

20
23

**IMPACT
REPORT**

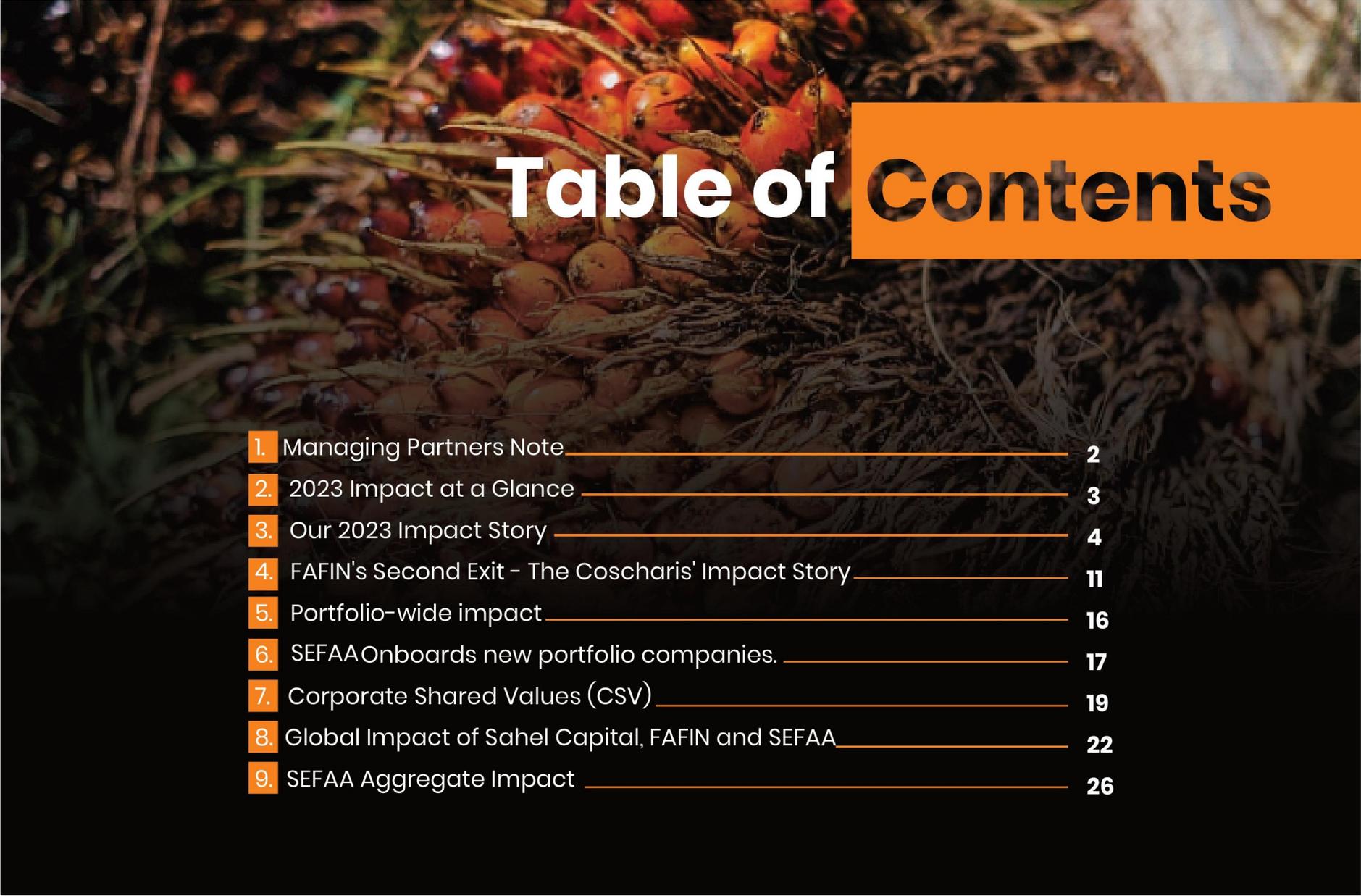


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MANAGING PARTNER'S NOTE

Dear Stakeholders,

I am pleased to present our 2023 Impact Report to you!

In 2023, Sahel Capital completed seven investments in three countries and secured final approval for three additional investments in two other countries, two of which were disbursed by February 2024. During this period, Sahel Capital made two exits that showed high impact and value-creation results throughout the investment duration. Sahel's portfolio companies generated 6,585 jobs, of which 2,304 were held by women and 4,609 by youths. Furthermore, our engagement with smallholder farmers, suppliers, and customers has impacted the lives of over 273,305 individuals.

Our commitment to supporting smallholder farmers is exemplified by our partnership with Sourcing & Produce ("S&P"), a hibiscus exporter with operations in Nigeria and Tanzania. Sahel Capital provided S&P with a cumulative \$3.3m financing for working capital and capital expenditures through its KfW Developed Bank anchored fund – Social Enterprise Fund for Agriculture in Africa ("SEFAA"). This capital and the SEFAA technical assistance aimed at warehouse and inventory management training allowed S&P to significantly increase its engagement with smallholder farmers while improving their warehouses' efficiency. Similarly, SEFAA provided \$690K financing to Idan

Agro, a grains aggregator in Ghana. This has enabled it to source crops from over 2,738 smallholder farmers and provide them access to inputs and farming tools to increase their productivity. This aligns with our broader goal of promoting SDG initiatives, such as No Poverty (SDG 1), Zero Hunger (SDG 2), Decent Work, and Economic Growth (SDG 8).

We are proud of the work Complete Farmer, a tech-enabled grains aggregator, has achieved over the past year – increasing both the number of farmers with whom they partner to 5,344 by the end of 2023 and also constructing warehouses closer to these farmers for crop aggregation and storage. SEFAA provided \$2.4m for working capital and a 4-year loan to build these warehouses. In addition, SEFAA's engagement with Complete Farmer helped to catalyse equity investors, who provided \$7.6m in additional capital to Complete Farmer in 3Q23.

We are also quite excited to announce our exit from Coscharis Farms – an integrated rice miller in eastern Nigeria – in December 2023, but we also have bittersweet feelings given the strong partnership we enjoyed with the founders (Dr Cosmas Maduka and his team) since our initial investment in 2018 through our first fund – Fund for Agricultural Finance in Nigeria ("FAFIN"). Over the past 5-years, Coscharis has grown its nucleus rice farm from 300ha to 1,500ha,

installed a 36,000 metric ton per annum rice mill, built out 38km of primary roads, 8.7km of primary irrigation, 37km of drainage canal and two flood drain pumps with a combined capacity of 20,000 cubic meters per hour, a farmhouse, a 14km dike to control flooding etc., and grown its smallholder farmer out-grower network from zero to over 5,000 farmers. We are proud to have played a role in their journey. Despite our exit, we have complete confidence in their continued success and positive impact within their surrounding communities and the food ecosystem.

We remain dedicated to our mission of driving sustainable growth, building climate-resilient companies, empowering communities, and fostering a more inclusive and harmonious work environment. We thank all our stakeholders for their continued support in achieving these remarkable milestones.

Mezuo O. Nwuneli
Managing Partner



2. 2023 Impact at a Glance

Financial Metrics:



Geographical Impact:



Diversity and Team Impact:



Social Impact:

Employment Generated through Portfolio Companies:

6,111

Number of Youths Employees in Portfolio Companies:

4,609

Number of Female Employees in Portfolio Companies:

2,304

Number of Smallholder Farmers:

45,563

Traders:

62,000

Number of Female Smallholder Farmers supported:

11,409

Number of Individuals Impacted by Engagement with Employees, Suppliers, and Customers:

273,305

Volume of agricultural-related items produced:

198,003MT

3. Our 2023 Impact Story

Our Impact on Smallholder Farmers

Through our fund, SEFAA, Sahel Capital can support companies that are empowering smallholder farmers in Sub-Saharan Africa, thereby contributing to the achievement of SDG goals 1 (No Poverty), SDG goal 2 (Zero Hunger) and SDG goal 8 (Decent Work and Economic growth).

Idan Agro:

Empowering 1,580 Smallholder Farmers, increasing maize offtake by 20% and soybean off take by 16%.





Through SEFAA, **Idan Agro impacted over 1,580 smallholder farmers.** These farmers now have access to **26 motorised two-row hand planters** and **800 fertiliser applicators**, which will significantly help to improve their farming efficiency.

- **Improved Efficiency**

With the motorised two-row hand planters, labour time for planting is significantly reduced. These smallholder farmers can now **cover larger areas in less time, improving their output.**

- **Improving the precision of fertiliser application**

Efficient fertiliser application is critical to optimising crop growth. The fertiliser applicators will help improve the precision of fertiliser application to ensure that nutrients are distributed more accurately, thereby **minimising the incidence of excess fertiliser runoff into waterbodies.**

- **Thriving Rural Economy**

With increased productivity, smallholder farmers are experiencing improved incomes, better food security, and enhanced quality of life, contributing to a thriving rural economy. Overall, Idan is off taking more farm produce from these farmers, increasing their income. This partnership is expected to increase offtake from the **SHFs by 20% for maize and 16% for soybeans in 2024.**



Complete Farmer:

SEFAA, Empowering Complete Farmer to Serve over 5,300 Smallholder Farmers (SHFs)



Through its investment, Sahel Capital played a vital role in the journey of Complete Farmer Limited – a technology-enabled grain aggregator in Ghana to build fulfilment centres and strengthen its working capital requirement.

Sahel's investment was catalytic, and it helped the company close an equity raise round. However, beyond the investment, **SEFAA's Technical Assistance Facility has supported Complete Farmer to deploy an Enterprise Resource Planning (ERP) system** customised for its operations.

This ERP will enable the company to efficiently manage a network of over 5,300 Smallholder Farmers (SHFs).



Sourcing and Produce (S&P)

Investments in Warehouse and Inventory Management
Training for Optimized engagement with Smallholder Farmers



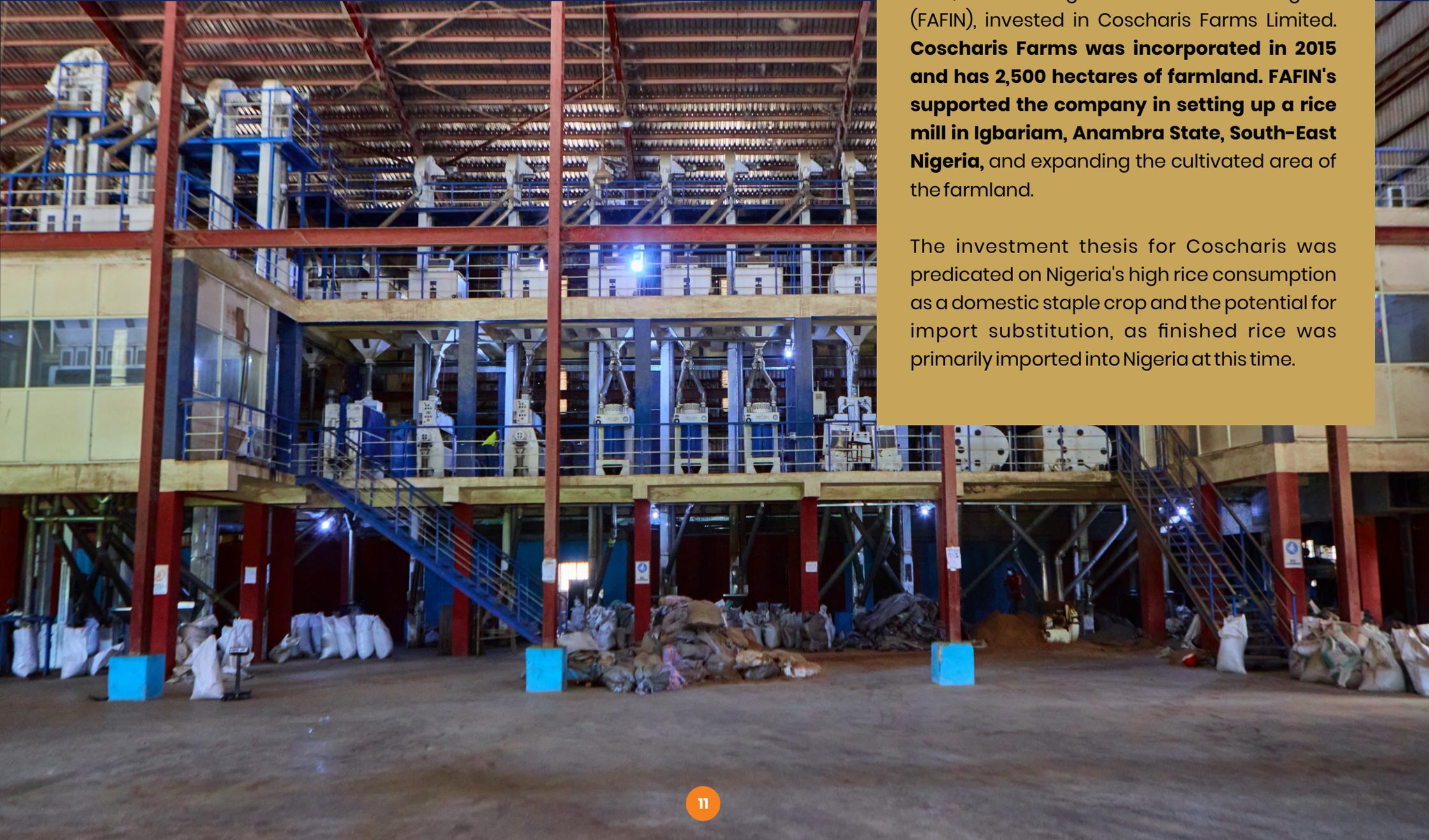


Sahel Capital provided working capital to S&P in 2023 to expand the company's aggregation and export of hibiscus flowers. In addition to the working capital provided, **Sahel Capital provided training support through SEFAA's technical assistance facility for 10 of S&P's core operational team members in Nigeria and Tanzania** on warehouse and inventory management.

The support ensures that S&P will not only master efficient warehouse operations but will also strategically apply this knowledge to benefit smallholder farmers, reducing their costs and improving S&P's service and interactions with them.



4. FAFIN'S Second Exit- The Coscharis Impact Story



In May 2018, Sahel Capital, through its maiden fund, Fund for Agriculture Finance in Nigeria (FAFIN), invested in Coscharis Farms Limited. **Coscharis Farms was incorporated in 2015 and has 2,500 hectares of farmland. FAFIN's supported the company in setting up a rice mill in Igbariam, Anambra State, South-East Nigeria,** and expanding the cultivated area of the farmland.

The investment thesis for Coscharis was predicated on Nigeria's high rice consumption as a domestic staple crop and the potential for import substitution, as finished rice was primarily imported into Nigeria at this time.



Over the five years of FAFIN's investment in Coscharis Farm, Sahel Capital supported the company in the following areas:

1. Built a 36,000MT rice mill and optimised farming operations

- a. In the third quarter of 2019, we commissioned a 36,000 metric ton per annum rice mill and commenced commercial rice processing and sales.
- b. Supported the company to construct 8.7km of primary and 7.2km of secondary irrigation canals. This enabled the company to commence two cropping cycles a year.

2. Implemented climate adaptation strategies

- a. Installed a flood protection system consisting of 14km of dyke and 9km of main canal around the farm.
- b. To manage excess flood water on the farm, CFL installed two flood drain pumps with a combined capacity of 20,000 cubic meters per hour.
- c. Installed infrastructure to dam excess flood water used to irrigate 8ha farmland during the dry season.
- d. Developed a database of meteorological data, which is used to plan cropping cycles.
- e. Embarked on seed multiplication and purification program to develop certified rice seeds that are flood resistant.
- f. Embarked on tree planting to sequester carbon.
- g. Rice husks were used as fuel for the boilers to introduce renewable energy into the company's energy mix.





3. From zero to 5,000 – Sahel Capital built a smallholder farmer network

- a. In 2021, Sahel designed an ingrower/outgrower farmers program for Coscharis, which helped the company access ~\$50,000 in grant funding from IDH.
- b. Through the program, the company was able to:
 - integrate its business into the host community and other rice-growing communities.
 - reduce the cost of paddy aggregation.
 - introduce a 3rd line of paddy sourcing, hence guaranteeing paddy sourcing.

4. Strengthened Governance and Management team.

- a. Onboarded the CFO, agronomist, head farm equipment maintenance manager, ESG manager, and entire rice mill team. We also supported the onboarding of a new CEO.
- b. The board was restructured, and two independent directors were added.
- c. Changed auditors and Company Secretary.
- d. Implemented ESOP for the senior management team.

As of December 2023, the program has **impacted over 5,000 SHFs vs 1,250 in 2021**. The company has also been able to replicate the program in other communities with additional funding from donors such as GIZ and USAID

As a result, Coscharis revenue recorded considerable growth in revenue and EBITDA over the five years. **Revenue and EBITDA grew by a compounded annual growth rate of 173% and over 217%, respectively.**

FAFIN exited the company in December 2023. Sahel Capital is proud of the immense impact FAFIN's investment has had on the company over the last five years. Despite FAFIN's exit, Sahel is confident that the growth and resilience achieved by Coscharis Farms in its engagement with smallholder farmers, climate adaptation initiatives, and empowered workforce will be sustained.

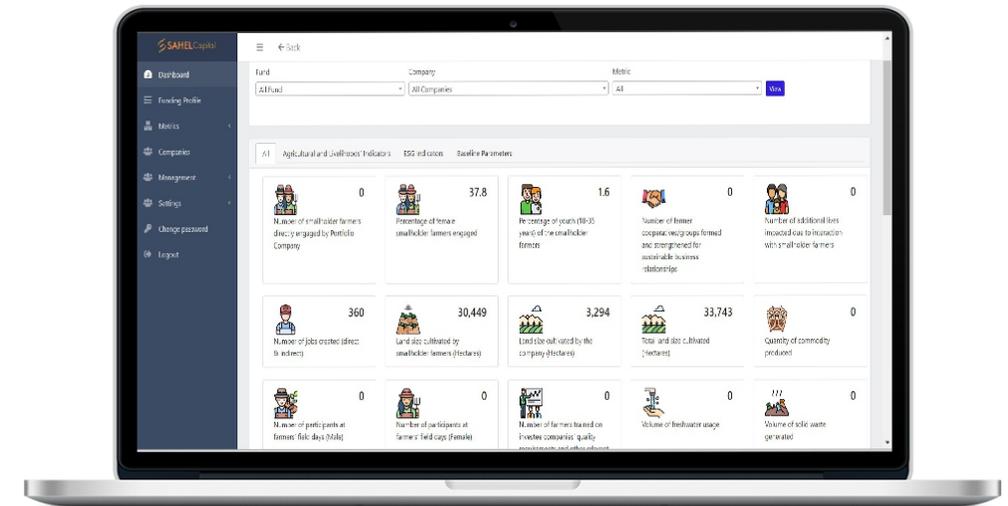


5. Portfolio-wide impact

Advanced Gender-Based Violence and Harassment (GBVH) Training for Sahel Capital and Its Portfolio Companies

With support from British International Investment (BII), Sahel Capital carried out an advanced training program aimed to equip its employees and portfolio companies' employees with the knowledge and tools to manage Gender-Based Violence and Harassment (GBVH) effectively.

Sahel Capital is helping to improve the awareness of diversity and inclusion among its portfolio companies – contributing to the achievement of SDG 5 (Gender equality) and SDG 10 (Reduced inequalities)



Enabling easier ESG and Impact reporting for portfolio companies

Through its newly developed online ESG/ Impact portal, Sahel Capital is enabling easier collation and reporting of ESG and impact data/information from its portfolio companies. Here are some of the critical features of Sahel Capital's ESG portal:

• **Timely ESG Reporting**

The online portal empowers portfolio companies by enabling timely ESG and impact reporting. Portfolio companies can update their ESG/impact performance on a timely basis

• **Streamlined Data Collection**

The portal simplifies data collection and management, making it easier for companies to track key ESG and impact metrics. This allows for more accurate reporting and informed decision-making.



6. SEFAA Onboards new portfolio companies.

Empowering Growth and Resilience: Sahel Capital's SEFFA Fund Onboards 7 Portfolio Companies

Sahel Capital's SEFFA Fund invested in 7 companies in 2023. The companies are listed below:

SDG	COMPANY	COUNTRY	OVERVIEW
1	Complete Farmer	Ghana	Complete Farmer is an end-to-end digital agriculture platform that provides industries with an easy way to source quality farm produce efficiently through the engagement of smallholder farmers and the leverage of aggregation infrastructure.
2	Idan Agro	Ghana	Idan Agro specialises in Fertilizer trading, farming, and aggregation of commodity crops such as maize, soybeans, and rice from smallholder farmers (SHFs), connecting the SHFs to the market.
3	Sourcing and produce	Nigeria and Tanzania	S&P is a speciality commodity trading company that procures and distributes agricultural commodities, such as hibiscus, chilli pepper, ginger, etc., sourced from Nigeria and Tanzania to customers globally.

SDG	COMPANY	COUNTRY	OVERVIEW
4	Rogathe	Tanzania	Rogathe is a dairy company that produces and processes fortified milk, pasteurised milk, and organic yoghurt. It also produces concentrated feed and hay for farmers.
5	Acier	Nigeria	Acier is an agro-allied company that procures, aggregates, processes, exports, and sells agricultural commodities such as hibiscus flowers and ginger.
6	Winich Farms	Nigeria	Winich is a foremost inventory organiser and supplier for small and mid-sized factories. The company plays a pivotal role in ensuring the seamless operation of production plants by eliminating delays in accessing raw materials. Leveraging cutting-edge technology, Winich has successfully established an efficient supply chain. The company sources its commodities from a widespread network of smallholder farmers across Nigeria.
7	Kuapa Kokoo Limited	Ghana	KKL is a licensed buying company (LBC) in Ghana responsible for aggregating cocoa from its farmer union, which comprises over 100,000 certified cocoa smallholder farmers.

7. Corporate Shared Values (CSV)



The Community Engagement and Scholars' Programme are integral components of our Corporate Shared Values (CSV) initiatives.

They are dedicated to enhancing the quality of life in the communities around us and ensuring that students receive proper mentorship.

Community Engagement:

• Programme Description:

- Fees were covered for three academic terms.
- Uniforms and basic learning materials were provided to the beneficiaries.

• Programme Impact:

- 20 children from a rural community in Abuja who had stopped schooling due to financial constraints were reintroduced into formal education through a partnership with the FlexiSAF Foundation
- 15 children were promoted to the next class, with 1 achieving the highest average score in their primary class.





Scholar's Programme:

- **Programme Description:**

- o 3 conferences, 3 universities (Ahmadu Bello University, Obafemi Awolowo University, and the University of Nigeria, Nsukka), Over 4,000 students engaged within 2023.

- **Programme Impact:**

- o 4 interns were placed at different organisations (Sahel Consulting, Sahel Capital, and Africa Food Changemakers).
- o 2 scholarships were awarded to deserving students.

8. Global Impact of Sahel Capital, FAFIN and SEFAA

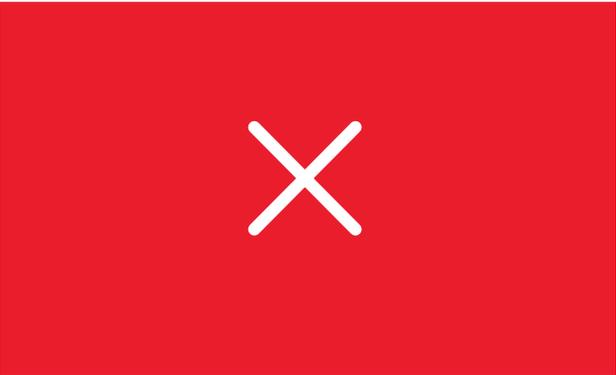


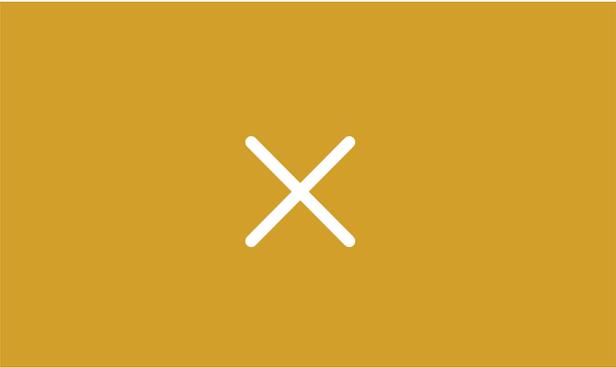
SUSTAINABLE DEVELOPMENT GOALS



Description	Sahel Capital	FAFIN	SEFAA
Launch	2014	2017	2023
Number of original portfolio companies	15	8	7
Number investment exits	3	2	1

SDGs	Sahel Capital	FAFIN	SEFAA
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 <p>1 NO POVERTY</p>		<p>Job creation especially in rural areas through direct employment and indirectly through the inclusion of smallholder farmers in the supply chain. FAFIN has created 5,730 direct jobs and indirectly, engaged 25,432 smallholder farmers and provided economic support to 155,810 beneficiaries</p>	<p>Job creation: SEFAA has created 381 direct jobs and indirectly, engaged 5,011 smallholder farmers and provided economic support to 20,131 beneficiaries, thereby strengthening local economies in rural areas where most of the jobs created are located</p>
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 <p>2 ZERO HUNGER</p>		<p>Food Security: FAFIN's portfolio companies have produced over 194,839 MT of food and agricultural-related items, including rice, poultry meat, dairy products, shea butter, edible oils, and grade cassava starch contributing substantially to food security in Africa and ensuring the resilience of food systems by building local supply chains which embeds smallholder farmers.</p>	<p>Food Security: SEFAA's portfolio companies have produced over 3,164.28MT of food and agriculture-related items including maize, hibiscus flower, soya beans sweet potato etc as of Q42023.</p>
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SDGs	Sahel Capital	FAFIN	SEFAA
<p>4 QUALITY EDUCATION</p> 	<p>Sahel Capital has partnered with 6 universities across Nigeria since 2017 to foster an increased focus on agribusiness education. Over 5,400 students and agricultural department faculty have been reached through in-person and virtual conferences and seminars. Sahel has also provided scholarships and internships to 16 high-performing students during this period.</p>	<p>L&Z Integrated Farms, one of FAFIN's portfolio companies, provided a premium on the milk purchased from pastoralists who enrol their girl children in schools. During the 7 years of FAFIN's investment, L&Z aggregated over 3.1 million litres of fresh milk from almost 3,200 pastoralists, provided scholarships and enrolled over 600 female children in schools under its Girl Child Initiative.</p>	
<p>5 GENDER EQUALITY</p> 	<p>Sahel Capital is one of the very few PE firms that has achieved parity within its senior management team with 50% women. Across the entire firm, Sahel Capital has 50% women.</p> <p>ii</p>	<p>FAFIN's investment committee (fund) is 40% women, while the Technical Assistance facility IC is 66% women, and the portfolio companies are 2x compliant. At the fund manager level, Sahel Capital, the team dedicated to FAFIN is 60% women. Through its portfolio company TradeDepot which has over 50,000 women-owned retailers in its distribution network - FAFIN has demonstrated significant commitment to gender equity.</p>	<p>SEFAA's Investment Committee (fund) and the Technical Assistance IC both comprise - 33% of women; The team dedicated to SEFAA within Sahel Capital comprise 75% of women. At the portfolio level, SEFAA's portfolio companies all have women smallholder farmers within their supply chain. These smallholder farmers are 49% women - demonstrating a strong commitment to gender parity and economic empowerment for women across all levels.</p>
<p>8 DECENT WORK AND ECONOMIC GROWTH</p> 	<p>Sahel Capital provides flexible work arrangements, allocates 5% of its annual budget to team training and development, provides staff health insurance, monthly pension remittance and annual leave</p>	<p>FAFIN portfolio companies are 100% compliant with labour laws. About 2,512 employees are directly employed across FAFIN portfolio companies. All direct employees at the portfolio companies are paid above minimum wage and have health insurance as well as a pension scheme. In total, 5,730 direct and indirect jobs have been created and 25,432 SHFs reached.</p>	<p>SEFAA portfolio companies are 100% compliant with labour laws. A total of 105 direct jobs have been created while over 5,011 SHFs reached.</p>

SDGs	Sahel Capital	FAFIN	SEFAA
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 	<p>Sahel Capital developed a proprietary ESG/impact online portal which makes the reporting of impact and ESG data from portfolio companies significantly easier</p>	<p>FAFIN funded core infrastructure and manufacturing capacity expansion in 7 of 8 portfolio companies. This includes a combined 62,000 metric tonne capacity of greenfield rice and cassava processing plants, a 1000ton/hour broiler processing plant and a retrooled/refurbished brownfield 27,000MTPA capacity Shea butter processing plant. A total of 2,500ha in new commercial farmland has been cultivated within FAFIN's portfolio companies; 38 km of rural farmland roads built; 8.7km of primary and 7.2km of secondary farm irrigation channels built; and 20,000 cubic meters per hour capacity of flood prevention water pumps installed</p>	<p>SEFAA funded 6 warehouses with a capacity of 1,200 sqm each to store farmer crops. Funded a 70MT per day processing plant; 320 square feet fumigation chamber; Empowered Complete Farmer through the SEFAA TA to set up an ERP system to serve over 5,300 SHFs</p>
<p>13 CLIMATE ACTION</p> 	<p>Prioritize energy-efficient equipment for office use</p>	<p>Climate mitigation - put in place clean energy renewal power solutions at 4 portfolio companies with an energy mix that includes renewable energy (solar & biomass from byproduct) and gas, which significantly reduces the CO2 emission from the companies. Recycles 70% of the waste generated within the production process at Polyfilm (one of FAFIN's portfolio companies)</p> <p>Climate adaptation - At Cosharis, 14 km of dykes which help prevent the flooding of the farmland was built; flood water captured for irrigation and flood drain pumps were installed. In addition, primary and secondary irrigation canals were constructed, and flood-resistant hybrid seeds were developed.</p>	<p>Through its TA program, SEFAA is supporting positive climate action through various climate mitigation and adaptation interventions and training on climate risk management and fundamentals of ESG</p>

i. Sahel - First Close FAFIN. FAFIN - Final Close. SEFAA - is an evergreen fund - the year of the first investment listed.

ii. Senior: Partners & Principals



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