

KAMPANI

Investing in family farming



ANNUAL REPORT 2021

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Cover: One of the main product categories of our new client, EAFC, is banana. Several truckloads are brought to the capital, Dar es Salaam, daily.



PREAMBLE BY THE CHAIRMAN

Dear investors, stakeholders and friends of Kampani,

I am delighted to share an overview of Kampani's evolution in 2021 as we enter a new phase: Kampani's scaling-up strategy is being successfully implemented at every level: deal flow, assets under management, number of deals and the growth of the team.

The addition of three new investments means our portfolio has now reached a total of eleven investees in 2021. Combined with the two add-on investments, we achieved our target of five deals, closing the year with almost EUR 4M outstanding. Our three new investments were Najil Cab, a bee-keeping business in Mexico; Seed Potato Fund, a seed potato cooperative in Rwanda; and East Africa Fruit Company, a social enterprise integrating buyers and sellers of fruit and vegetables in Tanzania. Each of these investments generates a significant social impact for smallholders, in line with Kampani's mission. Moreover, all three represent new products and supply chains for Kampani's portfolio, a significant step toward continued diversification and expanding the reach of our impact.

We also strengthened our operational capabilities by taking on two experienced full-time staff, and moving the backoffice from Alterfin to Kampani. At the same time we have extended our network of investment advisers, allowing us to tap into more relevant pockets of expertise in our investment markets as we scale up. Adding skills and capacity in-house, and growing our pool of operational partners, marks a significant milestone, building the foundation for our future growth. It allows us to act more quickly when we identify investment opportunities, and continue to develop best practices in our unique investment model.

To enable our growth strategy, we also successfully launched a fundraising campaign and will reach a fund size of EUR 10M after our first closing.

Of course, 2021 was not an easy year for smallholder farmers. Transport disruptions, shortages of containers and increased input costs put pressure on the bottom lines of our investees and their smallholder farmer suppliers. These challenges have highlighted the need for support from patient capital, and particularly investments in capital expenses, to boost efficiency improvements, precisely what Kampani is designed to provide.

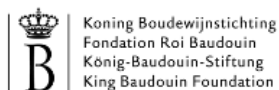
Despite this economic landscape, our investees have shown resilience and continued support for smallholder farmers. Our portfolio remains healthy; the Audit Committee found no reason to take on any additional provisions and no loan was restructured in 2021. As we take stock of our investees' activities in their local communities, stories of healthcare coverage for members and women's empowerment programs reaffirm the social impact our investments are having.

Reflecting on 2021, and with no failures in our portfolio to date, we feel more convinced than ever that Kampani's shareholder-stakeholder model represents a scalable solution for addressing a highly complex challenge: investing in the missing middle to improve the livelihoods of smallholder farmers.

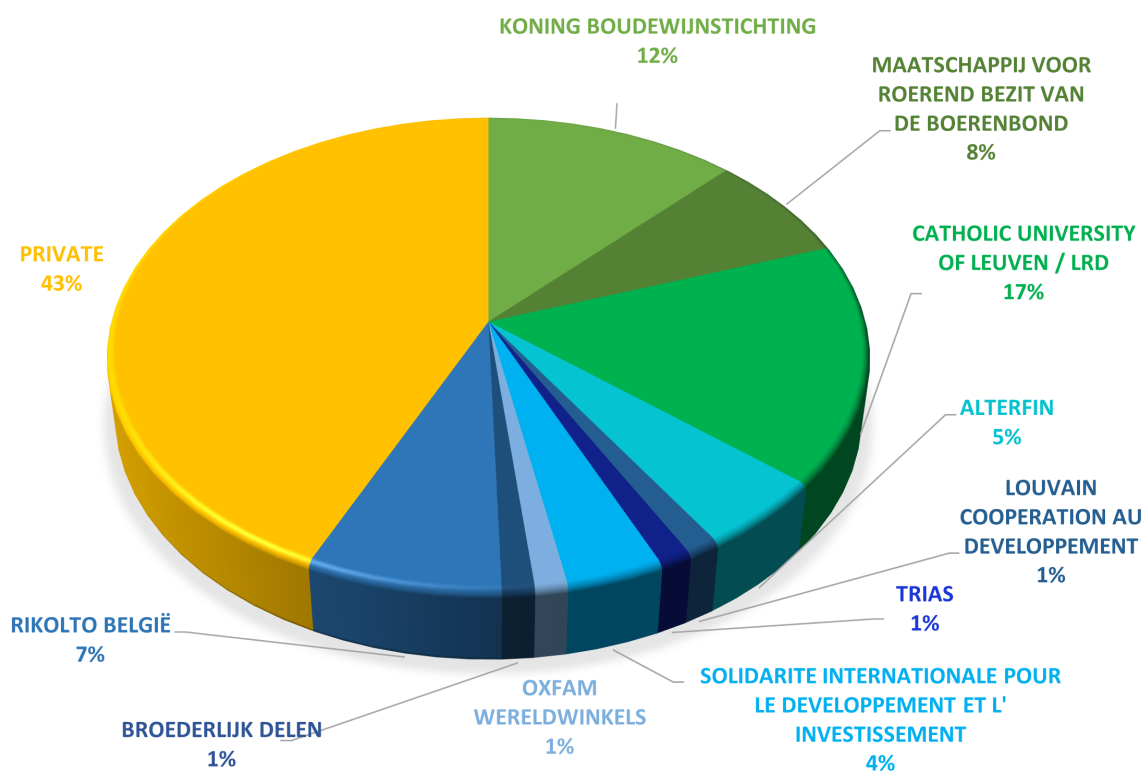
It has taken time to build our model, but we are now confident we can scale it successfully. A big thanks to all partners in our network, and to our expanded team, for putting Kampani on course to grow to a EUR 20M fund. On behalf of the board, I would also like to thank our investors and our strategic partners for their continuing belief in Kampani's mission, which has already helped us sustainably improve the livelihoods of over 50,000 smallholder farmers.

Steven Serneels,
Chairman of Kampani

SHAREHOLDERSHIP



and Private Investors



KAMPANI'S SOCIAL IMPACT

INTRODUCTION

For the first time this year, we devote a stand-alone section in our annual report to the social impact, which lies at the heart of what Kampani is trying to achieve. Kampani's founders started with the social problem we wanted to address and reverse-engineered a solution. Our entire strategy, from investment thesis to fundraising approach, was designed with this end goal in mind. It has determined our investment scope, our overall risk profile, the fund-level target financial return and the type of shareholders we were able to attract.

In this section we briefly revisit this theory of change, describe how we try to maximize the social impact, and report on some aggregate data, before taking a look at the impact at deal level in later sections.

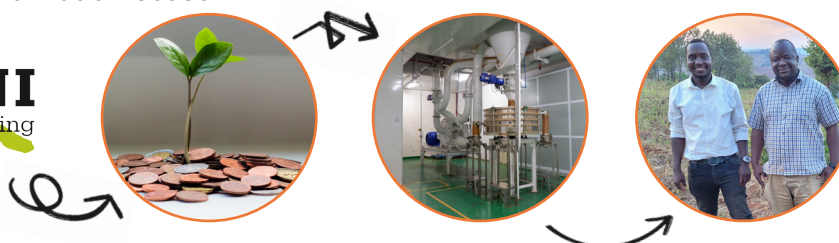
OUR GOAL

Kampani is a social impact investment fund designed to unlock the potential of entrepreneurial farming in Africa, Asia and Latin America. Kampani represents a pioneering approach to fight poverty and promote development. We provide patient growth capital for capex-heavy investments — land, buildings, equipment — to producer cooperatives and high-impact SMEs. We do so with relatively small investment amounts (EUR 100K to EUR 500K).

Vision

Empower smallholder farmers through long-term investments in **agricultural cooperatives and small businesses**.

KAMPANI
Investing in family farming



OUR THEORY OF CHANGE

Our expected pathway of change can be presented as follows. Through investments and non-financial support (=input), Kampani contributes to the growth of our investees. This may be in the form of diversification, vertical integration and/or scaling (=output). This should in turn lead to reduced vulnerability of smallholder farmers, and higher and/or more stable net income (=outcome). This is expected to contribute positively to reduced poverty, improved food security and an overall improvement of living standards (=impact).

Input	Output	Outcomes
Patient Capital + Non-Financial Support	CAPEX Investments For Scale Up Diversification and/or Vertical integration	Better services and access to markets for smallholders And thus Higher and/or more stable net income and reduced vulnerability

THROUGH THE LENSE OF THE SDGS

Kampani's central focus lies on SDGs 1 and 2: no poverty and zero hunger. All of our investments contribute to these two central priorities.



Our clients may contribute to a number of other SDGs as well, including reducing gender inequalities (SDG5), creating decent work and economic growth (SDG8), working on social inclusion (SDG10), practicing good environmental standards for responsible production and consumption (SDG12), sustainable use of territorial ecosystems (SD15), and taking action to combat climate change (SDG13).



While our contribution to these other SDGs can be significant and explicit, we measure our success mainly through the first two SDGs.

A WORD OF CAUTION

We are certain our investments have generated significant social impact. We have to acknowledge, however, the limitations inherent in our approach. The common limitations for any impact fund — questions around additionality and attribution — apply for Kampani as well. In addition, given our investment strategy it usually takes several years before any social change can be attributed to Kampani. The construction phase in many cases already takes more than a year.

MORE ON OUR IMPACT MEASUREMENT METHODOLOGY

We require our investees to set goals through a social business charter and impact indicators that will strengthen their mission as social enterprises.

The development of a tailored social business charter for each investee serves three purposes:

- To ensure a shared understanding between Kampani and the investee as to what the social goals are.
- To provide a lens through which all decisions need to be taken. All strategic decisions need to be checked against how they contribute towards the social goals.
- To enable Kampani to measure progress and define success.

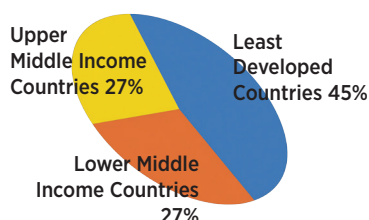
For the key performance indicators, we select from the Shared Impact Assessment and Measurement Toolbox developed by the Finance Alliance for Sustainable Trade.

SOME FUND LEVEL DATA

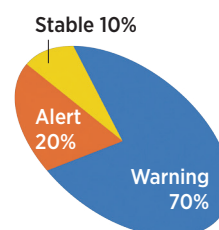
Our partners worked with a total of **55,378** smallholders in 2021.



5 out of our **11** investees target crops for the local market. All of our investees that target the export market source organic certified crops for part or all of their production.



The countries where our investees are located are all official development assistance recipients, with **45%** of them located in **least developed countries**.



The vast majority of the countries where we work are considered fragile countries according to the Fund for Peace Index 2021.

Long capital provided with an average investment size of **EUR 379K**.



EAST AFRICA FRUIT COMPANY Tanzania



An onion producer
in Moshi area,
supported by Rikolto.

KEY FIGURES

Country	Tanzania
Sector	Fruit and Vegetables
Type of Investment	Convertible subordinated loan
Amount	USD 590K
Tenor	8 years
Interest payment	Annual
Principal payment	Annual, 2-year grace period
Disbursement	September 2021
Deal sourcing	Rikolto and OvO



THE INVESTMENT

East Africa Fruit Company (EAFC) is an SME founded in 2013. It sources all its fruit and vegetables directly from smallholder farmers, processes them, then distributes to customers (B2B). Eliminating the need for middlemen, EAFC can reach the market at competitive prices. Partnering with Rikolto, EAFC also ensures its network of producers are organized and trained.

Kampani supported EAFC in September 2021 by financing an expansion in both transport and processing capacity. This investment contributed to the purchase of trucks, distribution vans, and collection centre infrastructure that helped EAFC to increase its logistics capacity.

In 2021, EAFC expanded operations significantly. The total revenue increased by 72% from USD 3.2M in 2020 to USD 5M in 2021 and the customer base grew from 2,582 in December 2020 to 5,324 in December 2021. The fleet size went from 26 trucks in 2020 to 43 trucks in 2021. EAFC hired new staff in all departments, with a total of 150 full time employees (35 women and 115 men) and 214 part-time employees and seasonal workers (112 women and 102 men) as of 31 December 2021.

SOCIAL IMPACT

Social impact is at the core of EAFC's business. EAFC provides ready and reliable markets to smallholder farmers, reducing post-harvest losses and increasing farmers' incomes, while ensuring reliable supply of high quality produce to customers.

EAFC's strong growth had also an important social impact. In 2021 it worked with 47 farmers groups comprising 5,004 farmers (1,941 women and 3,063 men). It provided 3,189 farmers with training on Climate Smart Agribusiness via farmer field schools.

In 2021, EAFC bought 16 metric tons of fruit and vegetables from smallholder farmers in Northern and Southern highlands of Tanzania. EAFC offered higher prices to smallholders (USD 0.22 per kg vs USD 0.17 per kg paid by middlemen), and ensured market access. This increased farmer incomes and reduced the level of waste for farmers, especially during high season for their produce.



“We expect to continue with the strong growth as well as social impact, providing efficiency to the supply chain, reducing food waste and providing better income and training to smallholder farmers.”

**— Diana Michael,
Chief Accounting Officer**

HIGHLIGHTS FROM 2021

- Construction of one collection centre at Lusitu Njombe was completed for aggregation of farmers produce from Njombe and Ludewa before shipping the produce to Dar es Salaam.
- Onboarded a Chief Operating Officer in July 2021, to head the Operations and Logistics Departments.
- Hired middle managers and supervisors such as HR Supervisor, Sales Manager, Finance Manager as well as Operations and Logistics Supervisors.
- Increased purchase of protective equipment like hand sanitiser, liquid soap, face masks, etc., for staff for preventive measures against COVID-19.
- Disruptions in supply chains of imported goods like solar powered cold rooms. For instance, EAFC procured a solar powered unit from DGrid Energy in 2021 whose manufacturing and delivery was delayed by 5 months.



One of the banana collection centers ran by EAFC.

OUTLOOK + CHALLENGES 2022

- Setting up two additional distribution centres in Dar es Salaam.
- Opening up operations in Dodoma and Zanzibar.
- Expanding three existing collection centres.
- Developing technology for managing growth and ensuring sustainability of the business.
- Expanding engagement with farmers to procure more high quality products.



SPF Rwanda



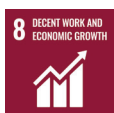
The current SPF aeroponics unit.

KEY FIGURES

Country	Rwanda
Sector	Seed Potato
Investment	Convertible subordinated loan
Amount	USD 580K
Tenor	7 years
Interest payment	Annual
Principal payment	Annual, 3-year grace period
Disbursement	October 2021
Deal sourcing	Agriterra

THE INVESTMENT

Seed Potato Fund (SPF) is a seed potato multiplication company founded in 2015, owned by farmers and four cooperatives. SPF buys seed potatoes from farmers at harvesting time, stores them and makes them available the next season to improve the quality and quantity of potatoes cultivated. It addresses the issue of “seed leak”, i.e. when seed potatoes are sold as ware potatoes for immediate consumption instead of being stored until the start of the following growing season. SPF is one of the key actors in the potato value chain in Rwanda. Kampani invested in SPF in October 2021 to finance an aeroponic system, two warehouses and transport vehicles. The objective is to produce quality minitubers at scale by investing in an aeroponics unit capable of quadrupling the current production capacity, to 540,000 minitubers per year. The two storage facilities will provide capacity for SPF to purchase and store 500 metric tons of seed potato per season.



SOCIAL IMPACT

SPF is farmer-owned and socially aligned. It reaches farmers at each stage of the seed potato value chain, ensuring adequate supply of quality inputs as well as access to the market for producers at attractive prices.

In 2021, SPF worked with a total of 2,630 producers (45% were women, 11% were non-member). SPF has a team of 52 agronomists who assist farmers, both member and non-member, in their daily activities in seed potato production, to help increase productivity and improve the quality of their produce. These agronomists provide their services free of charge to the farmers, and their number is expected to increase with Kampani's investment.

“It takes 8 months to produce a generation of potato seed, a period of time that farmers cannot afford to wait for income for their potatoes. SPF helps farmers buy that fresh seed after four months.”

**— Salomon Mbarushimana,
MD Seed Potato Fund**

HIGHLIGHTS FROM 2021

- SPF focused on constructing the aeroponics greenhouse at Busogo site in Musanze District.
- Received building permits for aeroponic and storage (Musanze Site) and building permit for seed storage (Burera Site).
- In 2021, SPF started a partnership with Equity Bank and MoneyPhone BV, in order to provide digital access to finance to potato growers. The parties agreed to launch this product in 2022.
- SPF established more demo plots with different varieties of potato to see the performance and adaptability of each variety.
- SPF supplied more than 100 metric tons of seed potato during season 2021 to the eastern province of Rwanda farmers.



*The new aeroponics unit during the construction phase.
Now completed.*

OUTLOOK + CHALLENGES 2022

- Increasing the availability and accessibility of quality potato seed to farmers.
- Strengthening SPF's commercial relationships with seed companies.
- Thanks to Kampani's investment, the output is expected to significantly increase.
- Increasing the number of agronomists to 80.
- Supporting the professionalization of seed producers to ensure a reliable market.



NAJIL CAB Mexico



A training session
for the bee-keepers.

KEY FIGURES

Country	Mexico
Sector	Honey
Investment	Subordinated loan
Amount	USD 450K
Tenor	7 years, 4 months
Interest payment	Annual
Principal payment	Annual, 2-year grace period
Disbursement	January 2021
Deal sourcing	Alterfin

THE INVESTMENT

Najil Cab was founded in 2012 as a honey producer in Yucatán, Mexico. The company works mainly with indigenous communities in small villages, providing beekeepers with support and technical assistance.

In January 2021, Kampani invested in Najil Cab to finance the construction of a honey processing facility. Being able to manage their own processing capacity will reduce costs and thus increase profits. The estimated capital expenditure for Najil Cab was approximately USD 550,000. The new honey processing and storage plant in Merida can handle up to 140 drums (two containers) per week. The total capacity of the plant is 3,080 drums/44 containers, or 924 tons of honey. In 2021, Najil Cab focused on construction and installation of the processing and storage facility, and obtained the necessary certifications and permits to start operating.



SOCIAL IMPACT

Najil Cab's goal is to create — and maximize — social impact, rather than profit. In a region facing extreme poverty and lacking in alternatives to generate cash income, Najil Cab provides greatly needed support to the largely indigenous Maya population of Yucatán. For most producers, the honey trade is the only source of cash income.

In 2021, Najil Cab expanded its suppliers with 135 new beekeepers, for a total of 1,064 beekeepers.

Najil Cab supports its suppliers to help them increase their production and productivity. In 2021 it provided 24 training sessions, covering 80% of member producers. Non members were also able to participate.

Najil Cab has been able to maintain the loyalty of the producers by ensuring better prices (10% above the competition) and by providing technical assistance. Direct profit for the producers increased from 8% to 10% in 2021.

Najil Cab's support for community beekeeping organizations included extending its "clean apiary" program to three communities, bringing a direct ecological benefit to the region. It established community garbage collectors, as well as a program for cleaning the area and roads of litter (to reduce the risk of contamination undermining honey quality) and maintaining good environmental standards for the community.

OUTLOOK + CHALLENGES 2022

- Launching operations at Najil Cab's new processing plant and increasing production volume of both regular and organic honey.
- Increasing the producer base, including by expanding to other states such as Oaxaca.
- Continuing work to expand and diversify Najil Cab's buyers base.
- Improving logistics.

HIGHLIGHTS FROM 2021

- Construction of the processing plant was completed, on time and within budget.
- It was a challenging year because COVID restrictions presented challenges for communicating and meeting with beekeepers and made technical training harder to organize.
- Najil Cab established two new collection centres in the region of Huhi in Yucatan and San Juan de Dios in Quintana Roo, extending its reach.
- At year end, 60% of Najil Cab's collection centres were strengthened, and for the current cycle; 40% of the gross profit was allocated to the purchase of goods for the organization, as in the previous cycle.
- Najil Cab obtained organic certification and exported 40 tons of Yucatan honey, with a significant price improvement directly benefitting the 101 producers belonging to the organic group.
- Najil Cab hired three new people to improve quality control and production.



Above: A Najil Cab collection center. Below: The new processing plant during the construction phase. Now completed.





TUN YAT Myanmar

KEY FIGURES

Country	Myanmar
Sector	Agri-machinery rental, crop aggregation
Type of Investment	Equity
Total loan amount	USD 150K
Co-Investor	The Yield Lab (USD 100K)
In portfolio since	May 2020



THE INVESTMENT

Tun Yat provides on-demand mechanised farming services with the purpose of increasing smallholder yields. In May 2020, Kampani investment enabled Tun Yat to acquire four additional tractors, two harvesters and spare parts, and to invest in their management information system. This co-investment of Kampani and The Yield Lab allowed Tun Yat to expand their customer base, diversify the crops they could serve and improve their information systems.

Myanmar is facing a number of challenges, with both Covid-19 and the military coup contributing to decreased economic activity and restricted mobility. Border closures resulted in limited opportunities for potential investors to carry out due diligence in situ, which stalled Tun Yat's fundraising efforts.

Tun Yat persevered despite these difficulties, finding workarounds to logistical problems and extending the level of services provided to farmers. They started selling fertilizer inputs, commercializing maize production and gathering data in partnership with microfinance institutions to foster farmers' access to finance. These activities complemented Tun Yat's work in promoting mechanized farming, as well as increasing Tun Yat's revenue lines at negligible added cost.



Tun Yat was also able to begin harvesting two additional commodity crops, mung beans and peanuts, through small modifications to their existing machinery. These crops offer higher margins than rice.

In little over a year since Kampani's investment, Tun Yat fulfilled its commitment to open up a second service hub in Magway city, improved its seasonality management by expanding to other crops, and started connecting farmers with financing.



HIGHLIGHTS FROM 2021

- Tun Yat serviced 6,000 acres with its harvesters and 370 acres with its tractors, managing to increase its revenues from the previous year.
- ACDI VOCA facilitated John Deere to donate two tractors and additional equipment for Tun Yat's new crop operations.
- Transportation in between the two hubs became limited due to curfew hours and military occupation.
- Tun Yat conducted 3,000 farmer surveys and shared these useful data with microfinance institutions to encourage lending to smallholders.

“Tun Yat wishes to raise USD 3-5M in 2022 to capitalize on the growth and leverage its new ICT platform by increasing the customer base. Kampani can be instrumental in helping mobilize other socially minded investors who understand the current country and political risk.”

**— Hujjat Nadarajah,
CEO of Tun Yat**

SOCIAL IMPACT

Myanmar is highly dependent on agriculture, which accounts for 30% of GDP and employs over 70% of the population. Smallholder farmers account for 95% of agricultural work. However, agricultural productivity (measured by the ratio of outputs to inputs) is just 20%, considerably lower than neighbouring countries. This is due to several compounding factors, including lack of access to irrigation, machinery, infrastructure, and funding.

Tun Yat's services are vital to overcoming the obstacles that smallholder farmers face; testament to this, of the 4,991 smallholders that Tun Yat reached in 2021, 57%

were repeat customers. Tun Yat's social mission is to improve smallholder productivity, and it has an explicit policy that 60% of its clients possess two hectares or less of farmland. In 2021, only 7% of clients had more than seven acres of land.

In 2021, Tun Yat employed 48 staff, a quarter of them women. Tun Yat helped train migrant workers as part of a program led by Paung Sie Facility, an organization building social cohesion in Myanmar. Through this program, migrant workers were trained in the use of harvesters and tractors; some were subsequently hired by Tun Yat full time.

OUTLOOK + CHALLENGES 2022

- Fuel and spare parts costs continue to increase which will translate into higher operating costs. Coupled with military coup setbacks, this may lead to revenue losses in 2022.
- Fine-tuning Tun Yat's back-office operations (finance and logistics/data) in order to prepare for subsequent rounds of fundraising.
- As borders reopen and the COVID situation normalizes, Tun Yat may benefit from increased economic activity within Myanmar, however new FX restrictions established by the Central Bank may hinder economic progress in the country.





COOSEMPODA Nicaragua



The new vegetable washing line.

KEY FIGURES

Country	Nicaragua
Sector	Vegetables for local market
Investment type	Subordinated loan
Amount	USD 215K
Tenor	Seven years
Interest Payment	Annual
Principal Payment	Annual, 2-year grace period
Disbursement	April 2020
Deal sourcing	Rikolto

THE INVESTMENT

In April 2020, Kampani completed the transaction with Cooperativa de Servicios Múltiples Padre Odorico De Andrea R.L. (Coosempoda), a cooperative founded in 1995 that provides various services to smallholder vegetable farmers. Kampani's investment allowed Coosempoda to acquire an automated produce washing line, and build a seedling production facility and a large mesh building for protected agriculture (pictured on next page).

In the course of 2021, these new facilities were put to use. The new produce washing line is performing well, although market disruptions related to COVID

meant that it is not yet being used at capacity. Negotiations are ongoing with U.S. retailer Walmart to expand to new product categories, exploiting the full potential of the new washing line.

The seedling production facility was also completed in 2021, with 800 square meters of greenhouse and 3,000 square meters of mesh structure. The first seedlings were produced at the end of the year, with a current monthly production of 100,000 seedlings. At capacity, the cooperative will produce 400,000 seedlings per month.

"In 2022, we are sowing potatoes, carrots and beetroots and of course will continue producing cabbage. We are excited about conversations with Walmart to be able to sell them produce that is processed in our washing facility now that it is up and running."

— Bismark Meza, General Manager



The daily washing of cabbage for the formal market.

SOCIAL IMPACT

Nicaragua remains one of the poorest countries in Latin America, with a third of its 6 million population living on less than USD 1.8 a day. In 2021 Coosempoda had 94 affiliated members, ten of them women, and it has continued to positively impact the lives of the communities it works with, unlocking barriers for smallholders by providing access to markets, training and inputs.

With the addition of the produce washing line, Coosempoda can sell members' produce at a premium, adding more value locally and thus increasing income for smallholder farmers.

Similarly, with the construction of protected agriculture, Coosempoda has itself started to plant different types of crops (bell peppers, tomatoes).

Coosempoda also helps improve its members' livelihoods by investing in local road improvements, making donations to local schools, and supporting members with hospital expenses. Similarly, the cooperative makes efforts to promote women's empowerment in the community through programs to discourage domestic violence.



HIGHLIGHTS FROM 2021

- COVID-19 greatly impacted Coosempoda's operations due to movement restrictions and health concerns affecting its members.
- Input costs increased 30-40% throughout the year.
- Coosempoda obtained grant resources from Terre des Hommes to focus on sustainable sources of income for youth and women in their communities (2022-2024).
- Coosempoda improved its scoring on a Scope-insight evaluation from 2.6 (2019) to 3.9 (2021) carried out by Rikolto, its long-term supporter.



Above: The new generator to run the washing facility. Below: The new mesh building for protected agriculture and seedling production.

OUTLOOK + CHALLENGES 2022

- Attracting new members to the cooperative in order to maximise new infrastructure capacity.
- Focusing more efforts on commercialization of produce through La UCHON, a union of vegetable cooperatives to which Coosempoda belongs.
- Electing a woman to the board of directors of Coosempoda, in line with Kampani's social targets.



KEY FIGURES

First Loan

Country	Tanzania
Sector	Coffee
Type of Investment	Subordinated loan
Amount	USD 320K
Tenor	4 years 4 months
Interest Payment	Annual
Principal payment	Annual, 1 year and 4 months grace period
Disbursement	November 2019
Deal sourcing	Alterfin



New warehouse under construction in Mbinga.

THE INVESTMENT

Mambo Coffee Company is a sustainable green coffee export company founded in 2011. The company sources its production from over 13,000 farmers across Tanzania. Coffee from these farmers is hulled by third parties and then graded and blended at Mambo's premises in Morogoro before being exported.

Kampani's first investment in 2019 helped finance the construction of a warehouse and the acquisition of an additional truck. The objective was to remove the two main bottlenecks, storage and transport capacity. The add-on investment in 2021 helped finance a new warehouse in the Mbinga region, where 50% of Tanzania's Arabica coffee beans are produced, and a mechanical coffee dryer.

Kampani's first investment produced significant savings on warehouse rental and transport costs. The cost of warehousing decreased USD 0.02 per kg, double the original estimate. The savings in transport capacity were less than expected, but still amounted to over USD 61,000 over a seven month period.

Add on Investment

Type of Investment	Subordinated loan
Amount	USD 622K
Tenor	6 years 3 months
Interest Payment	Annual
Principal payment	Annual, 2-year and 3 months grace period
Disbursement	December 2021

"We expect the disruption caused by COVID to normalize in 2022 so that Mambo Coffee continues its growth plan: to increase sales by sourcing directly from more cooperatives with Wash Stations, to increase certified coffees such as Utz & Cafe Practice for producers, and to have an impact on coffee farmers families."

— Athanasio Massenha, Managing Director, Mambo

HIGHLIGHTS FROM 2021

- The main challenge faced was global trade disruption caused by COVID-19, as shipments were costly and delayed.
- The volume growth was less than expected due to the COVID situation.
- Mambo Coffee started handling the coffee for forwarding/ export to buyers abroad using the Mambo Coffee Logistics team.



A section of the sorting and grading line in Morogoro.

SOCIAL IMPACT

Mambo Coffee's main social objective is improving the livelihoods of smallholder coffee producers by adding value to their coffee production, buying their output and exporting into sustainable markets. Mambo Coffee's social impact is focused on:

- 1) Facilitating access for coffee producers to high margin markets.
- 2) Providing training to producers in good agricultural and environmental practices.
- 3) Helping smallholders obtain organic certifications.
- 4) Promoting organic farming in Kilimanjaro and Lushoto region to support environment preservation.

In 2021, Mambo Coffee worked with 13,938 farmers and secured the sale of 448.2 metric tons of organic, Fairtrade, Rainforest Alliance & Utz certified coffee. The entire Fairtrade premium is passed on to producers, as per the requirements of the Fairtrade system. This was the first year Mambo Coffee stopped purchasing coffee from the auction market entirely. Mambo Coffee has committed to paying farmers more than the auction price; an average of USD 2.72/kg, compared with the auction price average of USD 2.5/kg.



OUTLOOK + CHALLENGES 2022

- Taking advantage of the normalising COVID situation and improved port services management to expand sales.
- Increasing coffee volumes by ensuring all cooperative members deliver their coffee. There are 70 containers already contracted this year and the goal is to have 115 containers.
- Increasing sales of coffee through better use of the processing line in Morogoro, and the Mbinga warehouse.
- Pushing for greater number of Fairtrade contracts.



Mambo coffee cupper



COOPEASSA Costa Rica

KEY FIGURES

Country	Costa Rica
Sector	Coffee, Banana, Pineapple
Type of Investment	Subordinated loan
Amount	USD 580K
Tenor	9 years
Interest payment	Annual
Principal payment	Annual, 2-year grace period
Disbursement	July 2018
Deal sourcing	Alterfin & Rikolto

“We are very grateful to Kampani for accompanying us all these years, especially in supporting us in our journey to strengthen the corporate governance of the cooperative.”

— Ronald Araya, president of the board of directors, Coopeassa

THE INVESTMENT

Kampani invested in Coopeassa, a multiservices cooperative, in 2018 to help finance diversification into fruit crops and processing, specifically pineapple. Coopeassa established a pilot project with ten farmers who received financing to expand organic pineapple cultivation.

In 2021, farmers in the pilot project sold 195 tons of pineapple, and further growth is foreseen in 2022. The per hectare income for organic pineapple was approximately USD 22,000, compared with USD 4,500 for coffee, Coopeassa's main crop. Despite higher margins on pineapple, and the success of the pilot project, however, the cost of switching crops still deters farmers.

Also in 2021, Coopeassa started selling organic pineapple and banana to a local buyer for the production of baby food. Compared to selling fresh fruit this is advantageous as the rejection rate is lower.

A processing plant to cut and dry pineapple, curcuma and ginger was completed in 2021, creating further value and profitability. Similarly, Coopeassa ramped up production of organic fertiliser in 2021, thanks to a new lab and processing facilities.



Pineapple crowns can be used to grow a new pineapple plant.



Despite positive developments in both commercialisation and processing, the cooperative generated a moderate loss for the year 2021 as a result of higher operating and capital expenses.



THE SOCIAL IMPACT

Coopeassa plays a crucial role in empowering farmers, by providing opportunities for diversified income, access to niche and high margin markets, access to credit, and technical assistance (certification, training).

By expanding into organic fruit production and processing, Coopeassa aims to continue contributing to the well-being of its members and the economic development of the area. Costa Rica is a relatively rich country compared to its neighbours, however smallholder farmers face familiar constraints, including a lack of long term investment capital. The government recognises Coopeassa as an important catalyst for growth in this part of the country, far from areas that benefit from the tourism industry.

Out of 336 associated producers in 2021, 55 had organic and sustainable trade certifications. Additionally, the cooperative is proud to have 95% organic production of pineapple, producing their own organic fertilisers, and practicing inter-cropping, which is considerably more labour-intensive but brings significant benefits for the soil and ecosystem.

HIGHLIGHTS FROM 2021

- Coopeassa obtained a contract to procure fruit and vegetables for schools and hospitals.
- Coopeassa increased the production of its own fertiliser and registered an official brand, in response to the high cost of inputs and the absence of organic fertiliser suppliers.
- Fewer farmers abided by organic practices in response to government subsidies being suspended as a result of the tightening public budget.
- Implementation of separate accounting for each of the business lines is proving effective to better manage cash flows.
- Management challenges continued from 2020 and Kampani's representative has continued to step in as interim manager throughout 2021 to help the cooperative focus its service offer and cut costs.

OUTLOOK + CHALLENGES 2022

- Reversing recorded losses of previous years through management focus on commercialization and cost control.
- Bringing the fruit processing plant up to health and safety standards, in order to start selling processed produce locally and internationally (pineapple, curcuma, ginger).



CASSIA CO-OP Indonesia

KEY FIGURES

Country	Indonesia (Sumatra)
Sector	Cinnamon and Patchouli
Type of Investment	Subordinated loan
Amount	EUR 500K
Tenor	6 years
Interest payment	Annual
Principal payment	Annual, 2-year grace period
Disbursement	June 2018
Deal sourcing	Alterfin & Rikolto

THE INVESTMENT

Cassia Co-op's mission is to export cinnamon products and patchouli oil from Indonesia. The company uses an integrated contract farming model to supply sustainable and organic cinnamon directly from smallholders to buyers (businesses) worldwide. This creates a fair and efficient supply chain while having a sustainable positive impact in the Kerinci region.

Kampani invested in Cassia back in 2018, helping finance a cinnamon crusher and grinder to further process the raw material into powder form. Such vertical integration generates important efficiency gains, saving on both direct and indirect costs.

For the market as a whole, only a small portion of the cinnamon produced in Indonesia leaves the country in powdered form.

The process to get the gold-standard certification for health and safety for export (FSSC22000) took a lot longer than expected, meaning that 2021 was the first full year that Cassia had certification to export cinnamon in powder form. Cassia's sales of powdered cinnamon increased 41% in 2021.

The cost of ocean freight increased dramatically during 2020 and remained high in 2021. Nevertheless, increased production of powdered cinnamon carried the business to profitability in 2021.



HIGHLIGHTS FROM 2021

- Cassia increased the number of employees it hires by 23% since 2020, reporting 178 employees in 2021 (26% of them women).
- 64% of all raw cinnamon (1,680 tons) purchased by Cassia was organic in 2021, compared to 58% in 2020 (1,135 tons). This proves the organic farming training offered to the smallholders is yielding results.
- Cinnamon farmers started seeing results on their training for intercropping with patchouli.

“Since we cooperate with Cassia Co-op, it is easier to sell our cassia barks, we collect between 500-700kg a day from 10-year old trees.”

–Yatno, Farmer trained in Rainforest Alliance and Organic Certifications by Cassia Co-op in Kerinci



SOCIAL IMPACT

Having sustainability at its core, by setting-up processing at the heart of the cinnamon plantations, Cassia Co-op reduces the complexity of the supply chain and increases efficiency and transparency. Cassia already has a significant, positive impact on the area and smallholder farmers.

Currently working with 2,226 smallholder cinnamon farmers, of which 60 also supply patchouli, Cassia generates social value through:

- Capacity building through its training center on organic farming, quality control and sustainable agriculture, training 1,139 farmers in 2021.
- Fairer pricing model, resulting in better prices and transparent price setting.
- Shifting value in supply chains to farmers by removing middlemen in cinnamon, and creating new value chain for patchouli in Kerinci.
- Creating income diversification and market linkages through creation of an all year cash-flow

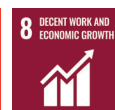
for farmers by introducing different crops (vanilla, patchouli, ginger and ylang).

- Catalyzing farmer organisations through coordination of village groups.
- Facilitating financing by introducing guarantee schemes for farmers to obtain loans from local banks.

Complementary to its social focus, Cassia also takes environmental protection seriously. Cassia has certified nearly 3,500 hectares of cinnamon agro-forest with the Rainforest Alliance and organic certifications. Together with Fauna & Flora International, Cassia also protects the Kerinci Seblat National Park against encroachment by mapping farmers' individual plots to ensure they do not trespass on tigers' natural habitat. In addition, Cassia Co-op's tree nurseries produce more seedlings than they harvest each year, resulting in an estimated capture of 70,000 tons of CO2 emissions by 2030.

OUTLOOK + CHALLENGES 2022

- Distributing 100,000 cinnamon seedlings and 200,000 patchouli seedlings as well as a smaller quantity of vanilla to promote intercropping.
- Utilising its newly-completed drying greenhouse, finished in early 2022, to dry cinnamon also during wet weather.
- Achieving higher profit margins thanks to Cassia's continued removal of bottlenecks for the commercialization of processed products.



FECCEG Guatemala



KEY FIGURES

The FECCEG lab in Xela.

First Loan

Country	Guatemala
Sector	Coffee, Honey and whole cane Sugar (panela)
Type of Investment	Subordinated loan
Amount	EUR 500K
Tenor	6 years
Interest payment	Annual
Principal payment	Annual, 2-year grace period
Disbursement	July 2017
Deal sourcing	Alterfin

Add on Investment

Type of Investment	Subordinated loan
Amount	USD 887K
Tenor	6.5 years
Interest Payment	Annual
Principal payment	Annual, 2.5 years grace period
Disbursement	January 2022

“We are very grateful to have a financing partner as agile as Kampani. In early 2022, they provided us with a mix of short and long term capital to invest in our improved and expanded warehouse. This will allow us to improve the quality of our services to our members, and become more profitable as an organisation.”

— Juan Francisco Gonzalez, General Manager, FECCEG

THE INVESTMENT

Kampani first invested in FECCEG, a coffee cooperative, in 2017, when FECCEG was searching for ways to complement smallholders' income by expanding into panela (whole sugar cane) processing. Kampani provided financing to build a new organic panela processing plant.

The construction and fine-tuning of the panela processing plant took longer than expected. Additionally, training, resources and time was needed for sugar cane farmers to switch to organic farming, meaning that the plant has not yet reached optimal production capacity. Despite these setbacks, the panela processing plant has revolutionised access to markets for sugar cane smallholders supplying the plant.

In terms of numbers of farmers reached, the panela project is still behind schedule, working with only 41 sugar cane producers in 2021, but expansion is on

the way. In 2021 alone, FECCEG trained 44 additional farmers on the necessary inputs and techniques needed to grow organic sugar cane.

FECCEG's core business is, and will remain, coffee. In 2021 FECCEG shipped 95 containers of coffee, representing the majority of its revenues, and also started an ambitious project to construct a coffee warehouse adjacent to the existing coffee processing plant. In early 2022, Kampani made its second investment into FECCEG, helping finance the final phase of the coffee warehouse construction and its equipment.

Given its healthy financial situation, FECCEG has been able to invest in different ventures benefiting the community, including an eco-tourism lodge that employs members of the local community and fosters biodiversity.



Above: The guest house run by FECCEG on their model farm. Below: The new electronic colour sorter.



HIGHLIGHTS FROM 2021

- Working with over 900 producers in coffee, honey, and sugar cane, over 30% of whom are women.
- 730 producers trained in sustainable agricultural practices.
- Construction commenced on the new coffee warehouse.
- Panela sales were up 15% from the previous season.
- Coffee revenue was down slightly due to lower international prices and poor domestic yields; however FECCEG maintained significant level of sales in spite of the pandemic.





THE SOCIAL IMPACT

FECCEG's mission is to improve the quality of life of its members and their communities, who are largely indigenous and on average have just 1.3 hectares of land. FECCEG integrates producers to:

- i) Consolidate and commercialise coffee volumes;
- ii) Provide access to premium markets;
- iii) Provide technical assistance and financing;
- iv) Add value through its processing activities;
- v) Promote income diversification.

In 2021, FECCEG worked with 13 different cooperatives and different types of producers, among them:

- 1,163 certified organic coffee producers, 39% of them women.
- 173 organic beekeepers.
- 41 certified organic sugar cane producers.

FECCEG also established 35 small bio-factories to process organic residues and create natural fertilisers,

helping producers obtain better and cheaper inputs and increase profits. Coffee yields per hectare increased 10% year on year in 2021 as a result of good soil management and some plant renovation. 14 new beehives were constructed within coffee farms, a practice FECCEG encourages as it improves yields and biodiversity through cross pollination, as well as bringing in extra income from honey.

Female empowerment is one of FECCEG's key focus areas when it comes to social impact. In 2021, FECCEG provided awareness training to 709 male members to the value of non-remunerated work in the home, which is typically carried out by women, and encouraged them to take on a share of such work. Similarly, the cooperative trained 110 women in income generating activities. The cooperative also provides access to credit specifically for women, providing 105 women with microcredits in 2021 - 70% of its self-imposed goal for the year.

OUTLOOK + CHALLENGES 2022

- Finishing the construction and equipping of new warehouse infrastructure while maintaining day-to-day operations.
- Acquiring a wet mill in Joyabaj (three hours drive from FECCEG's main location in Xela) and revamping its equipment, in order to expand the number of coffee farmers targeted.
- Focusing on cost saving measures to maintain profits in the face of mounting input and fuel costs.
- Exploring how to source micro-lot coffee, which provides much better premiums when sold on the international market.

KEY FIGURES

Country	Kenya
Sector	Fresh vegetables for export and fruit pulp for the domestic and regional market
Type of Investment	Equity and subordinated debt
Amount	EUR 500K, with EUR 371K dedicated to equity in KES, and the rest in subordinated debt in EUR
Tenor	7 years (subordinated debt)
Co-Investor	Grameen Credit Agricole Foundation
Disbursement	November 2016
Deal sourcing	Alterfin



The dried mango production line is state of the art.

HIGHLIGHTS FROM 2021

- A change in flight schedules at Nairobi airport required Vert to temporarily relocate the vegetable packaging operations to a leased facility closer to the airport.
- Demand for vegetables from European markets declined, leading Vert to reduce the number of farmers who supply this line of business in the second half of 2021.
- Vert increased its mango demand from producers, sourcing from 3,000 conventional farmers and 400 organic certified farmers.
- The dried mango line was a success after just 7 months of operation in 2021, exporting 172 tons and contributing to the profitability of the firm.



THE INVESTMENT

Vert is a social enterprise sourcing vegetables and fruits. In November 2016, Kampani became a shareholder of Vert. With Kampani's financing, the company was able to move to their own processing facilities and start up a new business line, the production of mango pulp, generating an additional revenue stream for farmers from fruit that would otherwise go to waste. The mango pulping plant part-financed by Kampani became operational in 2019 and has given juice producers in Kenya and neighboring countries an alternative to pulp imported from India.

Despite initial delays to get the processing plant operational, the investment has generated good results, increasing and diversifying revenues for the company and its farmers. In 2021, Vert added drying machinery to the processing plant, and started selling dried mango via an exclusive purchasing agreement with a Swiss multinational.

Future growth is expected to come from both the mango pulp and dried mango business lines, with the mango business already outperforming fresh vegetables in terms of profitability. In response, Vert has already increased its supply base, working with 3,400 mango farmers in 2021.



“Many years ago, we made a conscious decision to switch from a commercial model of sourcing to sourcing 100% from smallholder farmers. This is a decision we have not regretted, because it has created a partnership of interdependencies.”

— Jane Maina, Managing Director of Vert

THE SOCIAL IMPACT

The commitment of Vert's founders to raising the living standard of smallholder farmers was formalized in a social business charter, as an annex to the contract with Kampani.

Vert sources exclusively from smallholder farmers, which has created a system of interdependencies they are rightly proud of. Vert estimates their activities directly and indirectly benefit an estimated 5,000

people.

The company sources fresh fruit and vegetables from 3,400 (and growing) smallholder farmers, a number which is expected to continue to grow. These farmers, 40% of whom are women, live in 14 counties across the country. The need to source mango and passion fruit for pulping has led the company to extend its sourcing base to include arid and semi-arid counties. Vert has

a combined workforce of over 200 employees across Kenya.

Vert benefits smallholder farmers in the following ways:

- Providing reliable access to the market, resulting in an average additional income of around EUR 700 per farmer.
- Allowing smallholder farmers to diversify to a high value-added crop (fruit).

- Supporting farmers in achieving Fairtrade, Organic and other certifications.

- Providing extension services, which are vital for the production of high-quality produce. Vert employs 14 horticulture field officers available to the farmers.

- Providing constant training on best agricultural practices, which typically also improve the quality of the other crops the farmers produce.

OUTLOOK + CHALLENGES 2022

- Overcoming logistical challenges posed by increased road traffic near the airport and continuously changing flight schedules.
- Dealing with extended droughts in Kenya during late 2021, which are projected to lead to a delayed harvest for mango.
- Acquiring the BioSuisse and Fairtrade certification for mango, to complement the existing food safety certifications Vert has (FSSC 22000, BRCG, GlobalGAP and NOP and EUO Organic).



KEY FIGURES

First Loan

Country	Burundi
Sector	Coffee
Type of Investment	Subordinated loan
Amount	USD 324K
Tenor	5 years
Interest payment	Annual
Principal payment	Annual, 2 years grace period
Disbursement	March 2016
Deal sourcing	Broederlijk Delen
Current status	Loan fully repaid

Add-On Investment

Type of Investment	Subordinated loan
Amount	USD 150K
Tenor	2 years 3 months
Interest payment	Annual
Principal payment	Annual
Disbursement	January 2020
Current Status	Complete exit expected end of 2022



THE INVESTMENT

COCOCA started operations as a union of 10 cooperatives coffee growers in 2012. In 2016, Kampani helped COCOCA acquire its own hulling company, Horamama Coffee Dry Mill S.A. which, measured by volume, is now the largest in Burundi.

The original loan was fully repaid in 2021. The add-on investment is expected to be fully repaid in 2022, completing our exit from COCOCA/Horamama.

Horamama offers quality services to its members and is a model in the coffee sector in Burundi. It has a storage capacity of more than 2,000 tons of parchment coffee and 1,500 tons of export coffee. Perched on the Ntarambo hill at an altitude of 1,800m, its stored green coffee runs no risk of bleaching, a significant problem in warehouses based in the capital, Bujumbura. The commercial future of Horamama looks bright.



COCOCA coffee regularly obtains a cupping score of more than 90.

“Based on the achievements of the past six coffee seasons we can say that Horamama’s social impact is a reality and the producers who are members of the cooperatives recognize this despite the difficulties, that this is a big step.”

**— Ntimpirangeza Onesime,
General Director**

HIGHLIGHTS FROM 2021

- COCOCA produced 31.4 containers of coffee: 5.75 Fairtrade certified, 7.2 specialty coffee, 1,52 organic certified, 3 UTZ certified and 13 conventional containers. For the first time, the certified coffee represents more than half of the total containers sold.
- The production in 2021 was historically low. The COCOCA cooperatives produced less than 1,000 tons of parchment coffee for the 2021-2022 season.
- Five private companies used the services of Horamama CDM to process their coffee.
- Horamama installed a second-hand density table which will significantly reduce the cost of manual sorting that was borne by the cooperatives, and this should further raise the income level of producers.

THE SOCIAL IMPACT

The mission of COCOCA is to improve techniques in specialty coffee, produce certified coffee, promote the interests of its members and reinforce capacity building. COCOCA is a market leader in Burundi in terms of coffee cooperatives engaged in direct exports.

In 2021 COCOCA had 30 cooperative members, located in twelve different provinces of Burundi and each having a washing station. The total number of producers was 20,318, with 3,885 tons of coffee cherries harvested.

Kampani will commission an independent party to carry out a social impact study. In our view, we believe this investment has significantly reduced the vulnerability of producers belonging to this union.



OUTLOOK + CHALLENGES 2022

- Restrictions imposed by the central bank of Burundi have continued to make it difficult for Horamama to access foreign currency to repay Kampani.
- COCOCA continues to require the interbank guarantee provided by the King Baudouin Foundation for its working capital needs.
- If world prices remain favorable for the coming season, COCOCA is planning to pay a premium to producers, ranging from 120 FBU/kg (USD 0.060) for non-certified cooperatives, up to 200 FBU/kg (USD 0.10) or even more for certified cooperatives.
- It is possible that Horamama will need to order another container of jute bags during the season depending on the production achieved. Horamama will determine if a loan is needed.
- The MARKUP project of the EU, whose aim is to promote horticultural exports, regional integration and access to markets, selected Horamama among many other factories in northern Burundi to help them obtain the ISO Factory 22000 certification. In 2022, Horamama’s team is working with a consultant for this purpose.

FINANCIAL RESULTS 2021

BALANCE SHEET IN EURO

	2021	2020
Fixed assets	134,698	134,698
Financial fixed assets	134,698	134,698
Current assets	4,062,302	2,093,647
Credit portfolio	3,462,745	1,841,377
Cash and cash equivalents	453,044	113,657
Other accounts receivable	146,514	138,612
Total Assets	4,197,001	2,228,345
Equity	2,980,337	2,153,077
Paid-in capital	4,080,000	3,308,000
Issuance premium	147,600	147,600
Accumulated results	-1,247,263	-1,302,523
Liabilities	1,216,664	75,269
Long term liabilities (>1 year)	-	0
Short term liabilities (<1 year)	1,144,905	73,313
Transitory accounts	71,760	1,956
Total liabilities and equity	4,197,001	2,228,346

The balance sheet reflects our new investments in Mexico, Tanzania, and Rwanda, as well as the add-on investment in Mambo Coffee. Kampani borrowed 1M EUR from a shareholder to finance the new deals.

PROFIT AND LOSS STATEMENT IN EURO

	2021	2020
Revenues	231,438	179,758
Operational Expenses	248,647	200,119
Operational Results	-17,209	-20,361
Provisions	0	-125,000
Latent Neg. Currency Effect	82,469	-102,066
Net Result	65,260	-247,427

The 2021 operational results were on target. Because the Audit Committee determined no additional provisions were needed and because of the positive currency effect, Kampani can post positive results for the first time.

GOVERNANCE

Kampani is grateful to the following mandate holders, who fulfill their responsibilities at no financial cost to Kampani.

The members of Kampani's Board

- **Hannelore Beerlandt**, former CEO of Agricord and Chair of ENABEL
- **Chris Claes**, Executive Director, Rikolto International
- **Jean-Marc Debricon**, General Manager, Alterfin
- **Hervé Lisoir**, Senior Coordinator International Program, King Baudoin Foundation
- **Jean-Michel Pochet**, General Manager, Louvain Cooperation
- **Steven Serneels**, Independent (Chairman)
- **Wouter Vandersypen**, Executive Director, Kampani
- **Pieter Verhelst**, Senior Adviser, Boerenbond

The members of Kampani's Investment Committee

- **Luc Basstanie**, Senior Investment Manager, AIF, Boerenbond
Succeeded by Patrik Haesen, Deputy General Manager, MRBB
- **Stefaan Calmeyn**, Policy and South Department, Oxfam WW
- **Patrick Eeckloo**, South Program Manager, Trias
- **Pierre Harkay**, Manager Development and Sustainability Unit, BIO-Invest
Succeeded by Sybille Vancoillie, Investment Officer, BIO-Invest
- **Pierre Queritet**, Director, PwC Legal
- **Suzy Serneels**, Policy Officer, Broederlijk Delen
- **Helena Vandebeeck**, former Board of Directors Chair, SIAT Group
- **Wouter Vandersypen** (Chairman of the IC)

THANK YOU TO OUR INVESTMENT ADVISORS



THANK YOU TO OUR OTHER PARTNERS

