developed by Assilassimé, a Togolese MFI. The institution adopted a structured Environmental Plan for 2022–2026, with a focal point, local referents, and measurable objectives. Internally, the strategy aims to reduce the institution's environmental footprint — limiting plastic waste, energy and paper use, and improving recycling.

Externally, it focuses on raising awareness among clients and training borrowers to adopt sustainable practices. Assilassimé also committed to increasing clients using clean energy, involving groups in plastic waste collection, and offering training.

Building on this, Assilassimé launched two programs for rural clients, enabling shifts toward environmentally friendly production systems. The MFI helped set up two units: one for producing neem oil (a biopesticide), and another for compost (a biofertilizer). These initiatives give clients long-term access to sustainable alternatives, reducing environmental risks while protecting yields and soil health.

Assilassimé's case shows that beyond offering green loans, MFIs can have significant environmental impact through the financing of sustainable agricultural activities. By embedding awareness and sustainable alternatives into operations, they help drive sustainable farming practices. It may be relevant to support MFIs in identifying parts of their portfolio that can be considered "green", both to track environmental contribution and to access resources or develop strategies.

CLIENT PROFILE – MLF MALAWI

Micro Loan Foundation (MLF) Malawi is a microfinance institution regulated by the Reserve Bank of Malawi. Founded in 2002 by the UK charity MLF UK, it was created to give the poorest women in Malawi the tools and skills they need to break free from poverty.

Operating through 22 branches and 8 service points across the country, MLF Malawi focuses on group loans targeted mainly at women in rural areas, helping them finance small businesses and agricultural projects.

What really sets MLF Malawi apart is its deeply social approach. It serves very isolated communities and only women, offering some of the smallest average loan sizes in the sector, an intentional choice reflecting its mission to reach those most in need. This social focus is supported by a thorough process to measure clients' poverty levels using the Progress out of Poverty Index (PPI)[1].

AN EXTENSIVE AND TAILORED OFFER OF PRODUCTS AND SERVICES

Every new borrower automatically receives training on managing a small business and personal finances, fully covered by the institution. This wasn't always the case; before 2019, the borrowers had to pay for this themselves.

Loans are given in groups, with monthly meetings where credit officers provide basic but practical financial education, helping clients learn to budget and manage money better. The training isn't highly technical, it's very much tailored to the realities of rural female entrepreneurs. On the agricultural side, MLF offers training on sustainable farming techniques to improve productivity and resilience, with plans to strengthen this program further through a dedicated Agricultural Manager.

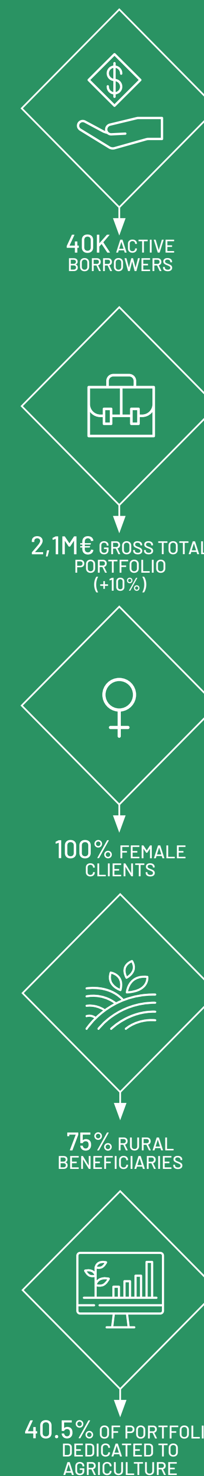
The institution also benefits from the FINES program, funded by the World Bank, which enables it to offer loans for agriculture at lower interest rates. This makes a real difference for clients who otherwise face expensive credit options.

Green loans are another innovation: these help women access seeds and irrigation equipment, encouraging more sustainable farming practices and organic production.

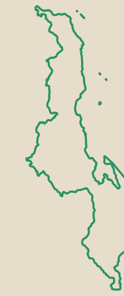
A STRONG COMMITMENT TO SOCIAL AND ENVIRONMENTAL PERFORMANCE

MLF Malawi is serious about measuring its social impact. As mentioned previously, the institution uses the PPI tool to evaluate and monitor its clients' poverty levels. In addition, it regularly conducts SPI5-type[2] audits, and to keep things simple, it uses the ALINUS, a lighter social performance tool that fits well with the profile of their small loans and clients. The ALINUS score has improved steadily, reaching 57% in 2023 from 51% in 2020.

Finally, the institution has taken steps to reduce its environmental footprint, digitizing loan processes to cut paper use and introducing electric motorcycles for internal use. Clients, especially farmers, are encouraged to adopt eco-friendly practices through awareness and the promotion of green loans.



CONTEXT: MALAWI



Malawi is a landlocked country in Southern Africa that continues to grapple with deep-rooted economic and social challenges. With a poverty rate reaching 71.2% in 2024, it ranks among the poorest nations in the world[3]. In recent years, the country has faced an increasingly fragile macroeconomic environment, marked by widening fiscal and current account deficits, an unsustainable public debt burden, growing capital and price controls, and acute foreign exchange shortages that have disrupted essential imports and private sector activity[4].

These structural issues have been further compounded by climate-related disasters, including floods, droughts, and cyclones, which have become more frequent and intense.

Such events have had devastating impacts on rural communities, particularly those reliant on subsistence agriculture. Since 2022, a series of poor harvests has contributed to rising food insecurity, making hunger a persistent and urgent concern. As of 2023, Malawi ranked 173rd out of 193 countries on the Human Development Index.

In this context of systemic fragility, financial inclusion represents a critical lever for reducing poverty and building resilience among the most vulnerable. Yet, in 2023, 26% of the population was still unbanked or only had access to informal financial services, with vast disparities between urban and rural areas, as well as between men and women[5]. This part of the population is therefore still excluded from financial tools that could help improve their living conditions and economic prospects.

That's why institutions like MLF Malawi are so vital. By offering loans, savings, and support to marginalized rural populations, MLF plays a crucial role in helping communities build sustainable livelihoods. In a country where formal financial access remains limited for isolated populations, MLF's work provides capital, and also a pathway toward empowerment and long-term *development*.

MLF'S PARTNERSHIP WITH FEFISOL II

Behind these efforts is critical support from FEFISOL II, whose focus on rural financing and vulnerable populations aligns closely with MLF Malawi's mission to reach women and small producers in underserved areas. In 2024, FEFISOL II established a partnership with MLF Malawi by providing a first loan of 300 K€. This investment, coupled with an complementary loan by SIDI, intended to help finance the institution's portfolio growth.

Beyond funding, FEFISOL II also offers technical assistance as needed. For example, in 2025, it will co-finance MLF Malawi's participation in the Boulder Institute of Microfinance training in Turin, an internationally recognized program that brings together practitioners, experts, and institutions dedicated to strengthening inclusive financial systems. This initiative forms part of a broader effort to enhance MLF Malawi's governance, leadership, and capacity to navigate a challenging financial and regulatory environment.

The Boulder program emphasizes responsible financial practices, client protection, and long-term institutional sustainability.

Through this kind of targeted support, FEFISOL II contributes to strengthening the organization's strategic vision and operational resilience, ensuring that it can continue to expand access to financial services in underserved regions while upholding strong social and environmental commitments.

(1) The Progress out of Poverty Index (PPI) is a country-specific scorecard that estimates the likelihood of a household living below the poverty line, based on simple, non-income indicators.

(2) The SPI5 is a tool developed by Cerise SPTF to assess the social and environmental performance of MFIs by measuring their compliance with the Universal Standards for Social Performance Management through 180 indicators.

(3) World Bank, 2024

(4) World Bank, Malawi Overview, 2025

(5) FinScope Consumer Survey Malawi, 2023

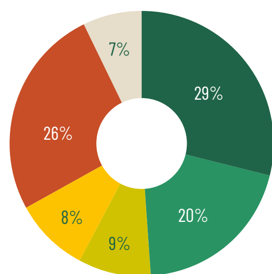
AGRICULTURAL ENTITIES

▶ As of the end of March 2025, Agricultural Enterprises (AEs) accounted for 22% of FEFISOL II's portfolio.

They represented 19 out of the fund's 43 active clients (44%), meaning clients having received financing and/or TA during the year. This marks a nearly 14% year-on- year increase in the number of agricultural clients supported by the fund, underscoring FEFISOL II's growing engagement in the sector.

While the share of the portfolio allocated to AEs may appear modest, it does not fully reflect the fund's commitment to the sector due to the seasonal nature of agricultural lending. Many AEs borrow and repay loans within the same year, which reduces their end-of-period outstanding portfolio figures. **However, if we look at disbursements rather than the outstanding portfolio, agricultural entities represented a significant 59% of total disbursements in 2024.** This more accurately reflects the fund's strategic focus and the considerable operational effort dedicated to supporting agricultural entities across the continent.

The main value chains financed include cocoa, coffee and nuts (cashews and macadamia), alongside smaller but strategic investments in crops like dates, honey, vanilla, chilies and rice. This focus is in line with recent trends reported by CSAF, which shows that in Sub-Saharan Africa, 79% of lending in 2024 went to cocoa (31%), coffee (27%) and nuts (21%), a clear sign of their continued importance for agricultural finance in the region[1].



BREAKDOWN OF DISBURSEMENTS BY AGRICULTURAL SECTOR

Cocoa · Coffee · Fruits&Veg · Grains& Cereals · Nuts · Spice/Honey

OUTREACH

▶ In 2024, FEFISOL II supported over 121K smallholder farmers through its agricultural partners.

These producers supply agricultural raw materials, such as cocoa, coffee, or cashew, and play a key role in maintaining the integrity and sustainability of agricultural value chains. Supporting smallholders is particularly crucial, as close to 80% of Africa's extreme poor live in rural areas, where most depend on small-scale farming for income[2]. Strengthening this segment contributes to poverty alleviation and food security, and also drives rural economic growth, with growth in the agricultural sector being 2 to 4 times more effective at reducing poverty than growth in other sectors[3]. When smallholders have access to markets, finance, and services, they tend to invest more, boost productivity, and stimulate broader economic activity in their communities.

▶ On average, the outreach of FEFISOL II's agricultural clients grew by 10% in 2024, reflecting strong efforts by partners to reach more producers.

The quantitative growth also reflects the ability of certain agricultural partners to deepen their relationships with producers by offering strong value-added services. A prime illustration is ACPCU, a robusta coffee cooperative union based in Uganda, which has steadily expanded its farmer base and now counts over 18,000 members across 31 primary cooperative societies, up from 15,000 members the previous year. This outreach is largely the result of ACPCU's strong reputation among producers, built on consistent delivery of high-quality services and a deeply embedded cooperative spirit.

Beyond offering competitive purchase prices, ACPCU provides year-round agronomic and business training through extension officers in each member society. Smallholder farmers benefit from second payments, subsidized seedlings, shade trees, drying equipment, and affordable crop finance. The union supports women through a gender department and redistributes Fair Trade premiums to fund social, community, and coffee-related initiatives. ACPCU covers certification costs, offers accounting and audit training, and provides access to medical services at subsidized prices.

In recent years, ACPCU's outreach has grown significantly, especially since launching its own processing plant and expanding its export capacity. Between 2019 and 2021, the union expanded infrastructure and strengthened its storage equipment. These assets position ACPCU as a strong actor in the Ugandan robusta coffee value chain, with capacity to increase membership and generate additional income by offering processing and export services to other cooperatives.

FEFISOL II also seeks to target entities working mostly with female producers. Indeed, although women currently make up roughly 40–50% of the agricultural workforce in Sub-Saharan Africa and are responsible for producing approximately 70–80% of the continent's food[4], their contributions remain undervalued.

They often lack secure land rights (owning only about 10–20% of farmland[5]), access to credit, inputs, technology, and education, all of which are essential for productivity.

▶ In 2024, women represented 21% of the total number of producers supplying FEFISOL II's agricultural partners, representing a slight increase compared to 2023.

▶ Finally, the agricultural entities working with the fund employ in total 690 permanent employees, of which 227 women, as well 3,176 seasonal workers.

It's important to say that FEFISOL II seeks employment quality in all its investments, particularly in sectors where child labor or gender-based discrimination is substantial.

(1) CSAF 2024 State of Sector Report, 2025

(2) World Bank, 2022

(3) FAO, 2021

(4) The Southern African Times, 2025 16 Wilson Center, 2023

(5) Wilson Center, 2023

PURCHASES AND SALES

For the majority of FEFISOL II's agricultural partners, 2024 was a very successful year in terms of sales.

▶ **Total turnover rose from 219.5M€ in 2023 to 345.2M€ in 2024, representing an average growth of nearly 57%.**

This increase was supported by strong performances from several partners across different value chains, against a backdrop of favourable, but also volatile, market dynamics.

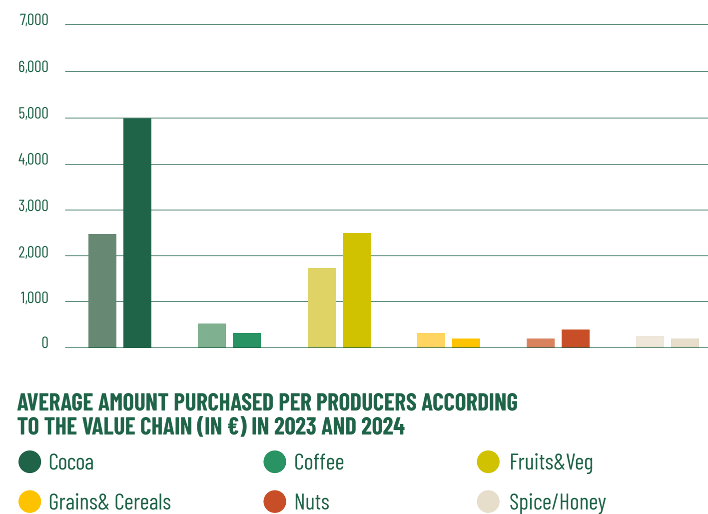
In 2024, the prices of coffee, cocoa, and cashew nuts rose due to production shortfalls in key producing countries, often linked to adverse weather conditions, themselves caused by climate change. This surge had a significant impact on several FEFISOL II partners.

In Côte d'Ivoire, cocoa production was affected by climatic conditions and the Swollen Shoot disease. As a result, Ecookim, Socak, and Cadesa experienced a decline in volumes. However, thanks to solid relationships with buyers and higher cocoa prices on the market, they boosted their sales. As such, cocoa partners achieved an average turnover growth of 38% between 2023 and 2024.

In the coffee sector, almost all clients benefited from surging prices. Although average growth across all coffee partners appeared slightly negative, this was due to a single partner that stopped selling that year. Excluding this case, almost all partners experienced growth, with an average of 6%. The cashew sector was similarly affected by climatic disruptions, particularly the El Niño phenomenon, which reduced yields in West Africa and contributed to a price increase. Some partners, such as Ecocajou, took full advantage of this context, with sales growing from EUR 1 million to over 5M€. In the case of Ecocajou, the rise in prices was combined with a substantial increase in the volumes purchased from producers. Conversely, Biotan faced a slight decline due to delays in building a new factory and logistical challenges. Still, overall performance in the cashew value chain was outstanding, with partners recording average turnover growth of 164%.

These results highlight the commercial success of FEFISOL 2's agricultural partners, and also their strong capacity to adapt to shifting market dynamics. In 2024, the CSAF reported an unusually high demand for credit across the sector, as agricultural entities competed with multinational traders to secure enough supply to meet buyer demand[1]. Many SMEs struggled to fulfil their contracts amid soaring prices, with some even defaulting. This was not the case among FEFISOL II's clients, which is an encouraging sign of their resilience and ability to navigate a highly volatile environment.

The graph below illustrates the evolution of the average amount purchased per producer across several value chains in 2024. In some cases, the sharp increase in total sales translated into higher average purchases from producers, particularly for cocoa, where the amount paid per producer rose substantially. In Côte d'Ivoire indeed, the farmgate price of cocoa was raised 20% by the government, a record amount for the value chain[2].



AVERAGE AMOUNT PURCHASED PER PRODUCERS ACCORDING TO THE VALUE CHAIN (IN €) IN 2023 AND 2024

Cocoa · Coffee · Fruits&Veg · Grains& Cereals · Nuts · Spice/Honey

However, this alignment between the growth in international prices and small holder farmers revenues is not systematic. In the coffee sector, although the partners' turnover increased, the average amount paid per producer declined, reflecting a decline in collected volumes. Additionally, although in this case price volatility had quite a positive effect on FEFISOL II's end beneficiaries, it remains a risk for the future : high prices today can give way to demand slumps or cashflow shortfalls tomorrow.

This is why working with organizations that maintain strong commitments to fair and stable remuneration to smallholder farmers is key. FEFISOL II places particular emphasis on supporting entities that offer minimum price guarantees and additional premiums.

(1) CSAF 2024 State of Sector Report, 2025

(2) RFI, 2024

CERTIFICATIONS

▶ **Out of FEFISOL II's 19 agricultural partners, 14 (more than two-thirds of the portfolio) hold organic, fair trade, or dual certifications.**

These certifications are strong markers of environmental and social commitment, and they serve as powerful tools to improve the market positioning of partner organizations, giving them access to premium markets and price incentives. By strategically prioritizing certified value chains, FEFISOL II contributes directly to more transparent, equitable trade relationships and helps ensure that producers are fairly remunerated, thereby strengthening the resilience of rural communities.

However, five partners in the portfolio currently operate without such certifications. In several cases, this is due to the fact that these enterprises supply local or regional markets, where consumer demand for certification remains limited. In supporting these actors, FEFISOL II is pursuing an equally strategic and socially relevant objective: food security. By financing locally rooted agricultural enterprises that supply domestic markets with essential food staples, the fund diversifies its impact beyond export-oriented crops and responds to the urgent need for resilient local food systems.

A good example is SFA, a new FEFISOL II partner in Senegal. Through this partnership, FEFISOL II aims to strengthen its presence in the agricultural sector while supporting local food self-sufficiency. SFA produces rice, a staple crop in Senegal where consumption averages 100 kg per person per year. Despite its importance, Senegal still imports around 60% of its rice, making it vulnerable to global market fluctuations.

By supporting the local rice value chain, SFA contributes to national food sovereignty. While it lacks formal environmental and social certifications, rare in the local rice industry, it has taken steps toward sustainability. These include managing hazardous waste oils, limiting energy use with a silent generator, working with the World Food Program to obtain HACCP certification for food safety, and progressing towards the Sustainable Rice Platform (SRP) certification, an initiative to improve the sustainability of the rice value chain. For that last initiative, SFA will benefit from TA from FEFISOL 2 to support their collaboration with Rikolto, which aims at helping them to gradually improve their practices to obtain this certification.
Socially, SFA has received an award for excellent personnel management and collects key social data on its producers. A broader social and sustainability strategy is being developed.

Although the government sets paddy prices with no premium paid, SFA plays a crucial role in supporting smallholders by prefinancing them to buy the necessary inputs for the rice production.

By backing enterprises like SFA, FEFISOL II diversifies its portfolio beyond export crops while reinforcing food security and rural development. This approach supports local food systems where certification is less common, but where social and environmental impacts remain important.

CLIENT PROFILE: ECOCAJOU

Ecocajou is a cashew processor/exporter which represents a compelling example of how local, smallholder farmer-led initiatives can drive inclusive economic development and foster sustainable agricultural value chains. It was established in 2019 by Ecookim, a union of 32 cooperatives representing over 37,000 smallholder cocoa and cashew producers. Ecocajou was created with a clear mission: to diversify smallholder farmers' incomes, create employment in rural/isolated communities and generate local value through the transformation of raw cashew nuts (RCN).

Operating in central Côte d'Ivoire, Ecocajou sources directly from more than 12,000 producers, grouped into 19 cooperatives across nearly 460 villages. The company processes RCN into quality export-ready kernels. In 2024, Ecocajou generated 5.8 M€ in revenue, with average purchases per producer reaching 180€, a modest but meaningful contribution to household incomes in rural areas.

The company employed 26 full-time staff in 2024, half of whom are women. During the peak season, an additional 830 seasonal workers were hired, making Ecocajou a significant source of rural employment.

But the company's vision extends well beyond processing. Ecocajou provides key services to its producers, including parcel geolocation and traceability systems, which are critical for improving supply chain transparency and meeting international requirements, including the European Union's new Regulation on Deforestation-free Products. It also offers training to help producers achieve organic certification, a pathway to more lucrative and stable markets. As of 2024, nearly 1,575 parcels had been geolocated, and over 700 producers had been certified organic thanks to Ecocajou's support.

In addition to supporting the transition to organic farming, Ecocajou has taken concrete steps to minimize the environmental footprint and health impact of its operations, particularly the risks associated with cashew shell waste. The transformation of cashew nuts generates a by-product rich in Cashew Nut Shell Liquid (CNSL), a highly acidic and potentially polluting substance found in the shell's oily resin. If improperly managed, CNSL can contaminate soil and water, posing a serious environmental hazard.

To mitigate this risk, Ecocajou has invested in shelling machines that cleanly separate kernels and shells. A portion of the shells is reused to power the factory's boilers, while the rest is sold to local firms. The company plans on launching a CNSL extraction unit for export, turning a potential pollutant into a new revenue stream and reinforcing its circular approach to production.

FEFISOL II began supporting Ecocajou during the 2024 season through a specific financing mechanism. As explained previously, the funding was done following a group approach, with a first credit allocated to Ecookim for the cocoa campaign (from October to March), with a repayment planned right before the start of the cashew campaign of Ecocajou.

CASHEW: A STRATEGIC AND RESILIENT CROP FOR WEST AFRICA

The cashew tree thrives in tropical climates and shows remarkable resilience to climate variability, making it a crop of choice for diversification in many African farming systems. Historically, cashew processing has been concentrated in Asia, especially in Vietnam and India. However, Africa is rapidly increasing its local transformation capacity shift that is critical for capturing more value locally and reducing environmental costs linked to global shipping.

Côte d'Ivoire has made this a national priority: between 2010 and 2024, the country increased its number of industrial cashew processing units from just 2 to 30, with an installed capacity of 350,000 tons. This local transformation effort now provides employment to over 15,000 people, 70% of whom are women. To accelerate this trend, the Ivorian government has introduced a range of fiscal and policy incentives.

In 2024, priority access to raw cashew nuts is being granted to domestic processors, while taxes on locally processed cashews and imported processing equipment are being waived to further support the industry. These measures are aimed at strengthening the competitiveness of Ivorian processors and ensuring that more of the cashew value chain remains within the country. This strategy has been quite successful: in 2024, the country processed 30% of its cashew production, seven times more than in 2018, and could process half of its production by 2025 - two years ahead of the government's target[1]. Côte d'Ivoire is now the world's top producer of raw cashew nuts, with over 1.2M tons harvested in 2023, accounting for nearly 40% of global supply[2].

In parallel to the financing, a major technical assistance project is being deployed to help the company navigate its current phase of growth and consolidation. This project will focus on analyzing Ecocajou's current business model, identifying operational and financial inefficiencies, and proposing concrete improvements. Through a detailed assessment of production costs, profit margins, and value creation opportunities in the kernels market, the project aims to enhance the structure's competitiveness and long-term sustainability. The process also includes the development of a strategic roadmap, the implementation of performance monitoring tools, and recommendations to align departments around shared goals. Ultimately, this support is designed to boost Ecocajou's overall governance and performance, to assist it in scaling up its transformation capacity and strengthening its market positioning.

In addition to this strategic support, Ecocajou has also requested technical assistance from FEFISOL 2 to obtain the SMETA (Sedex Members Ethical Trade Audit) certification. This comprehensive audit framework evaluates companies across several key areas: labour standards, health and safety, environmental performance, business ethics, management systems, subcontracting, and workers' rights.

By seeking this certification, Ecocajou demonstrates its commitment to strengthening its corporate social responsibility (CSR) practices and improving its engagement with all stakeholders. This step aligns with the company's goal of becoming a responsible, socially impactful player in the cashew sector, both locally and internationally.

This holistic approach, combining tailored financing with technical and strategic support, positions FEFISOL II as a strategic partner in Ecocajou's growth. The fund plays a catalytic role by unlocking financial resources and by reinforcing good governance, operational performance, and social and environmental practices.

(1) Jeune Afrique, 2025

(2)Portail Officiel du Gouvernement de Côte d'Ivoire, 2024