KAMPANI

Investing in family farming

ANNUAL REPORT 2020

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Cover: *Small-holder farmer on her lunch break, Tun Yat, Myanmar*

PREAMBLE
BY THE CHAIRMAN

Dear investors, stakeholders and friends of Kampani,

I am happy to report that Kampani added its seventh and eighth deals to our portfolio in 2020. The first was a vegetable cooperative in Nicaragua called COOSEMPODA. The second was an agri-machinery rental SME in Myanmar. In the first months of 2021, we signed another deal in Mexico.

The COVID-19 crisis continues to impact Kampani's investees in different ways. A year on from the start of the pandemic, I am proud to highlight the resiliency of our investees, none of whom have folded under the difficult circumstances. Some have even found themselves in better, stronger positions than this time last year. But it has not been a year without strife, and we are likely to see the repercussions for years to come. Kampani, nonetheless, remains confident that our investees will persevere and continue to provide valuable contributions to their communities.

Reflecting on the past six years since Kampani's inception, we are more confident than ever that our model is invaluable and deserves to be scaled. The 'missing middle' continues to be increasingly pronounced, and many investors still fear agri-investments of the nature we pursue. Kampani's pioneering approach is a model for others and we are eager to continue fostering this mentality in the impact investing community. With this in mind, we convened the board, outside experts, and actors in the space throughout 2020 to determine how to best expand our reach. This culminated in an ambitious growth strategy to build Kampani into a 20 million euro independent fund. But, in order to do more of the same, some things have to change. We have refined some of our operating principles, but our mission remains the same.

We look forward to organising our next round of fundraising in 2021 so that we may reach more smallholder farmers worldwide.

On behalf of the Board, I would like to thank Alterfin and its team, as well as the investors who have made our efforts to reach tens of thousands of smallholder farmers possible.

Steven Serneels

SHAREHOLDERSHIP

Koning Boudewijnstichting
Fondation Roi Baudouin
König-Baudouin-Stiftung
King Baudouin Foundation

LOUVAIN COOPERATION

alterfin
Investing in sustainable development

OXFAM Wereldwinkels

mrbb
Maatschappij Roerend Bezit Boerenbond

KU LEUVEN

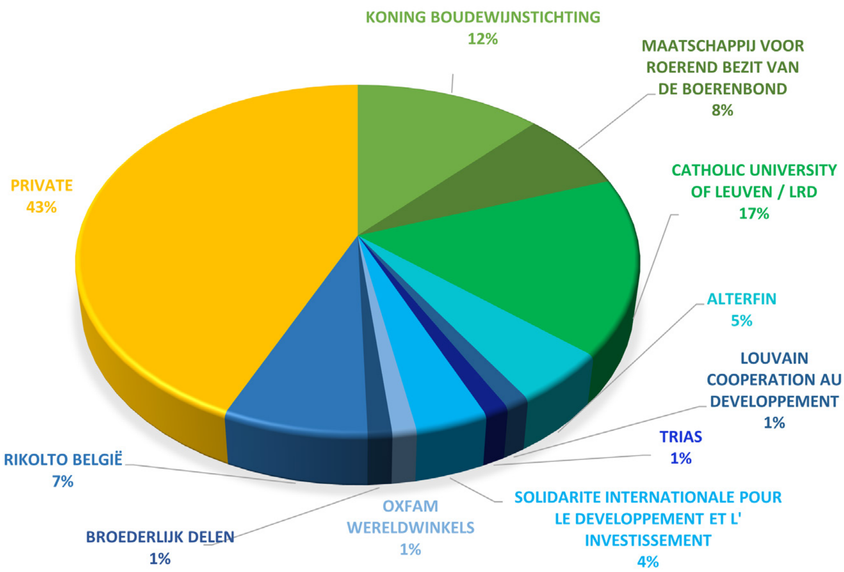
rikolto

Broederlijk Delen
TOT IEDEREEN MEE IS

SIDI
SOLIDARITÉ INTERNATIONALE POUR LE DÉVELOPPEMENT ET L'INVESTISSEMENT

TRIAS
DROMEN KRIJGEN KANSEN

and Private Investors



COOSEMPODA Nicaragua

VITAL STATISTICS

Country	Nicaragua
Sector	Mostly vegetables (cabbage, carrot, green pepper, potato), coffee (small volumes, no export capacity)
Investment	Procure washing facility, improve seedling production through protected agriculture, acquire refrigerated transport vehicle
Total estimated capital expenditure	250,000 USD
Investment type	Seven year subordinated loan, two year grace period
Total loan amount	215,000 USD
In portfolio since	April 2020
Deal sourced by	Rikolto

THE DEAL

In April 2020, we completed the transaction with Cooperativa de Servicios Múltiples Padre Odorico De Andrea R.L. (COOSEMPODA) to upgrade and expand a produce washing facility, procure a transport vehicle, and continue research and development of seed production.

COOSEMPODA is a multiple services cooperative selling produce to mainstream retailers as well as inputs needed for farming, such as agrochemicals and seeds. They currently produce 80% of the country's cabbage sold in supermarkets, about one truck load per day. It is currently comprised of 114 producers.

Increasing national hygiene standards was the biggest barrier to expanding their produce sales to mainstream retailers beyond cabbage.

SOCIAL IMPACT

Improved production capabilities and capacities stand to significantly benefit not only the member farmers but their larger community.

This is Kampani's first deal where our work is truly grafted on to the work of an NGO-shareholder. It is in large part thanks to the support of Rikolto that COOSMEPODA became investment ready. COOSEMPODA needed to address the 'missing middle' - lack of access to financing was threatening to hurt its growth.

As is our practice, we also stipulated some ambitious social targets. In partnership with Rikolto and through the newly formed UCHON (Unión de Cooperativas Hortícolas del Norte), COOSEMPODA will continue its GAP (good agricultural practices) efforts and promote environmental health. COOSEMPODA has additionally agreed to place at least one woman on the Board of Directors and increase total female and youth participation to 15%.

"There are no loans for the vegetable sector, they consider it a high risk. Our partnership with Kampani could not have come at a better time, when COVID was only further damaging our operations. Thanks to Kampani's investment, we are on the path to increase membership by 50% in the next 2-3 years."

— Jaime Rivera, Chairman, COOSEMPODA

OUTLOOK + CHALLENGES

The main challenges for the coming year:

- Continued impact of COVID-19 on sales and export capacity
- Completion of the construction phase
- Successful start of the new automated washing line

HIGHLIGHTS FROM 2020

- Signed deal with Kampani
- Construction is underway despite pandemic disruptions
- 30 farmers trained in sustainable agricultural practices
- 300 hectares under cultivation
- Secured 45k USD grant from MEDA / TECNOLINKS

Tun Yat Myanmar

VITAL STATISTICS

Country	Myanmar
Sector	Agri-machinery rental, crop aggregation
Investment	Additional tractors and harvesters
Total estimated capital expenditure	400,000 USD, further capital rounds expected
Investment type	Equity
Total loan amount	150,000 USD
Co-Investor	The Yield Lab (100,000 USD)
In portfolio since	May 2020
Deal sourced by	Alterfin

THE DEAL

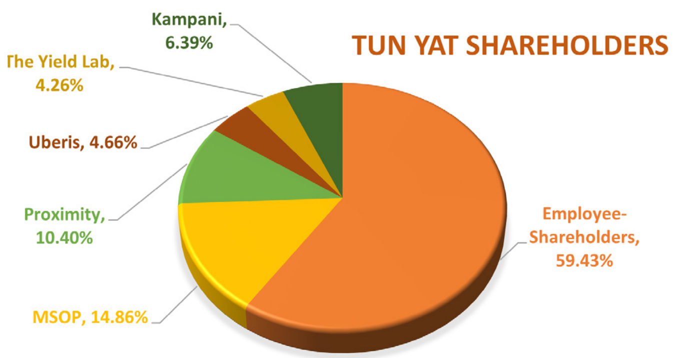
The connection between Kampani and Tun Yat was established by Alterfin. Alterfin had no prior relationship with Tun Yat but learned of the organization through a partner, Proximity Finance. Its parent NGO, Proximity Designs, is a co-founder and now shareholder of Tun Yat. Kampani, alongside The Yield Lab, completed the equity investment in May 2020.

Tun Yat is a limited liability corporation operating in Myanmar, with parent company registration in Singapore. This is a common practice in the country. Tun Yat specializes in renting farming equipment to local producers who cannot afford to purchase their own machinery. In 2020 the company reached 4,000 clients, a 100% increase from their 2019 service network. A predominant portion of their clients operate in rice farming.

Farmers can request the services via an app. In addition to renting out machinery with an operator, Tun Yat also trains machine owners and drivers and connects them to farmers in need of their services. As part of Tun Yat's proposal to Kampani, their expansion goals to reach a larger customer base and increase overall impact, included:

- opening a second district hub in Magway
- increasing the number of owned machines
- improving management of seasonality by diversifying crops they can serve (e.g. corn and beans)
- linking up farmers who have no financing with MFI's
- scaling up spare part sales

Tun Yat has completed several equity rounds. The current shareholdership is represented by this graph:



HIGHLIGHTS FROM 2020

- Signed deal with Kampani and The Yield Lab
- Acquisition of new machinery
- Opened second district hub in Magway
- Provided services to over 4,000 farmers in five districts

"For small farmers like us, it's not an easy job to get the machines. Thank you so much for harvesting my paddy. Tun Yat harvested well, it saved my paddy from becoming waste and increased my income 30,000 MMK per acre."

— Small-holder farmer in Pyarpone

SOCIAL IMPACT

Myanmar is highly dependent on agriculture, which accounts for 30% of its GDP and employs over 70% of the population. Smallholder farmers do 95% of agricultural work. However, due to several compounding factors including lack of access to irrigation, machinery, infrastructure, and adequate funding, productivity in the agri-sector is a fraction of what similar countries achieve. Where one day of rice harvesting in Myanmar yields 23 kgs of paddy, the same day's work in Vietnam and Thailand yields 400-500 kgs.

Myanmar farmers only earn about 1.80 – 2.50 USD per day in the monsoon season, compared to 10.00 – 16.50 USD in Thailand and 7.80 USD in the Philippines. On top of the low yield overall, farmers annually suffer huge losses (according to government estimates, 40 to 60% of the crops produced seasonally) because of the lack of post-harvest technology, machinery such as dryers and harvesters, and warehouses.

Tun Yat aims to address these market inefficiencies and support farmers throughout the country. Their mission, "Save and Harvest More, Prosperity for All," closely aligns with Kampani's as their business development is driven by farmer demands and targets smallholder famers. Specifically, they have focused on developing financing mechanisms, encouraging farmers to build cash reserves to better manage cash flows, and are currently working on a crop aggregation pilot to increase yield productivity.

Furthermore, Tun Yat has a policy that 60% of their clientele will have roughly two hectares or less of farmland. In other words, it has an explicit focus on supporting small producers.

Finally, Tun Yat has a programme in place to allow for gradual farmer-ownership of the company.

OUTLOOK + CHALLENGES

The main challenges for the coming year:

- Political upheaval continues to disrupt the economy; Tun Yat is well positioned to continue operations as an actor in the agricultural sector
- Securing new funding for acquisition of additional machinery to further their reach
- Implementation of rice berry project, collaborating with a seed provider to diversify farmers' crops with Thai hybrid rice and guaranteed offtake.

MAMBO COFFEE Tanzania

VITAL STATISTICS

Country	Tanzania
Sector	Coffee
Investment	Construction of additional warehouse, acquisition of additional truck
Total estimated capital expenditure	320,000 USD
Investment type	Four year and four-month subordinated loan, one year and four-month grace
Total loan amount	320,000 EUR
In portfolio since	November 2019
Deal sourced by	Alterfin

THE DEAL

Kampani completed the transaction in November 2019. Mambo's growth in the previous years led to a significant bottleneck in storage and transportation capacity. The processing plant, however, continued to have excess capacity and the company has never had an issue securing sufficient financing for operating expenses. With a high demand for coffee and available supply, Kampani and Mambo saw the opportunity to expand and strengthen the business by addressing these bottlenecks. Kampani's investment, as such, allowed Mambo to build a new warehouse and acquire another transport vehicle.

Mambo Coffee Company Ltd, a green coffee exporter with its office at the foot of Mount Kilimanjaro is founded, wholly owned, and managed by local entrepreneurs.

They source a predominant amount of their coffee beans from the north of the country but are actively expanding their presence in the south. Recognizing its strengths, Mambo Coffee does not do its own hulling and instead focuses on the value transformation areas in which it excels:

- Oscillating, which removes wires and husks and dust
- Grade separating (gravity table)
- Colour sorting
- Bulking

The hulling is done locally before being transported to their facility in Morogo.

The state-of-the-art factory, the hand sorting, the certifications, and Mambo Coffee's ability to create the blend the client requires, allow Mambo Coffee to sell at commercially attractive prices.

HIGHLIGHTS FROM 2020

- Warehouse construction completed, truck acquired
- Sourced 35% of beans directly from farmers and cooperatives
- Continued operating at similar levels to 2019 in spite of pandemic

"We serve farmers by promoting socio-economic development and pioneering an environmental agenda at origin. Mambo Coffee tells the story of the farmers behind the coffee. This synergy, we feel, creates sustainable long-term business relationships between growers and consumers."

— Athanasio Massenha, Managing Director, Mambo

SOCIAL IMPACT

Mambo's concept since inception has been to work with producers of Fairtrade and Organic coffee. Prioritizing smallholder farmers, it has long term relationships with a number of producer cooperatives that it buys beans from. This model has proved a core strength as Mambo is able to source premium coffee which fetches higher prices.

With Mambo, Kampani's investment in the coffee sector benefits producers who do not have their own export capacity. The total number of producers comes to 15,000 farmers, two thirds of them women.

The farmers get support from Mambo Coffee staff in the form of distribution of free seedlings through their cooperatives, agronomical support to help with spraying and pruning schedules, certification support, and other general training in partnership with other stakeholders (mostly NGOs and the government).

OUTLOOK + CHALLENGES

The main challenges for the coming year:

- Continued impact of COVID-19 on sales and export capacity
- Sourcing more beans directly from farmers and cooperatives
- Business diversification, formalizing financing support for producers
- New collection centers to expand reach to farmers country-wide
- Continued internal capacity building, to match management with growth objectives

COCOCA
Burundi

VITAL STATISTICS

Country	Burundi
Sector	Coffee
Investment	Acquisition of a coffee processing plant, i.e. a vertical integration
Total estimated capital expenditure	501,000 USD over three years
Investment type	Subordinated debt over five years
Total loan amount	314,000 USD plus an add-on investment in 2020 of 150,000 USD
Add-on investment	Spare parts for processing line and jute bags
Co-investor	Truvalu (formerly known as ICCO Agribusiness Booster), contributing 100,000 USD
In portfolio since	March 2016
Deal sourced by	The King Baudouin Foundation

THE DEAL

Kampani's first investment was made in 2016 into a newly established subsidiary of COCOCA, a Fairtrade certified union of coffee producing cooperatives in Burundi. The new subsidiary, Horamama Coffee Dry Mill, was the first, and continues to be the only, farmer-owned hulling factory in Burundi.

Kampani's investment supported the purchase of an existing hulling factory and warehouse. This allows for vertical integration as they no longer have to rely on third-parties for this service.

Each cooperative completes each stage of processing up to the hulling including production itself and the transformation from cherries into parchment coffee in their own washing stations. Hulling represents the final stage of production prior to export, transforming the parchment coffee into green coffee. This vertical integration and improved efficiency lead to higher revenue for farmers. Furthermore, they benefit from ownership of the mill.

The hulling plant acquired in 2016 has now completed its fifth season of operations. This year's campaign saw a shipment total of 103 containers, up from 52 the previous season but not quite back to the 2018 level of 180 containers. Their customer base has expanded over the years and they are now processing beans for major clients such as the Office for the Development of Coffee (ODECA).

"We are deeply grateful to the partners of the COCOCA-Horamama Union, especially Kampani who continues to show unwavering support of the Union in general and Horamama CDM in particular."

— Onesime Ntimpirangeza, Managing Director, Horamama

HIGHLIGHTS FROM 2020

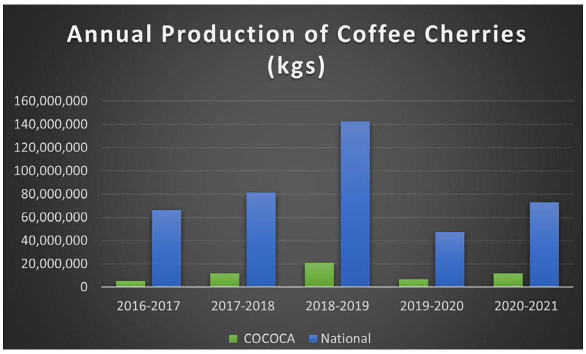
- Kampani add-on investment of 150,000 USD
- Interest and principal payments made in full; government restrictions on hard currency leaving the country continue to cause delays
- Final payments for the initial loan expected early 2021 and end of co-investment with Truvalu
- Involvement of the KBF to secure sufficient operating expense financing (via an interbank guarantee) continues to be vital
- Horamama reported receiving higher quality beans from COCOCA members than previous years, but there remains room for improvement
- 103 containers exported from the 2020-2021 season

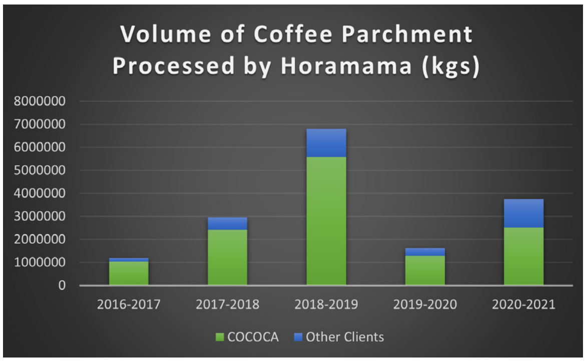
THE SOCIAL IMPACT

COCOCA remains the only cooperative player in the Burundi market to own a dry mill. Horamama, in terms of volumes processed, is now the largest in Burundi. They continue to seek additional income generating opportunities to support their members.

Since 2016, COCOCA has grown from a base of 32-member cooperatives to 38, reaching over 28,000 producers. They have worked closely with their producers throughout the pandemic and were able to double the number of containers in the last season, compared to the small volume of 52 containers in the 2019-2020 season. They continue to prioritize certifying farmers for Fairtrade or UTZ, while still recognizing the importance of processing conventional coffee, both for the market, and the benefit of their members.

At the national level COCOCA continues to consolidate its position. It represents 16% of the national production (up from 8% before it owned Horamama).





OUTLOOK + CHALLENGES

The main challenges for the coming year:

- A significant number of member cooperatives have never paid (or paid in full) for their issued shares. Horamama resolved to dissolve all unpaid shares if they remain unpaid by June 2021
- Profitability continues to be dependent on the volume to be processed as fixed costs are high
- Strengthening governance and better separating duties of COCOCA and Horamama Boards
- Managing volatile coffee crop yields, increasing input and securing buyers
- Finally closing loop on legal battle to obtain land title
- Continue to increase volume to process sourced from third-parties
- Continue to strengthen the current ratio
- Mitigating ongoing pandemic challenges domestically and in international sales capacity

Vert
Kenya

VITAL STATISTICS

Country	Kenya
Sector	Fresh vegetables for export, fruit pulp for local market, and dried mango for export
Investment	Construction of new factory on newly acquired land and acquisition of pulping machinery
Total estimated capital expenditure	1.8M EUR
Investment type	Straight equity combined with a subordinated loan
Equity investment amount	371,458 EUR (in Kenyan Shilling)
Subordinated loan amount	128,542 EUR (in EURO)
Co-investor	Grameen Credit Agricole Foundation, contributing 500,000 EUR, fully aligned with Kampani
Investor loan	800,000 EUR by Fefisol and Alterfin
In portfolio since	November 2016
Deal sourced by	Alterfin

HIGHLIGHTS FROM 2020

- New business line, mango and passion fruit pulp, has grown considerably. This diversification proved foresightful in light of the COVID pandemic, which drastically reduced vegetable sales to European customers.
- After a slow start to the pulping line in 2019, Vert closed out 2020 with sales of 3,670 barrels, up from 870 in 2019.
- Implementing the next phase of its growth plan, Vert expanded to the production of dried mango. Installation of the machinery began in late 2020 and the new production line became fully operational in January 2021.
- Despite projecting a complete halt in operations for the vegetable line due to the pandemic, Vert was able to successfully maintain sales at 50% capacity.
- Contracted with almost 4,000 smallholder farmers.

THE DEAL

Kampani entered its partnership with Vert, a Kenyan SME, in 2016. At the time, Vert was operating wholly in the sourcing, grading, packing, and export of fresh vegetables such as French beans, snow peas, baby corn, and baby carrots. Their desire to diversify the business led them to expand into the juice pulping business, specifically mango, for the domestic and regional market. This expansion is what Kampani helped realize. Ever entrepreneurial, they launched a third business line producing dried mango in partnership with their European client, HPW. The line became operational in January 2021.

Vert's founders want to improve smallholder farmers' living conditions by offering them reliable access to new market channels, technical support, and pre-financing services. In support of their mission, Vert aggregates smallholder farmers by organizing them in community-based organizations and supporting them along the production process. The additional mango business lines have allowed Vert to purchase 100% of producers' supply, ensuring no lost revenue for farmers unable to find a market for their Grade A or B mangoes.

Vert became fully operational in its new location in 2019. The vegetable line was hit particularly hard by the pandemic as most transport to and within the European market was halted. Pulp sales, however, increased dramatically over 2020, supplementing this lost income. The new dried mango line will further strengthen their revenues in 2021 and beyond.

"The future of Vert is bright! My vision is that Vert would be the workplace of choice for millennial women and men. I see a workplace that is united in their desire to promote gender inclusivity at all levels of society, and that's important."

— Jane Maina, CEO, Vert

THE SOCIAL IMPACT

With the pulp processing line quickly building its customer base, Vert is purchasing increasingly large volumes of second grade mangos, which were formerly considered waste. With the integration of the dried mango line, which requires grade A mangos, Vert is now able to offtake 100% of a farmer's supply. This not only simplifies the farmer's life by only having to work with one consistent buyer but also means a significant increase in income. Vert anticipates expanding operations to reach 6,000 farmers in the next few years.

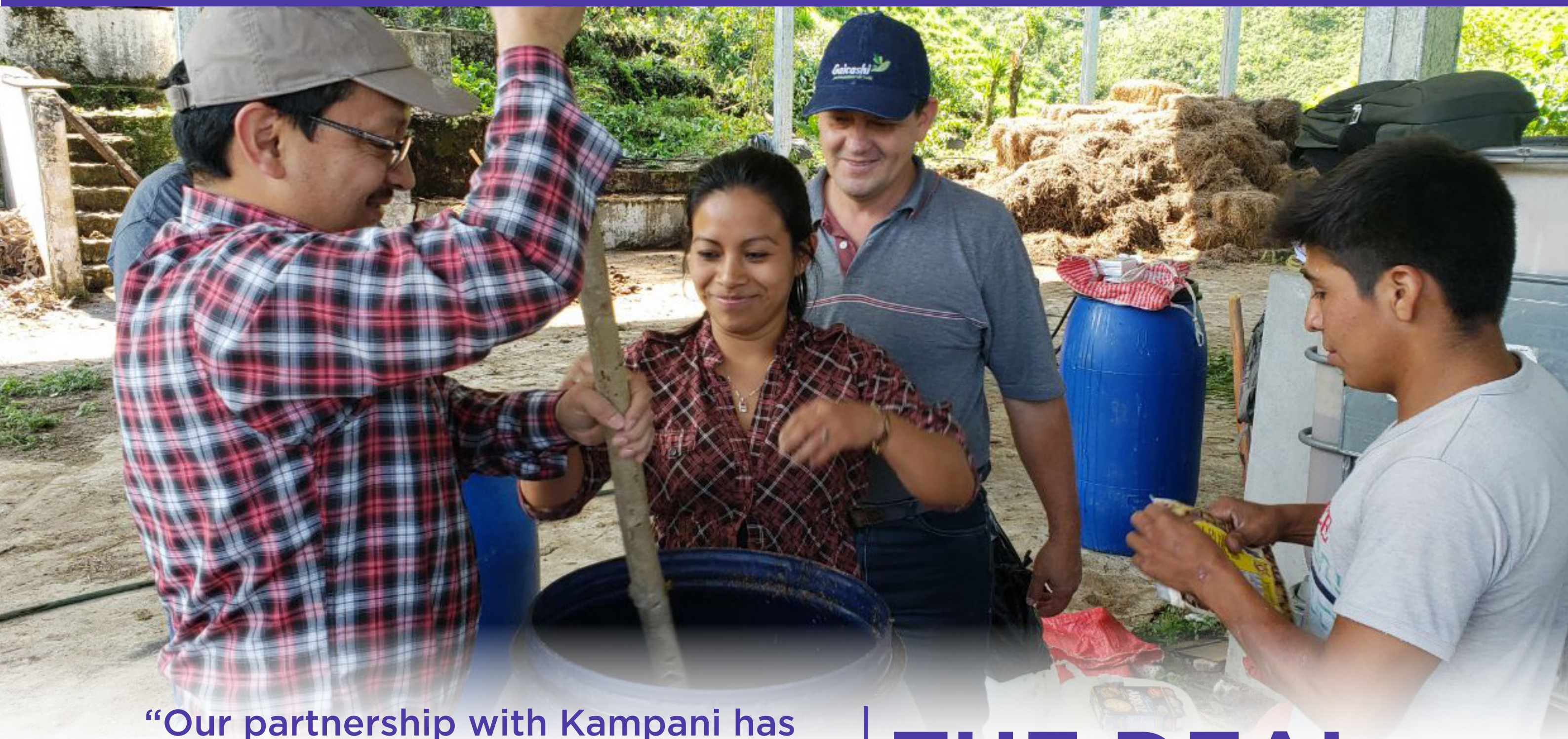
OUTLOOK + CHALLENGES

Vert's entrepreneurial spirit persists. The production of mango and passion fruit pulp has taken off and the dried mango line represents a significant opportunity for efficiency gains and farmer support.

The main challenges for the coming year:

- There continues to be an unmet demand for pulp; Vert is working to increase production rates
- Recovery of the vegetable line post-pandemic
- Strengthening the governance in line with the growth of the company
- Developing internal capacity to meet the growing demands of operations

FECCEG
Guatemala



"Our partnership with Kampani has allowed us to expand our membership base and ensure stable income for members of our community through crop diversification."
— FECCEG team

VITAL STATISTICS

Country	Guatemala
Sector	Coffee and honey, expansion to organic whole sugar (panela)
Total estimated capital expenditure	600,000 USD
Investment type	Subordinated loan
Total loan amount	500,000 USD
In portfolio since	June 2017
Deal sourced by	Alterfin (first contact made by Rikolto)

THE DEAL

Kampani entered into partnership with FECCEG, a Guatemalan co-operative, in 2017. Established in 2006, FECCEG works with roughly 900 member families, mostly from indigenous communities in the west of the country. Originally only a coffee producer and exporter, FECCEG now engages in the production and commercialisation of organic honey and organic whole sugar (panela). Panela production has proven more challenging to scale than expected. However, their coffee operations continue to thrive and provide the majority of revenue.

Kampani's investment contributed to the construction and outfitting of the new panela plant. At the same time, FECCEG itself contributed capital to continue improving the installations and building. In 2020, they also began preparing for the construction of an additional storage structure to address capacity constraints of the coffee line. Kampani is looking into an add-on investment in 2021.

HIGHLIGHTS FROM 2020

- Working with over 900 producers in coffee, honey, and sugar cane, over 30% of whom are women; 900 hectares under cultivation
- 730 producers trained in sustainable agricultural practices
- Construction commenced on new coffee warehouse
- Panela sales up 15% from previous season, but still proving to be a challenging expansion
- Coffee revenue down slightly due to lower international prices and poor domestic yields; however FECCEG has maintained significant sales in spite of pandemic
- Overall financial situation is healthy

THE SOCIAL IMPACT

FECCEG operates in north western Guatemala, where the population is largely indigenous Maya. The predominant tribes in the region are Mam, Kiche, Ixil, Kaqchiquel and Popti. The communities survive wholly off of small-scale agriculture, livestock, and coffee cultivation. Farmland is difficult to secure as much of the flatland has been overused for corn and beans alongside heavy agrochemical use.

With a commitment to uplifting small-holder farmers, FECCEG supports its members in a number of ways.

Their processing plant allows producers access to international and niche markets. Without the quality control FECCEG provides, these farmers would have to sell locally, often through intermediaries who pay low prices. In addition to providing members with steady and higher income, FECCEG provides training and technical assistance in organic, sustainable farming and is actively engaged in community development.

OUTLOOK + CHALLENGES

FECCEG completed its third panela production cycle in 2020. Although sales were up 15% from 2019, production continues to fall short of projections. It is proving to be a challenging market. The FECCEG leadership remains committed to all its products and is continuing expansion through operations optimization and increasing capacity through construction of additional storage facilities.

For the coming year, FECCEG's challenges specific to the panela business line are expected to be:

- Scaling production
- Securing more buyers
- Mitigating pandemic challenges

Additionally, as the organization grows, strengthening their governance and management structure will be crucial.

CASSIA CO-OP Indonesia

VITAL STATISTICS

Country	Indonesia (Sumatra)
Sector	Cinnamon, other spices and essential oils
Total estimated capital expenditure	650,000 USD
Investment type	Subordinated loan
Total loan amount	500,000 USD
In portfolio since	May 2018
Deal sourced by	Alterfin & Rikolto

HIGHLIGHTS FROM 2020

- Completion of the FSSC22000 certified, purpose-built facility for the new grinder
- The Kampani-financed cinnamon grinder is now fully operational
- Inputs purchased from 104 farmers, up 300% from 2019; 13 of which provided patchouli
- 73 producers received training in sustainable agriculture practices
- Total volume down due to COVID-19

THE DEAL

Kampani began its partnership with Cassia Co-op in 2018. PT Cassia Co-op is an Indonesian limited liability company. Operating since 2011, Cassia Co-op sources, processes, and markets cinnamon and patchouli oil.

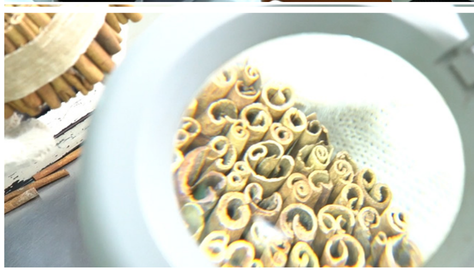
While most of the Cinnamomum burmannii in today's world market originates from Indonesia, Cassia Co-op continues to be the only cinnamon processing and exporting company set up in Kerinci, on the island of Sumatra, where 80% of the global production grows.

Lacking the equipment, Cassia Co-op had to outsource their grinding, or sell the cinnamon in its raw form. This is typical of the cinnamon value chain. Only a small portion of the cinnamon produced in Indonesia actually leaves the country in powdered form.

With the funding from Kampani, Cassia Co-op purchased its own grinder to convert the crushed cinnamon into powder. This vertical integration allows for efficiency gains, cost savings, and adds value to their final product. Bringing this added value into the heart of the production zone, Cassia Co-op has been able to further shorten the supply chain, reflecting its social mission.

Cassia Co-op continues to work on the expansion of the patchouli business line, though it has proven to be a more difficult market to break into than expected. Cassia remains optimistic.

"We are excited to see our raw materials fully processed in our own facility! It is great to have the added value component take place in our own community."
— Cinnamon farmer


THE SOCIAL IMPACT

Cassia Co-op is uniquely shortening the cinnamon value chain by bringing the grinding process to the center of the production region. Now able to sell a finished product, Cassia Co-op and its members can fetch higher prices on the market, directly benefiting the small-holder farmers. Cassia Co-op has always sourced directly from producers and continues to provide valuable services to the community.

Recognizing that cinnamon harvest is irregular and infrequent (trees require at least 15 years to reach maturity), Cassia Co-op expanded their business into the production of patchouli oil. Patchouli is a fast-growing fragrant herb and a complementary intercrop for young cinnamon trees. Patchouli oil is widely used in the cosmetic industry. Cassia Co-op's focus on the expansion of the patchouli oil business line in 2020 led to a 40% increase in volume purchased from farmers.

OUTLOOK + CHALLENGES

Operationalization of the cinnamon grinder was delayed. Now functioning, margins for the cinnamon line are anticipated to significantly improve over the next year. Cassia Co-op will continue its expansion into essential oil production and may look to expand into other raw materials.

For the coming year, Cassia Co-op's challenges are expected to be:

- Attend to the expansion of the essential oils business line; secure new producers and buyers
- Capitalize on US market expansion and grow clientele base
- Strengthen management and governance to match expansion goals
- Mitigate continued challenges arising from the pandemic

COOPEASSA
Costa Rica

VITAL STATISTICS

Country	Costa Rica
Sector	Organic coffee, banana, expansion to organic pineapple
Investment	Acreage expansion devoted to production of organic pineapple
Total estimated capital expenditure	630,000 USD
Investment type	Subordinated loan
Loan amount	580,000 USD
In portfolio since	July 2018
Deal sourced by	Alterfin and Rikolto

THE DEAL

Kampani entered its partnership with Coopeassa, a Costa Rican cooperative, in 2018. Founded in 1984, Coopeassa has an impressive track record. In its origin, it only produced coffee.

Coopeassa's members saw the need to expand their crop diversity to generate year-round income as the income from coffee is only once per year. Coopeassa pursued organic production of a variety of exotic fruits like pineapple and banana as a solution.

In light of management challenges arising in 2019, Kampani's representative was identified by the board as the ideal candidate to serve as interim general manager. He has subsequently remained in that position into 2021. Coopeassa closed out 2020 with a positive net result for the first time in three years, despite the complications arising from COVID. This is a clear result of the reforms enacted by the interim manager. Organic production of produce has reached 17% of total production and they expect to increase this throughout 2021.

HIGHLIGHTS FROM 2020

- Positive net result for first time in three years
- Increased margins and profit by 10%
- 70 producers with organic certification in one or more crops
- 21 hectares converted to pineapple production
- Strategic decisions to reposition the business model have shown positive results in the first year

THE SOCIAL IMPACT

Sustainability is at the core of Coopeassa's mission. Their further expansion into organic fruit production and processing is further contributing to the well-being of its members, the environment, and the general economic development of the area.

In 2020, all active producers in Coopeassa's network were engaged in organic farming in one or more of their crops. The per hectare income for the farmer differs greatly per crop type, varying from some 3,200 USD per hectare for conventional coffee and 4,500 USD for organic coffee to almost 20,000 USD per hectare for organic pineapple. The high upfront investment costs continue to deter some producers from branching out. Coopeassa is working to provide training and services to help aid this transition.

"We are so grateful for the contribution of Kampani's board representative, who not only provided invaluable mentoring, but went above and beyond to step in as interim general manager at a critical time in the organization's growth."
— Coopeassa members

OUTLOOK + CHALLENGES

The business line Kampani invested in, the production of organic pineapple, continues to do well in terms of margins and in 2020 surpassed the 18-hectare goal.

For the coming year, Coopeassa's challenges are expected to be:

- On-boarding and transition period of new general manager (hired Q1 2021)
- Continue consolidating operations
- Recover producers that were not engaged in 2020
- Spread of social impact to more producers

FINANCIAL RESULTS 2020

BALANCE SHEET IN EURO

	2020	2019
Fixed assets	**134,698**	**92,865**
Financial fixed assets	134,698	92,865
Current assets	**2,093,647**	**2,444,481**
Credit portfolio	1,841,377	1,772,710
Cash and cash equivalents	113,657	526,181
Other accounts receivable	138,612	145,591
Total Assets	**2,228,345**	**2,537,346**
Equity	**2,153,077**	**2,405,505**
Paid-in capital	3,308,000	3,308,000
Issuance premium	147,600	147,600
Accumulated results	-1,302,523	-1,050,095
Liabilities	**75,269**	**131,841**
Long term liabilities (>1 year)	0	9,347
Short term liabilities (<1 year)	73,313	78,648
Transitory accounts	1,956	43,846
Total liabilities and equity	**2,228,346**	**2,537,346**

The balance sheet reflects the risk provisioning, and the new investments we have made in Nicaragua and Myanmar. Given the pipeline and provided the COVID-19 crisis does not last much longer, Kampani expects to be fully invested again by early 2022.

PROFIT AND LOSS STATEMENT IN EURO

	2019	2020
Revenues	157,332	179,758
Operational Expenses	189,434	200,119
Operational Results	-32,102	-20,361
Provisions	-373,000	-125,000
Latent Neg. Currency Effect	0	-102,066
Net Result	-405,102	-247,427

The 2020 operational result was better than budgeted. But, while the operational losses continued to decrease as expected, Kampani had to make a risk provision and account for unrealised exchange rate losses.

GOVERNANCE

The members of Kampani's Board

- **Steven Serneels**, Independent (Chairman)
- **Hannelore Beerlandt,** CEO Agricord and Chair of ENABEL
- **Pieter Verhelst,** Senior Adviser, Boerenbond
- **Jan Vander Elst,** Head of Finance, King Baudouin Foundation
- **Chris Claes,** Executive Director, Rikolto International
- **Jean-Michel Pochet,** General Manager, Louvain Cooperation
- **Jean-Marc Debricon,** General Manager, Alterfin
- **Wouter Vandersypen,** Executive Director, Kampani

The members of Kampani's Investment Committee

- **Wouter Vandersypen** (Chairman of the IC)
- **Helena Vandebeeck,** Board of Directors Chair, SIAT Group
- **Suzy Serneels,** Policy Officer, Broederlijk Delen
- **Luc Basstanie,** Senior Investment Manager, AIF, Boerenbond
- **Pierre Harkay,** Manager Development and Sustainability Unit, BIO-Invest
- **Patrick Eeckloo,** South Program Manager, Trias
- **Stefaan Calmeyn,** Policy and South Department, Oxfam WW
- **Pierre Queritet,** Director, PwC Legal
- **Hugo Couderé,** Senior Adviser, Alterfin

Kampani is grateful to these mandate holders, who fulfil their responsibilities at no financial cost to Kampani.

THANK YOU TO alterfin

Investing in sustainable development

Alterfin is intimately linked to Kampani. As Kampani's portfolio manager, Alterfin provides key services such as helping with deal screening and developing due diligence reports to inform the investment decisions taken by Kampani's Investment Committee.

THANK YOU TO OUR OTHER PARTNERS

KBC Brussels

Vandelanotte More than accountants

Van Olmen & Wynant

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