



# IMPACT REPORT

2020-2024

APRIL 2024



# GCEO Letter



If the economic shifts of the last few years have collectively taught us something, it's that life is in a constant state of change. While uncertainty and downturns can be unsettling, they also present opportunities, forcing us to reckon with the challenges we face as a society head-on and reiterating that the right infrastructure and community to support one another can be a springboard for significant growth and positive impact.

At AFEX, everything we do is in service of our mission of “Helping Africa feed itself”. A big part of that mission is ensuring that no one is left behind, especially not the producers who are at the very forefront of this task. We have built a business that is proving that the inclusion of these primary producers in ways that enable them to make a fair living while improving their productivity is possible.

We released a first impact report in 2021 that captured our journey over years of growing and adding value in Nigeria. This year, over 3 years after that initial release, we are once again reporting on our progress in Nigeria, but we have also reported our baseline impact data for our operations in Kenya, which is the first country that we expanded into in 2021, after defining our Pan-African strategy and vision.

The future for us is an Africa that can balance demand and supply shortfalls, in part, through seamless regional commodities trade. This is a path with potential for remarkable impact both locally and regionally, across a number of our defined impact areas. Today, we have launched operations in Kenya, Uganda, and Cote D'Ivoire, with a goal of being in a total of 10 African countries by 2035. Measuring our impact as we expand, is especially critical.

Our Theory of Change shows the connection from our strategies and activities to intermediate and long-term impact outcomes. In essence, how our work in physical value chain operations, access to markets and access to capital drives impact at a rural and national level. For us, it's about creating lasting value and driving systemic, sustainable change. We support the entire agricultural value chain, from farmers and processors to traders, brokers, and investors. We help them unlock their potential by boosting productivity, facilitating access to credit and markets, and fostering a fair and efficient commodity trading system. This is the essence of our impact framework. The impact we've made on our communities over the past decade is a testament to our resilience and unwavering commitment to building a stronger Africa while supporting inclusive and efficient trade of agro-commodities. None of this would have been possible without our valued partners, investors, and dedicated Xperts.

The journey towards a sustainable future has its obstacles, but together, we're making significant strides. Despite the global uncertainties, I remain optimistic about the future, both for Africa and for AFEX. I hope this report inspires you – or at least informs you – about how we're transforming our ecosystem and generating massive impact.

*Ayodeji Balogun*

Group Chief Executive Officer, AFEX



## Executive Summary

The activity of setting the parameters for and subsequently measuring our impact has been incredibly beneficial to our business.

From inception in 2014, we had defined a true North of inclusive and efficient commodities markets in Africa. This true North determined for us a business model that would consistently work to share value and innovate around longstanding challenges for primary producers on the continent. The journey so far has been both challenging and rewarding.

Following the publication of the first AFEX impact report in 2021, we took a good look at how to further optimize our business to deliver more qualitative and quantitative impact. Part of that work led to our introduction of AFEX's three business entities, which you are sure to read more about in the coming pages, and also led to us doubling down on hitting some of our key numbers. To date we have reached around 500,000 farmers across our operation locations, have facilitated over 1 million MT in trades; matching producers and buyers through our digital platforms and physical processes, and we have unlocked over \$500 million from the Nigerian capital market and other financing partners to bolster the commodities market on the continent.

With these numbers, we are on track to hit the 10x targets that we encapsulated in our Project Black Elephant strategy, which runs from 2020 - 2025. This report therefore captures the journey so far in the lead up to 2026, when the full results of our key metrics will be reported alongside our impact milestones.

The United Nation's Sustainable Development Goals (SDGs) continue to serve as a relevant framework for us to track our impact. The theory of change that has carried us through the past 4 years, spotlighted the connection of our strategies and activities to 5 key SDGs - 1,2,5,8, and 12 (no poverty, zero hunger, gender equality, decent work and economic growth and sustainable production and consumption).

Our Theory of Change has been revised within the body of this report in line with our new organization structure. We have also captured activities and impact that were previously missing or have been introduced since our previous report. In that light, our TOC now includes SDG 13 - Climate Action - alongside the SDGs previously listed in our impact framework, and we find this to be vitally important as we continue to grow. This aligns with our goal to create an ecosystem that is focused on profit and growth, while still bolstering the sustainability of the producer and our environment. Tracking our climate efforts certainly keeps that goal front and centre for us.

Since our last impact report was published, AFEX has kicked off a Pan-African expansion and we are currently operational in four African countries - Nigeria, Kenya, Uganda, and Cote D'Ivoire. This expansion is vital for a future we have envisioned of boosting regional African trade, but as we deploy our model in these new locations, we are also driving favorable outcomes and impact locally. We have reported, within this report, some baseline data for our operations in Kenya, which we entered in 2021 and we look forward to the growth we are sure to record in these new markets.

Commodity value chain players including individual and institutional investors who work within or contribute to vital commodity value chains on our continent are at the heart of all our operations and impact. We want to continue to advocate for and with them as we gear up to enter a new decade of work on impacting and transforming Africa's food systems and commodities market.

As you dive into this report, it will become apparent that there remains significant work ahead for us in delivering on our long-term commitment to food security in Africa and making it super easy to trade with Africa. However, our impact continues to grow with each step of this journey, and we could not be more excited to continue to invite you along for the ride.

Happy reading!



**07.**

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## **Measuring AFEX's Impact Journey**

SDG 1 - No Poverty  
SDG 2 - Zero Hunger  
SDG 5 - Gender Equality  
SDG 8 - Decent Work and Economic Growth  
SDG 12 - Responsible Production and Consumption  
SDG 13 - Climate Action

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# Overview



# Introduction

AFEX's impact measurement journey began in 2020. At the start of the year, we had developed a new strategic direction for the business and began to seriously consider the question of measuring our impact as a business. This led to the development of a theory of change anchored to our mission and goal of helping Africa feed itself. AFEX holds a vision of being the reference point for commodities in Africa and we express our core values of excellence, execution, and empathy in our operations. Our work contributes to ensuring food safety, food security and self-sufficiency; impact is front and centre in the bulk of our activities.

The AFEX impact report illustrates our commitment to helping Africa feed itself while delivering value to the entire ecosystem. We continue to create innovative solutions, and alongside that, we will continue to put a lot of focus into monitoring our progress and sharing updates on this journey through a variety of channels and periodic publications.

We released our first impact report in 2021 covering our activities from 2014 – 2020. Our business has made significant strides in the commodities sector since then. We executed on an ambitious 10x growth plan (which earned us a recognition as the Financial Times' fastest-growing company in Nigeria in 2021 and subsequently in 2022, we were listed as the FT's fastest growing company in Africa). Following the wins in our 10x plan, we set our sights on a pan-African expansion. This bold new dream will propel us further towards our vision of becoming the reference point for commodities in Africa.





# Our Milestones

Here's a concise timeline of key milestones in our business over the last report.



## 2022

AFEX Emerged third in the Financial Times' Ranking of Africa's fastest growing companies

Opened a **100,000MT/year** Grain Quality Enhancement Centre and **30,000MT** storage capacity warehouse

Launched the one million Cocoa Tree Planting Initiative

Incorporated AFEX Fair Trade Limited in Uganda

## 2020

Launched our digital platform for commodities trading and investment - ComX (now Africa Exchange)

Published the first-ever annual commodity review report for the Nigerian commodities market

## 2023

Incorporated AFEX Fair Trade Limited in Cote D'Ivoire

AFEX Emerged first in Financial Times' Ranking of Africa's fastest growing companies

British International Investment committed **\$26.5 million** to AFEX to address food security

## 2021

Split into three entities in Nigeria: AFEX Commodities Exchange, AFEX Fair Trade and AFEX Investment Limited

Incorporated AFEX Fair Trade in Kenya

AFEX Investment Limited started operation and raised **\$50 million** for Agri-SMEs through our first warehouse receipt-backed Commercial Paper in Africa



# The new AFEX **Still the same but improved**

Three different entities, three different sides to a triangle, still solving the same problems around the commodities ecosystem.



These days, AFEX deploys solutions through three entities. The entities are a major part of our evolution, which allowed us to solidify service offerings under cohesive business lines.

### AFEX Fair Trade

AFEX Fair Trade is a trading company at work for better food systems in Africa. Its solutions enhance smallholder productivity, enable storage as a service and power trade within Africa and with the rest of the world.

### AFEX Commodities Exchange

AFEX Commodities Exchange is a capital market operator enabling efficient trade and settlement of commodity transactions. The Exchange supports securitization and structured trade finance for commodities.

### AFEX Investment

AFEX Investment unlocks funds from capital market players and financing partners for commodity value chains in Africa. Its activities enable the flow of funds to solve big problems with effects that reach the bottom of the pyramid.

Within the next 10 years, we plan to be fully operational in a total of ten countries in East and West Africa.



# Towards our Pan-African Dream

Starting in 2021, AFEX began executing a pan-African strategy, to replicate our model across ten African countries, creating regional markets that could foster self-sufficiency within these countries with the vision to boost regional African trade.

*Highlights of our operations across Africa*

## Nigeria

Over  
**450,000**  
Smallholder farmers reached.

Operating Over  
**215**  
Warehouses and collection centres with a combined storage capacity of  
**610,877 MT**

Currently operating in  
**27**  
out of 36 States and the FCT

**1,092,899 MT**  
of commodities aggregated  
(from inception till date)

**N26,905,000,000**  
input loan disbursed

## Uganda

Over  
**7311**  
Smallholder farmers reached.

**10**  
Operational warehouses with a combined storage capacity of  
**8,350 MT**

Currently operating in Lira, Amuca, Bulambuli, Masindi, Hoima, and Kiryandango

**3,840 MT**  
of commodities aggregated  
(from inception till date)

**414,986,000 UGX**  
input loan disbursed

## Kenya

Over  
**33,083**  
Smallholder farmers reached.

Operating Over  
**40**  
Warehouses and collection centres with a combined storage capacity of  
**47,463 MT**

Currently operating in Uasin Gishu, Trans-Nzoia and Narok Counties

**36,521 MT** of  
commodities aggregated  
(from inception till date)

**Ksh705,000,000**  
input loan disbursed

## Côte d'Ivoire

**2**  
Warehouses and collection centres

**350 MT**  
Storage capacity

**33 MT**  
of commodities aggregated  
(from inception till date)

Currently operating in Korhogo and Soubre regions





# AFEX and Impact



## Why we Measure

AFEX continues to build a food system for the future and create shared prosperity, ensuring that no one is left behind, especially the smallholder farmers. We believe that by empowering farmers with the right tools and resources, we can transform the agricultural ecosystem and help Africa to feed itself.

Our operations focus on making significant contributions toward:

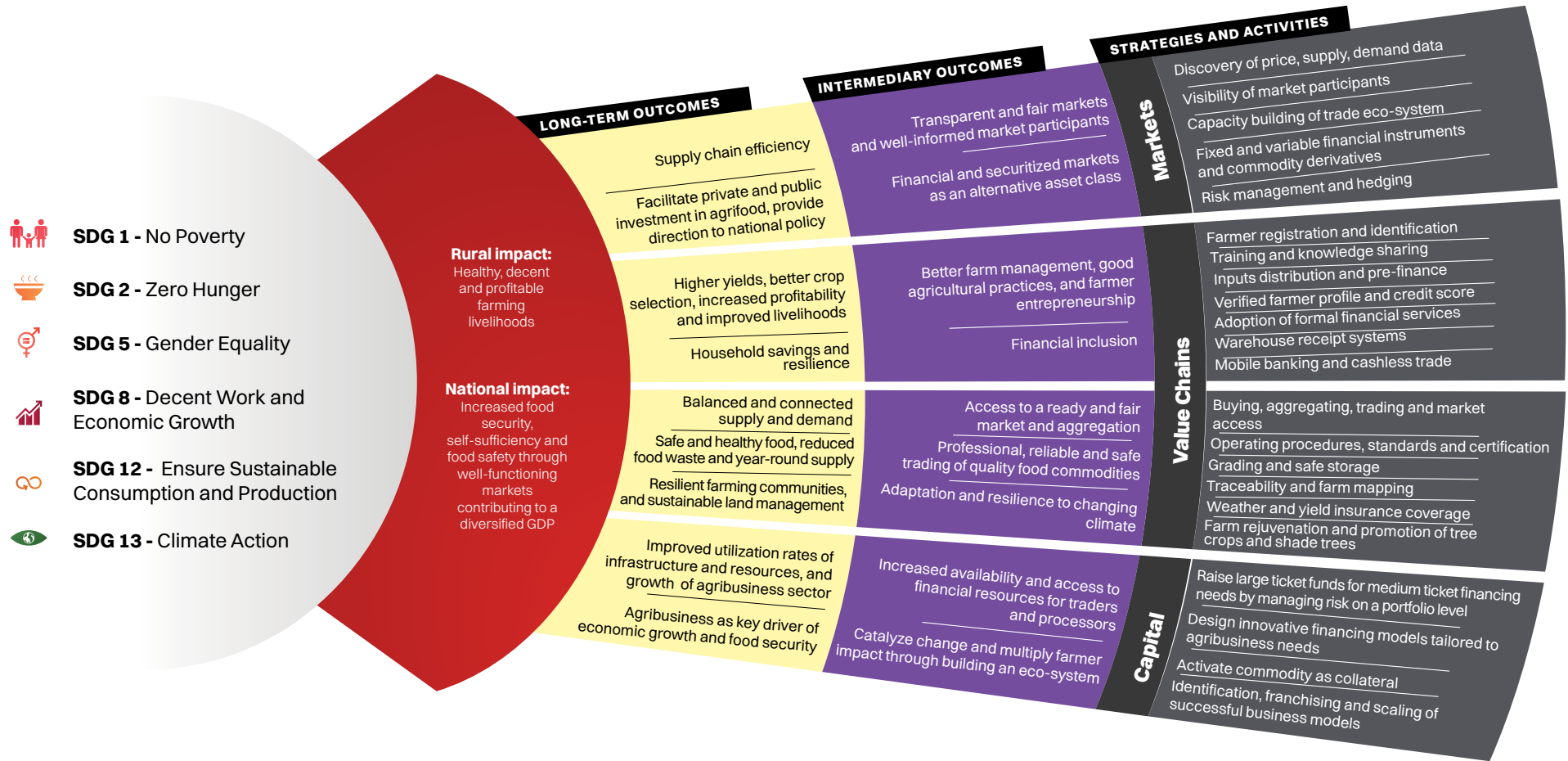
1. Healthy, decent, and profitable livelihoods.
2. Better quality and more efficient processing of food.
3. Well-functioning markets that guarantee food security, self-sufficiency, and food safety.



**Aligning our business to solve Africa's most challenging problems – food security and livelihoods – is an important part of our existence, and we will continue to innovate to be able to solve these in profitable and scalable ways**



# Our Theory of Change



Sustainable impact and people development lies at the heart of our operations at AFEX. While we have been making pockets of contributions towards the achievement of the 17 SDGs, we focus keenly on SDG1 (No Poverty), SDG2 (Zero Hunger), SDG5 (Gender Equality), SDG8 (Decent Work and Economic Growth), SDG12 (Sustainable Consumption and Production), and SDG13 (Climate Action).



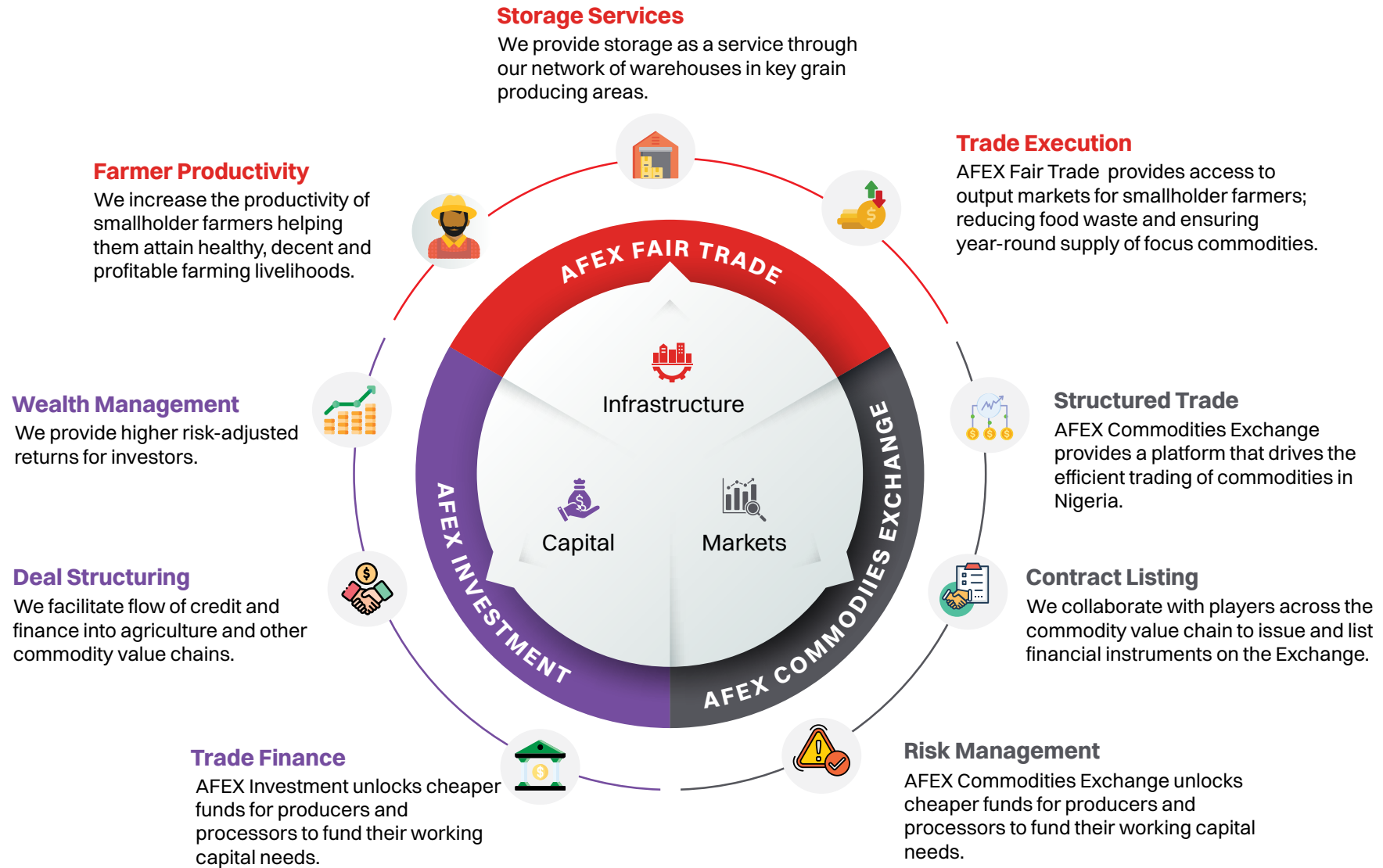


**Changing lives and livelihoods is integral to the success of our operations at AFEX. Working with different stakeholders, we believe that the UN SDGs are achievable**





With a realigned operational segment, our solutions cut across 3 key pillars: Infrastructure, Markets, and Capital.



# AFEX Fair Trade

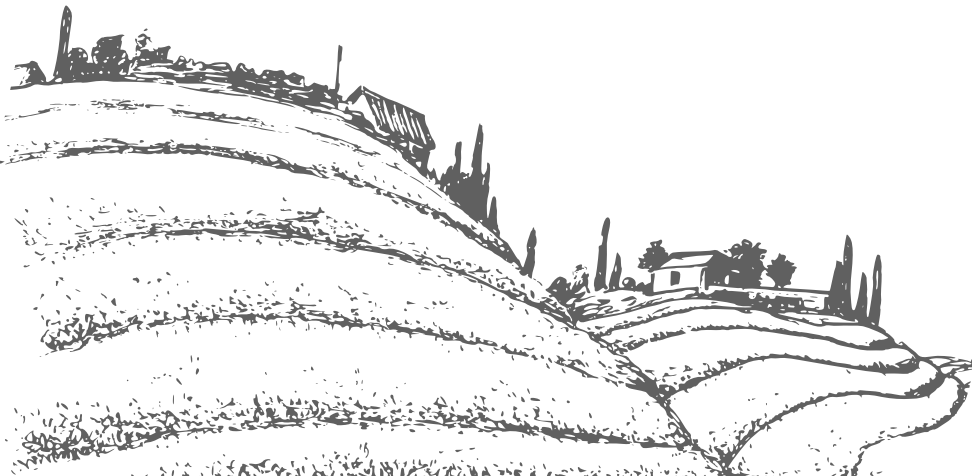
## Farmer Productivity

We provide training to our farmers not only on proper agricultural practices but also on climate adaptive methods, awareness around child labour and its dangers, use of dangerous chemicals, and proper health and safety measures. Furthermore, our business strategy entails supporting the formation of farmers' cooperatives to provide services and give a voice to farmers' concerns. We believe this is fundamental to their full market participation and enables them to take advantage of new opportunities.

Recognizing the financial constraints smallholder farmers contend with during production season, we provide them with access to affordable, quality fertilizers and planting materials of suitable crop varieties. We seek to achieve enhanced productivity and increased market-oriented and profitable farming in rural communities.

## Storage Services

Storage is a crucial link in the food supply chain. We provide storage as a service to producers and processors where they can store their products while we manage the entire storage chain from intake procedures to product grading and fumigation. Our storage facilities provide both quality and quantity guarantees across all commodities with necessary insurance covers for stored commodities.

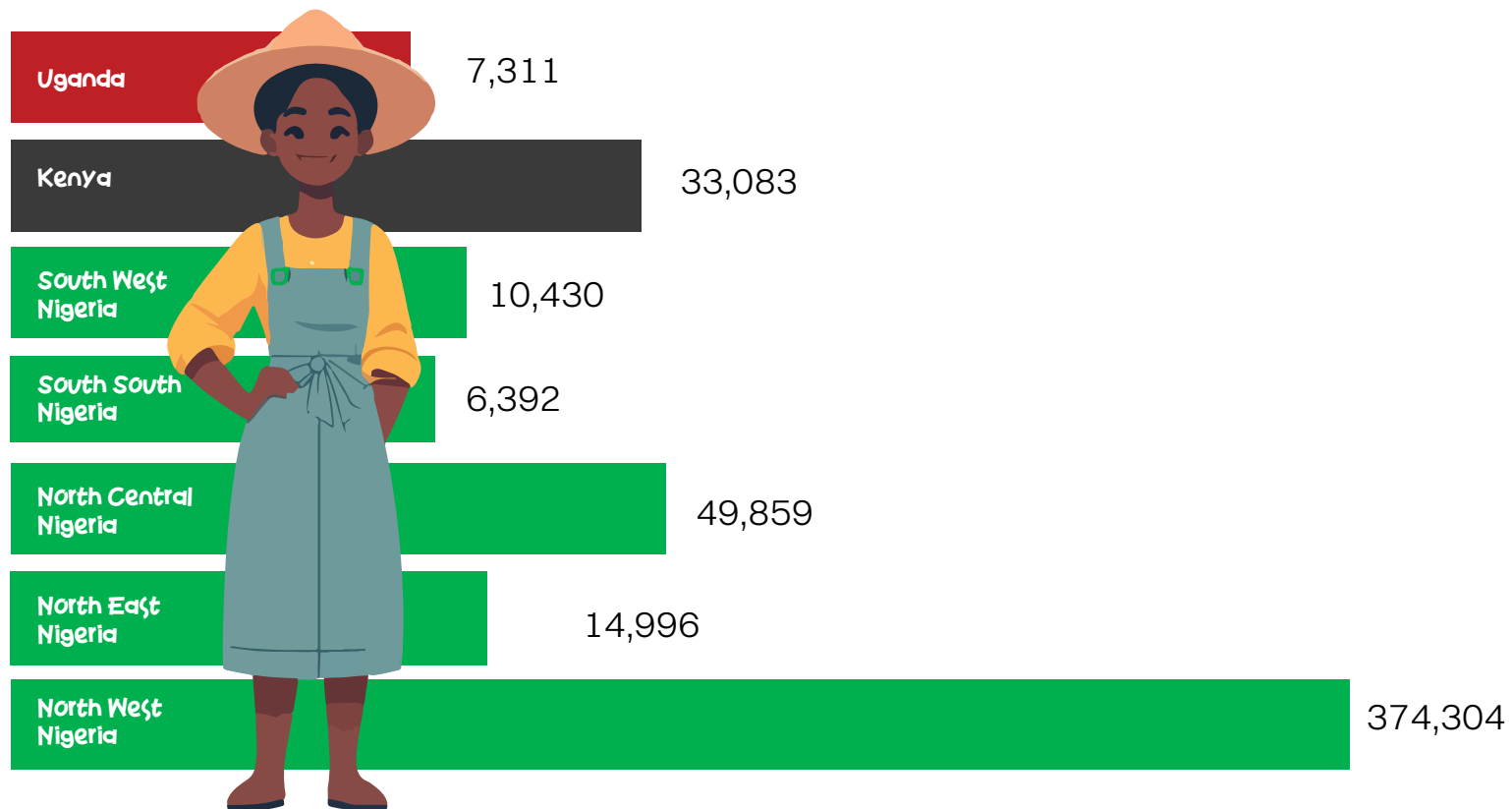


## Market Access for Farmers

We believe that turning around the fortune of rural farmers starts with addressing their poor access to the market. As such our warehouses are strategically located near rural farmers. Through this, farmers are therefore able to easily sell their produce at better prices as warehouses reflect the exchange-traded prices of commodities less cost and logistics differential per time.

In addition, the farmers are paid on the basis of weight, encouraging, rewarding farmers that followed the due process and ensured that their bags of commodities are of superior quality and quantity.

Farmer Distribution



# AFEX Commodities Exchange

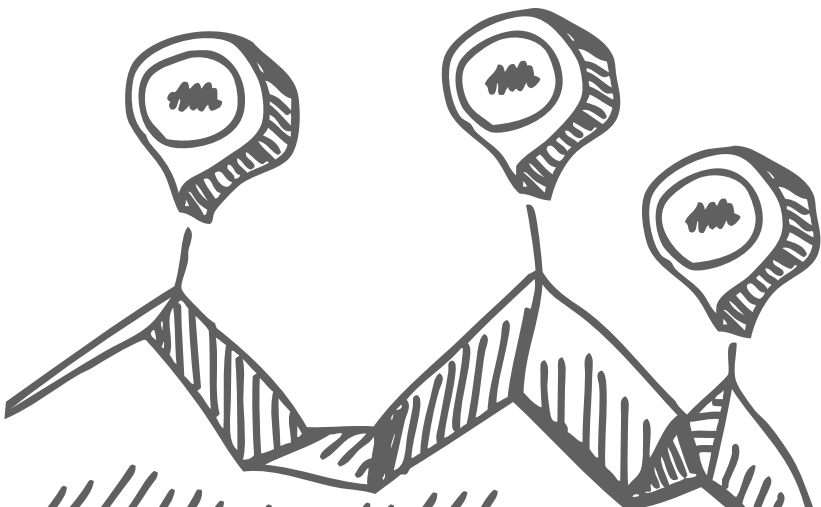
## Trade Execution

A fundamental part of our strategy toward more productive and sustainable development is facilitating the access of value chain players (farmers, processors, and consumers) to markets with efficiency, transparency, and competitiveness.

At AFEX, mainstream trade is an engine for opening new employment opportunities, new markets, new technologies, and new investments. In addition, traders play a key role in ensuring that safe and healthy food is accessible and affordable.

## Transparent Physical and Capital Market

The Exchange, in its attempt to enable the transition between the capital and commodities market, has listed numerous innovative and ethical financial products. Some of these products include Fixed Income, Asset Backed Commercial Paper, and Input Notes amongst others.





**We believe that for us to be food-secure, price transparency and quality control are the foundations. Farmers should know what their product is worth, and processors should be able to rely on quality and consistency of local sourcing**



# AFEX Investment

## Capital

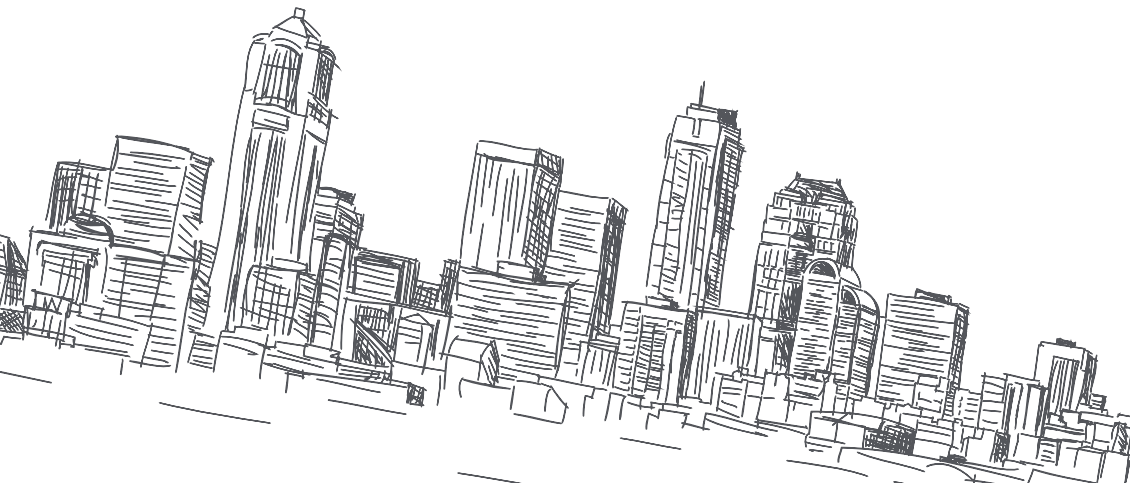
We provide financial intermediation services to Small and Medium Scale enterprises in Nigeria through AFEX Investment Limited. Our products in this sector include loans, investments, and payment. We also create products that offer investors the opportunity of investing in the agriculture sector through a customized portfolio

## Asset-backed Access to Finance

AFEX Investment Limited provides access to finance backed by commodity inventory. This allows small and medium-sized processors and traders to operate throughout the year, increase their output, and improve unit costs for consumers

## AFEX Service Providers

Licensed AFEX service providers operate aggregation and input financing services. These providers are financed by AFEX Investment Limited.





# Measuring AFEX's Impact Journey



## SDG 1: No Poverty

Developing countries like Nigeria and Kenya continue to face an uphill task in their bid to deliver on the UN SDG of “NO POVERTY come 2030”. The task of achieving the goal has been made more difficult by further deterioration in livelihoods for in these countries due to a series of international and domestic economic shocks. The interwoven effects of staggered global post-COVID recovery, international monetary space tightening, fallout of the Russia-Ukraine crisis, removal of domestic fuel subsidies in both countries and have led to record-high inflation and a debilitation of purchasing power. While the effects have been broad, those who reside in rural areas have been worst hit

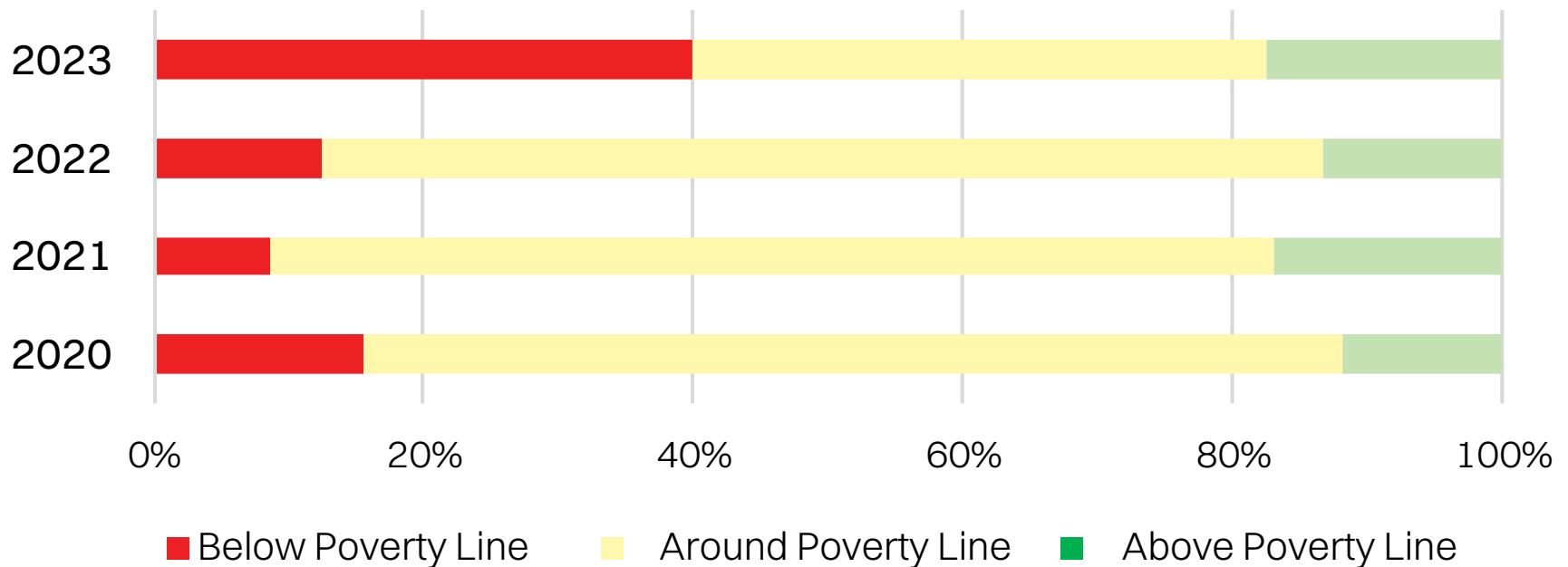
The agricultural sector also had its fair share of challenges, as rural smallholder farmers who happen to be our partners were negatively impacted. Recognizing the devastating setback and the need to support efforts at recovery; we have reinvigorated our work to contribute to ending poverty.

Working with our keen focus on increasing farmers’ profit and building their resilience to risks and vulnerabilities, we have been addressing the bottlenecks smallholder farmers face when it comes to agricultural production and market participation. Over the years, we facilitated smallholder farmers’ access to input through our Input Finance Programme. In addition, we have also invested in enhancing rural farmers’ productivity through the distribution of quality fertilizers and capacity-building exercises





## Poverty in the Wider Farmer Population in Nigeria



***While rural poverty in Nigeria is even more widespread in 2023 compared to our baseline measurement in 2020, we still observe that farmers who work with AFEX are more resilient, and more likely to have incomes above the poverty line.***

Poverty has become more widespread since we last reported our impact as the countries around the world battle the full-blown cost of living crisis. In Nigeria, the situation was worsened by an aggressive increase in the prices of imported items such as fertilizers and the 2022 devastating flood that led to an economic loss which was estimated to be about \$9.12bn.



## Poverty Likelihood : Nigeria

Our survey revealed that poverty remains a challenge in agricultural sector although the dynamics divers across region, cropping system, years spent with AFEX, household size and age bracket.

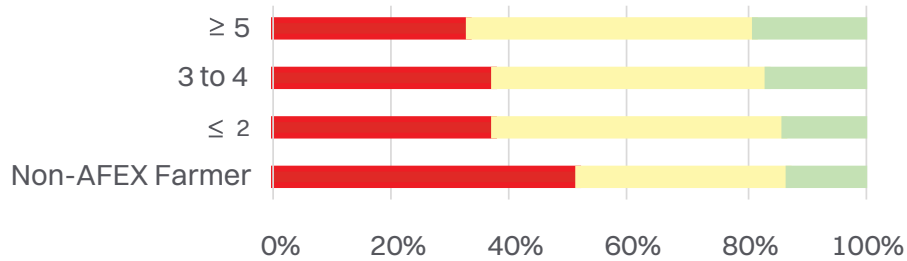
Farmers that have been with AFEX a minimum of 5 years were more likely to be above the national poverty line relative to those who have been with AFEX for 3-4 years or those who have not spent more than two years with AFEX. Non-AFEX farmers who does not have any support were found to be worse off, these farmers are at immediate risk of multidimensional poverty.

Incidence of poverty among farmers was found to be higher in the North West geopolitical Zone of the country as about 40% of the farmers were likely below poverty line as against about 30% in the North East (Gombe & Yobe) and 20% in the South West and North Central.

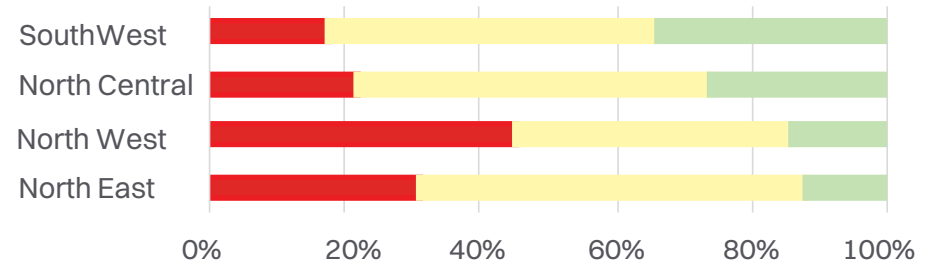
We also observed that the incidence of poverty was higher among farmers who cultivated only one crop than those who cultivated more than one crop. Also, farmers with lower household sizes were found to be better off as they are either around or above the poverty line.



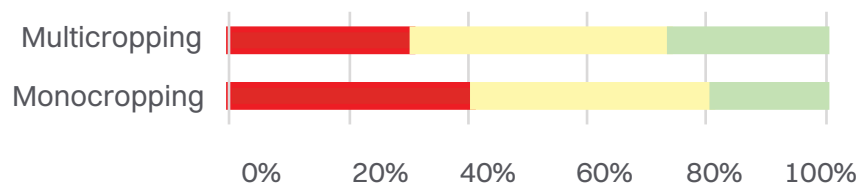
### Poverty Likelihood by Years Spent with AFEX



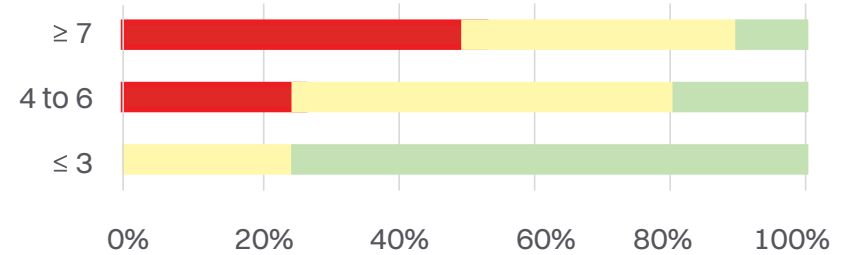
### Poverty Likelihood by Region



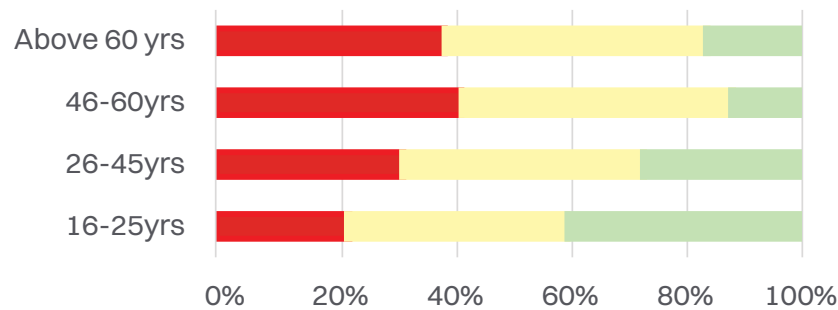
### Poverty Likelihood by Cropping System



### Poverty Likelihood by Household Size



### Poverty Likelihood by Age Bracket



- Likely below national poverty line (PPI <36)
- Likely around national poverty line (PPI 36-59)
- Likely above national poverty line (PPI >59)

In a nutshell, the analysis revealed that our farmer partnerships have demonstrably improved livelihoods. By providing support, we have empowered smallholder farmers to build resilience against vulnerabilities, reflecting our strong commitment to this SDG. Despite the economic uncertainty, AFEX remains dedicated to sustaining and exceeding these achievements..



## Poverty Likelihood: Kenya

This section spotlights the major finding from the first year of measuring our impact in Kenya - baseline survey. 11% of the farmers that participated in the survey were found to be in the red category. This group of Farmers are most likely living below the national poverty line and are also facing multidimensional deprivations in terms of nutrition, ownership of assets etc. The analysis revealed that farmers with higher household sizes and those that cultivate only one crop have relatively higher proportion of farmers in this category when compared with farmers with lower household sizes and those that engage in multi-cropping respectively.

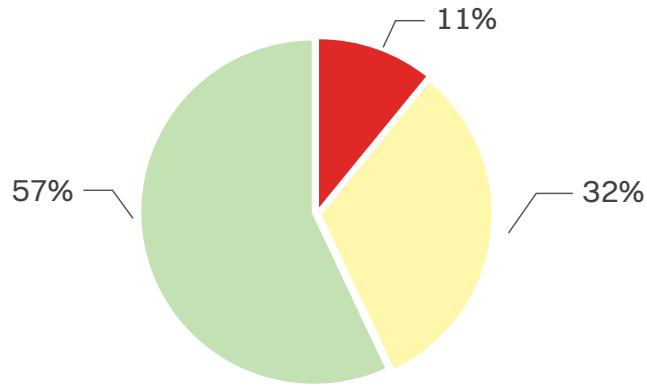
Farmers in the yellow category are most likely living at or around the poverty line. This suggests that they are generally able to meet their basic needs, but they are very sensitive to market volatility, adverse weather impacts and insecurity.

Farmers in the green category are likely living above the national poverty line. It is expected that these farmers should be able to feed themselves and their families, provide education to their children, and operate their farm in an economically sustainable manner.

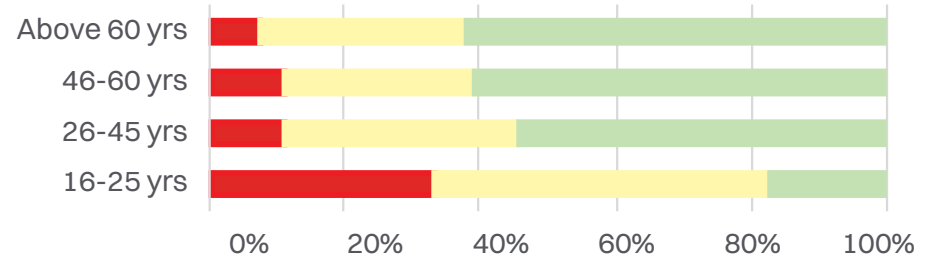
The analysis suggests that chances of living above poverty line increases with age of the farmers, smaller household sizes, and cultivation of more than one crop.



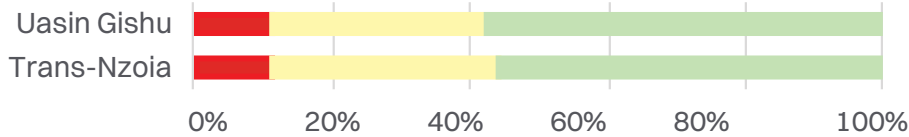
### Poverty Likelihood



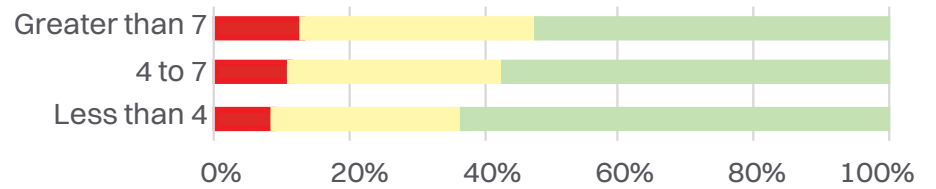
### Poverty Likelihood by Age Bracket



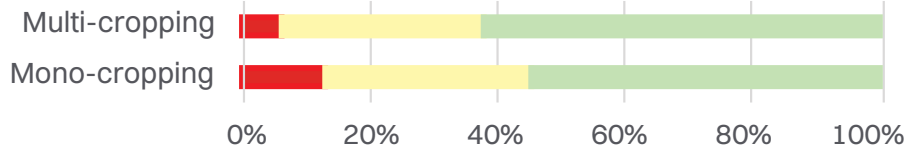
### Poverty Likelihood by County of Residence



### Poverty Likelihood by Household Size



### Poverty Likelihood by Cropping System



- Likely below national poverty line (PPI <36)
- Likely around national poverty line (PPI 36-59)
- Likely above national poverty line (PPI >59)



## SDG 2: Zero Hunger

The state of food security remains precarious as huge setbacks continue to overwhelm the food system. Though the food security performance improved in 2021, the situation went awry in 2022 as almost 90% of the farming communities faced either moderate or severe food insecurity. The situation improved marginally in 2023 with only 70% of farmers facing moderate-high food insecurity, however, it remains highly volatile. Most of the farmers only experienced marginal improvement along the food security scale continuum and are at significant risk of a relapse.

While food systems in Sub-Saharan Africa continue to grapple with climate change, recurrent outbreaks of pests and diseases, limited availability, and adoption of yield-increasing technologies; the ongoing food, fuel, and fertilizer crisis has further exposed the fragilities of the system. The food security situation has therefore weakened in Africa as the continent struggles to meet the food demand of its burgeoning population. The grim situation is also true for Kenya and Nigeria, as smallholder farmers who produce 60-80% of locally produced food items are at risk of acute severe food security.

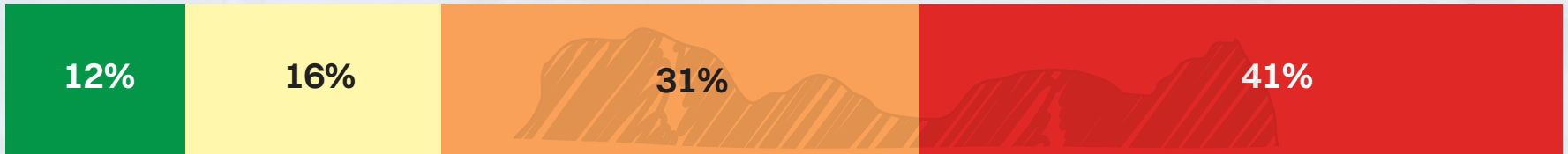
In response to these challenges, AFEX has continued to implement a range of short-, medium-, and long-term actions, to cushion the blow of the current crisis on our partners and set African food systems on a more resilient and productive pathway. Through our programmes, we have been able to enhance the productivity of eligible farmers thereby increasing their levels of production, earnings, and contribution to the country's food basket. Our farmers are given certified seeds, crop protection products, quality fertilizer, sound extension service through crop production lifecycles, and trade through strategically distributed warehouses. The success of this program has led to an improvement in availability, affordability, and access to quality and nutritious food items.



# Food Security in Nigeria



## 2023



## 2022



## 2021



## 2020





## Food Security Report - Nigeria

**Our analysis shows a positive trend: AFEX farmers, especially those with a longer partnership, experience food insecurity less often compared to non-AFEX farmers.**

However, the overall situation remains concerning, with a significant portion (41%) facing severe food insecurity and another 33% experiencing moderate insecurity. Only 26% are food-secure or mildly insecure.

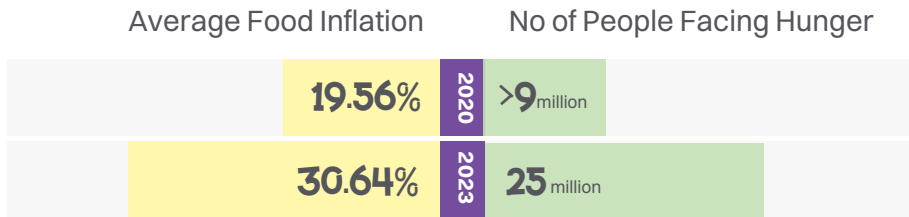
Farming households with less than four people are less exposed to food insecurity than farmers who have between four and six people or more in their household.

Over the years, we have been able to ascertain that our farmer's lives have been significantly improved. This suggests that the additional support received from AFEX has positioned the household for better food access.

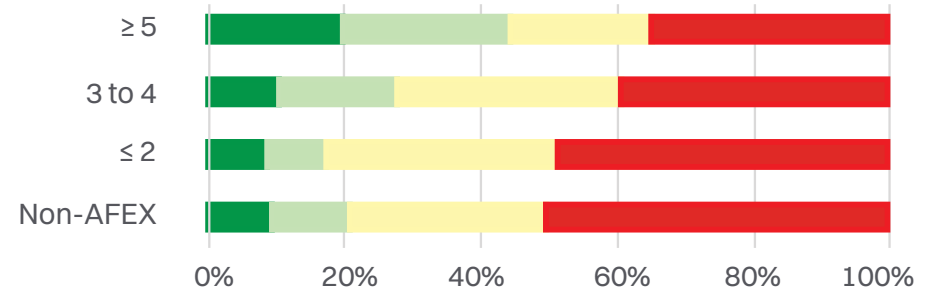




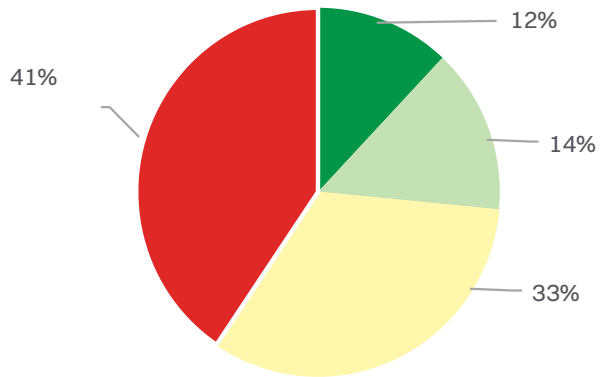
### Food Inflation in Nigeria



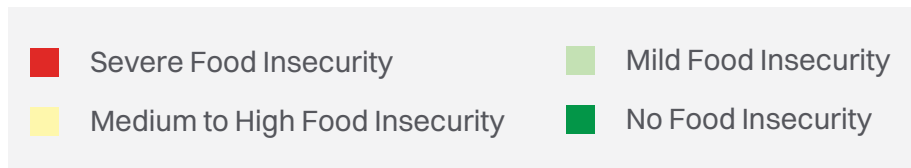
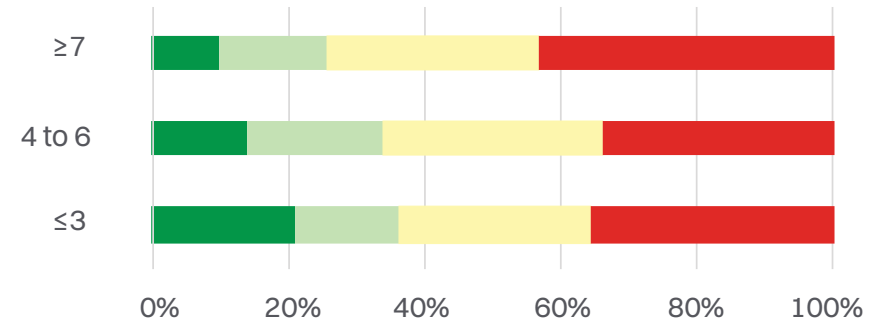
### Food Security by Years Spent with AFEX



### Food Security Levels



### Food Security by Per Household Size





## Food Security Report - Kenya

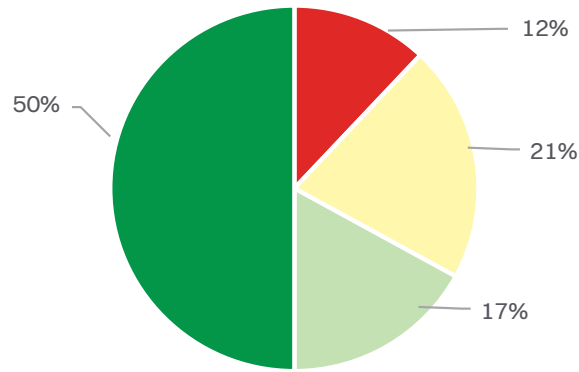
Overall, Kenyan farms exhibited a better food security situation compared to Nigerian farmers. This is reflected in the data, with 67% being food-secure, while 21% and 12% of the farmers experienced mild and severe food insecurity, respectively.

However, the farmers who cultivate one crop were found to experience severe food insecurity more than those who cultivate more than one crop. This suggests that cultivating more than one crop provides a buffer against experiencing severe food insecurity.

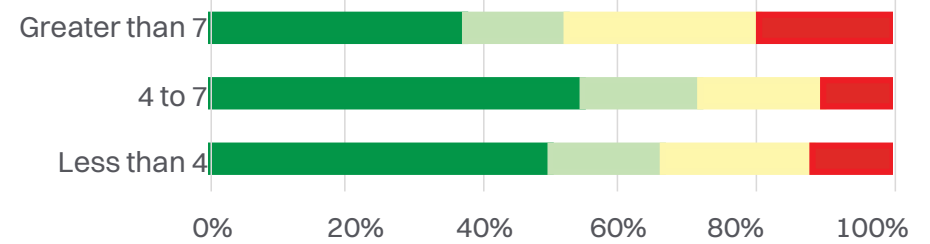
Farming households with less than eight people are less exposed to food insecurity than farmers with above eight people in the household. The analysis also revealed that food insecurity is more common among female-headed farming households, farmers living in Trans-Nzoia county, and those that cultivate more than one crop. Also, the result revealed that age plays an important role in the food security dynamics as older farmers were found to be better off.



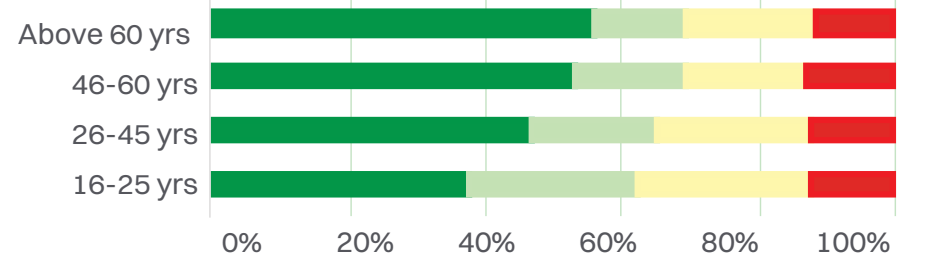
### Food Security Levels



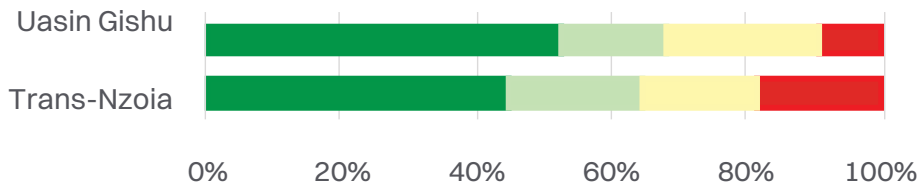
### Food Security Levels by Household Size



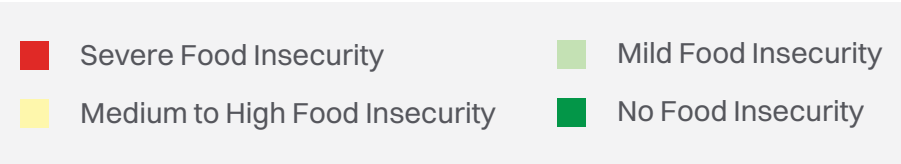
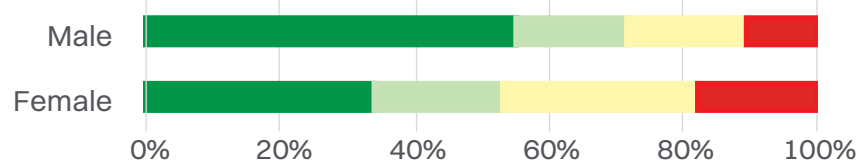
### Food Security Levels by Per Age



### Food Security Levels by County of Residence



### Food Security Levels by Gender



Sustaining progress towards food security has been a daunting challenge in Africa. In light of this, we will continue to innovate solutions that will bring this to fruition in the foreseeable future.



## SDG 5: Gender Equality

Promoting gender equality is a fundamental part of AFEX's operations. We strive to ensure equal opportunities and outcomes for all, whether in our office space, field operations, or third-party engagements. We believe in gender equality not only for its positive economic impact but also because it is the right thing to do. Our recruitment, performance assessment, remuneration, and career advancement policies are all guided by this principle, providing equal access to rewards, resources, and opportunities for all staff, regardless of gender.

In our countries of operation, where there is a structural gender imbalance, it is crucial that women are not left behind. Despite accounting for more than 50% of Africa's population, women generated only 33% of the continent's GDP in 2018. In agriculture, where a large proportion of women work, 97.9% of the work is informal. This is in comparison to 77.4% in industry and 70.2% in services (ILO, 2020). Therefore, empowering women in agriculture is vital for sustainable development and food security.

With a commitment to increasing female inclusivity, we aim for a more prosperous future for all stakeholders involved in AFEX's mission. As we embark on this transformative journey towards greater gender inclusivity, we are mindful of our current landscape, particularly in Nigeria, where female farmers make up only 18% of our farmers' base. This situation reinforces our resolve to address gender disparities and create a more inclusive environment. Our strategy aims to dismantle barriers, empower women, and pave the way for a more equitable future.



## Gender distribution of our registered farmers

### Nigeria



### Kenya



Over the years, we have been engaged in several initiatives that focus on promoting women in agriculture and targeted at improving their income and food security. Some of the activities include the partnership with Nasara Women Cooperative which is a cooperative of over 1,000 female farmers. Our partnership with them has enabled the women to improve their yield and incomes translating to improved food and nutrition for their households, better access to education for their children, and an overall increase in well-being of their households.



## SDG 8: Decent Work and Economic Growth

Our goal as AFEX is to develop a sustainable business ecosystem that generates economic growth while delivering social benefits to society. Thus, beyond making a profit and remaining in business, we are committed to the achievement of SDG 8 by promoting sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. AFEX aims to grow the value created by agriculture in absolute terms, as well as per head of the population. Agriculture and food can and should be a significant contributor to GDP.

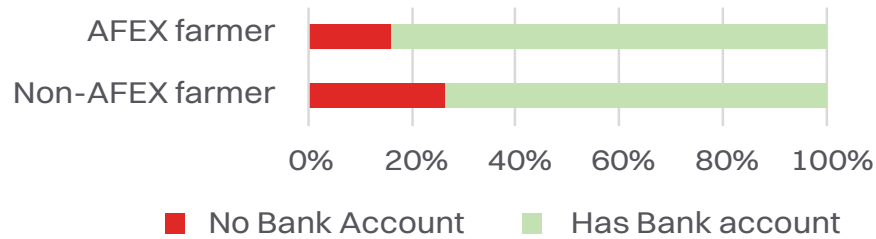
The core of our operations therefore has been to support small businesses and entrepreneurs by facilitating their participation in trade through effective price transmission and enhanced access to markets.

### Financial Inclusion

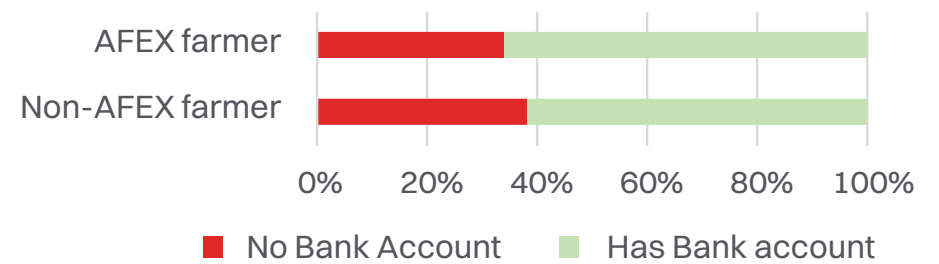
According to the ILO, while rural communities need financial services the most, they remain the largest unserved market for financial services. Consequently, smallholder farmers, most of whom reside in rural areas, have been systematically sidelined from accessing essential financial services. Part of our operations at AFEX has been to promote financial inclusion among this category of farmers. Our analysis revealed that AFEX farmers are more financially included than non-AFEX farmers. In Nigeria, our fintech solution called Cudie has been instrumental to this remarkable success.



### Financial Service Access in Nigeria



### Financial Service Access in Kenya



### Cudie: Towards Greater Financial Inclusion

To improve financial inclusion for the rural population, we developed Cudie, an electronic payment platform for farmers and people who live in rural communities to conduct their normal day-to-day payment transactions like value deposit and withdrawals, and transfers among a host of other activities using either a USSD code (\*347\*2339#) or the mobile app.

The digital wallet integrates rural communities into a network of banks, allowing farmers to securely receive and save their payments in their wallets, thus reducing the inconvenience and costs faced by those outside the formal banking system.



AFEX launched three graduate internship programs in 2022 - AFEX Bar Raisers, AFEX Tech Stars and the Xperts Trade Operations program - to equip young graduates with the skills and experience they need to thrive in today's competitive job market.

### Bar Raisers

In 2022, we introduced the AFEX Bar Raisers, a 6-month graduate internship programme that combines on-the-job training with technical skills development. The internship programme was created to help young graduates with an interest in corporate finance, strategy, investment, and financial markets jumpstart their careers in the industry and gain valuable skills and experience. Our maiden edition had 14 graduate interns. Between 2022 and 2023, the programme has successfully developed over 20 graduate interns into analysts contributing to our diverse and skilled talent pool.

### AFEX Tech-Stars

The AFEX Tech Stars (ATS) programme was launched in 2022. It is a 6 to 12-month hands-on internship designed to provide participants with invaluable real-world experience within the technology industry.

The completion of the first cohort resulted in the integration of 14 certified Xperts into the system. The 2nd cohort which is currently running has 18 participants ranging from backend developers, frontend developers, UI/UX designers, and mobile developers.

### Xperts Trade Operations Program

The Xperts Trade Operations program commenced in April 2022, setting itself apart from programs like Bar Raisers and Techstars by offering an introductory training program spanning 6 to 12 months. It's designed specifically for young graduates who are passionate about the agricultural value chain and have between 0 to 2 years of work experience. The inaugural cohort welcomed 27 promising candidates. Subsequently, the demand for a second cohort became clear. Thus, in July 2022, the program expanded to include a second cohort, consisting of 22 new, successful participants.







# AFEX Investment as a Catalyst for Indirect Impact

At AFEX, our business commitment to achieving intentional social and environmental impact goes beyond our direct engagement with farmers, traders, and aggregators across different value chains in the agricultural sector. Another strategic approach towards driving desirable social change is the provision of finance to agro-allied businesses through AFEX Investment Limited.

This business entity provides obligors (usually medium- and large-scale enterprises) in our commodity value chain with affordable credit facilities, to bridge the financing gap and also drive economic activities in the commodity space. Financial products under AFEX Investment Limited include short-term working capital, input financing, REPO, ethical financing, inventory financing and liquidity support. Through the development of these products, AFEX Investment Limited has also created social values with tangible impact on society while boosting our scorecard in our 6-priority SDGs through investing in SMEs. the achievement of gender equality.

To capture this impact, we embarked on a survey of our obligors with a sample that cut across different crops, regions, types of companies, and types of financing.

## Improved Livelihood, Food Security and Climate

**232,137**

Total Number of indirect beneficiaries

**55,189**

Number of beneficiaries that are farmers

**33%**

% of Obligators that provide training on climate change adaption and friendly environment

**50%**

% of Obligators that provide input support

## Economic Growth & Inclusiveness

**41%**

Youth representation among beneficiaries

**95%**

Youth representation in Obligators' workforce

**35%**

Female representation in Obligators' workforce



## SDG 12: Responsible Consumption and Production

According to the UN, integrating environmental sustainability with economic growth and welfare by decoupling environmental degradation from economic growth and doing more with less is one of the greatest global challenges in recent times. About 30% of all food is lost or wasted between the farm and the fork, thus indicating that agribusinesses such as AFEX have a significant role in making the environment sustainable. In addition, the current food production practices are exerting pressure on natural resources, it is therefore important that modernized practices are adopted to help promote efficient utilization of resources such as energy, water, and land.

Consequently, SDG 12, which focuses on ensuring sustainable consumption and production patterns is the leading driver of our business's ESG. In furtherance of the achievement of this SDG, AFEX promotes environmentally friendly production practices and reduction of food loss. We focus on reducing food loss through the provision of secure storage as well as capacity building for farmers and traders on ethical post-harvest operations.

Achieving sustainable development as a nation and a continent requires comprehensive and robust efforts from all quarters. At AFEX, we will continue to galvanize our direct effort by deploying funds into more investments that will generate measurable and beneficial social or environmental impact.



## AFEX & Sustainability

For us at AFEX, we see sustainability as a structure made of different components that feed into each other to achieve an efficient and planet-conscious ecosystem. Each new component/ iteration marks a step forward. This makes sustainability an essential component of our corporate strategy, our business operations, and our corporate values. Leveraging training, certification, traceability, technology, and data, we are building a resilient system that is resource-conscious, people-centred, and profitable for all players.

### 1. Training

Our training on agricultural production practices encompasses crop-specific Good Agricultural Practices (GAPs), Integrated Pest Management, Good Environmental Practices, Personal Health and Hygiene, use of Personal Protective Equipment (PPE), and application of Fertilizer. With a heavy emphasis on climate adaptive methods while raising awareness about child labour and its dangers.

### 2. Certification

Our warehouses and quality enhancement center (QEC) are continuously being certified in food quality and safety processes to ensure we continue to maintain our top-notch quality of commodity handling and service delivery. Our certifications range from Hazard Analysis Critical Control Point (HACCP), ISO (ISO 9001, ISO 22000) to Halal certificates.

Our cocoa farmers are Rainforest Alliance certified which ensures that their practices remain sustainable while they are respectful of protective areas.



### 3. Traceability

Traceability has become a useful tool for AFEX to advance sustainability through proper and efficient management of its value chains. To ensure traceability, the AFEX traceability tag system was developed to provide on-site details of every bag of commodity that has passed through AFEX’s system. It provides details on farmers’ identity, the geo-location of the farm from which it was produced, the date of the transaction, the warehouse in which it was stored, and every stop it makes until it gets to the client.

Our traceability system allows us to provide our customers with greater confidence in their sourcing and assurances that their commodities were sustainably produced.

#### Our Traceability Process

##### What:

Commodity tagged upon receipt



QR code details confirmed on workbench



Transaction approved



Commodity dispatched upon request



At destination, client can view all details upon scanning QR code



##### Who:

Admin

Warehouse Manager/Broker

Trade Execution

Warehouse Manager

Client



## 4. Technology

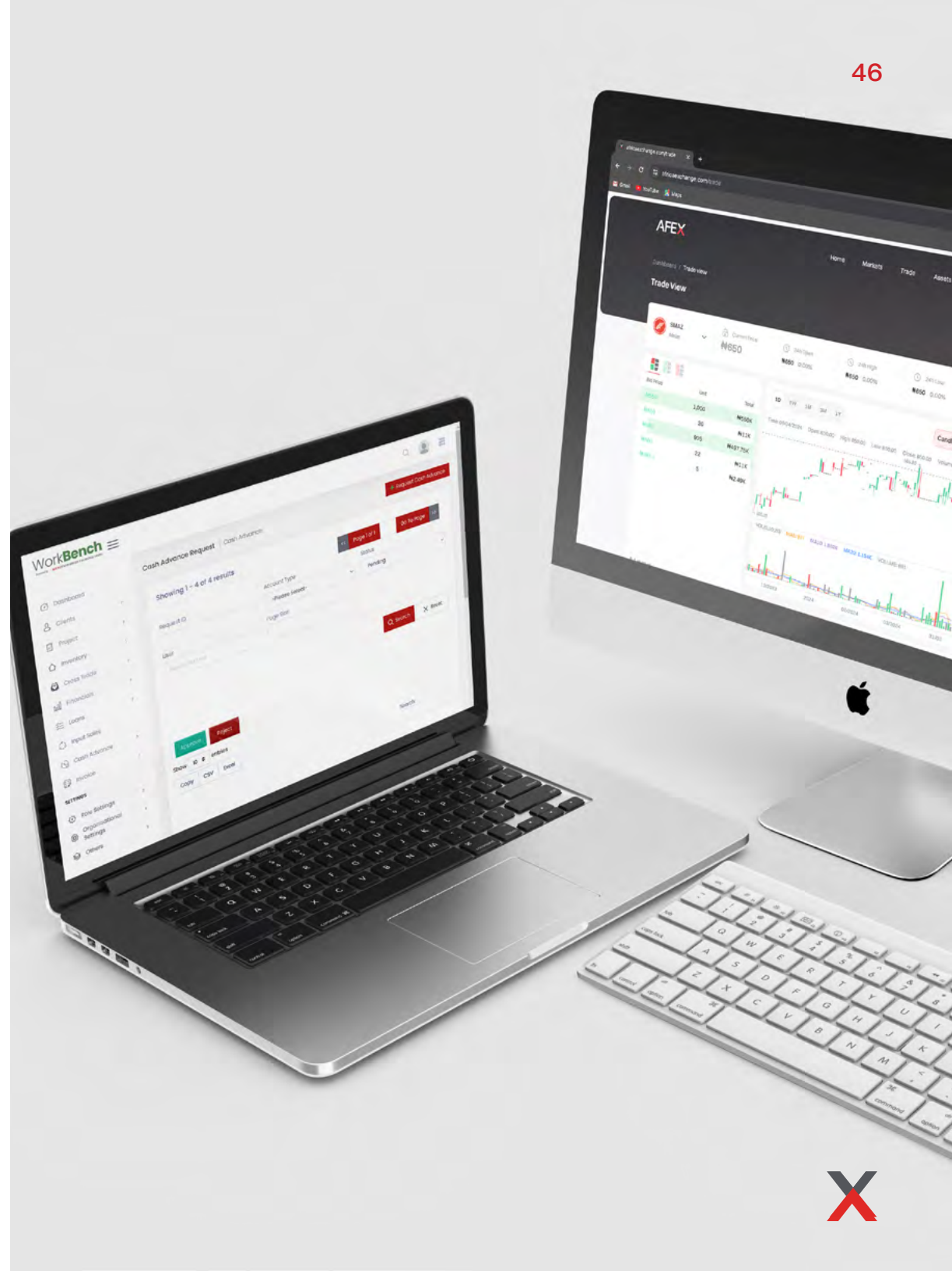
Our in-house value chain management tool - WorkBench and our trading platform - Africa Exchange (formerly known as ComX) ensure we manage all our processes end to end from production to consumption.

### WorkBench

This ensures full visibility of all our field operations from registration, and farmer training to inventory management, payment, and dispatch. It also acts as an ERP system for the farmers, which does everything from input sourcing and sales to loan administration and repayment.

### Africa Exchange

An award-winning digitally enabled marketplace that brings commodities into a financial market environment, enabling ease of transactions and eliminating concerns around storage and other commodity-associated costs. Trading on the Africa Exchange is like trading on the stock market. Clients register, fund their wallets, and trade securities. Its features also provide premium market linkages, enabling farmers to connect with buyers and trade their grain at more favourable prices.



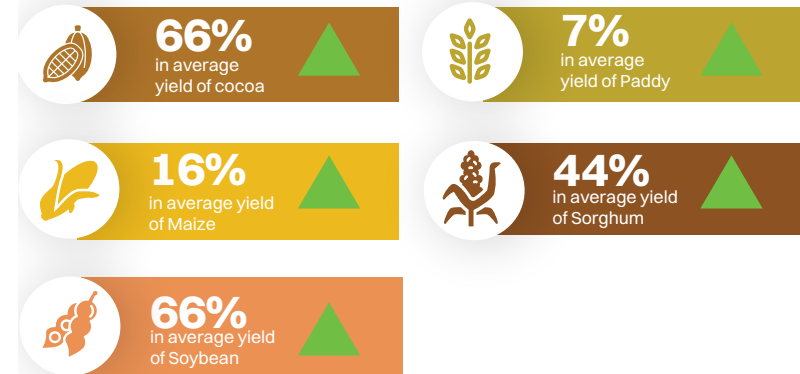
## SDG 13 - Climate Action

According to the United Nations, climate change is one of the key drivers of food insecurity with dire implications on agricultural productivity, rural livelihoods, and food systems at large. With more extreme weather patterns on the horizon, there is a need for to invest in adaptive and mitigative measures.

A key part of our climate-adaptation strategy at AFEX involves building the resilience of rural farmers by enhancing productivity amid climate change. Over the years, we have supported farmers with climate-resistant varieties and yield-enhancing agricultural inputs while ensuring that the farming system remain economically viable.



### Nigeria



### Kenya



Source: AFEX Crop Production Survey 2023



# 1M

# Cocoa Trees Initiative

Arising from the underperformance of the cocoa value chain and our unwavering commitment to driving sustainability in all value chains we play in; we embarked on a novel initiative to spur tangible improvements in cocoa production and productivity.

## 1 Million Cocoa Trees Initiative

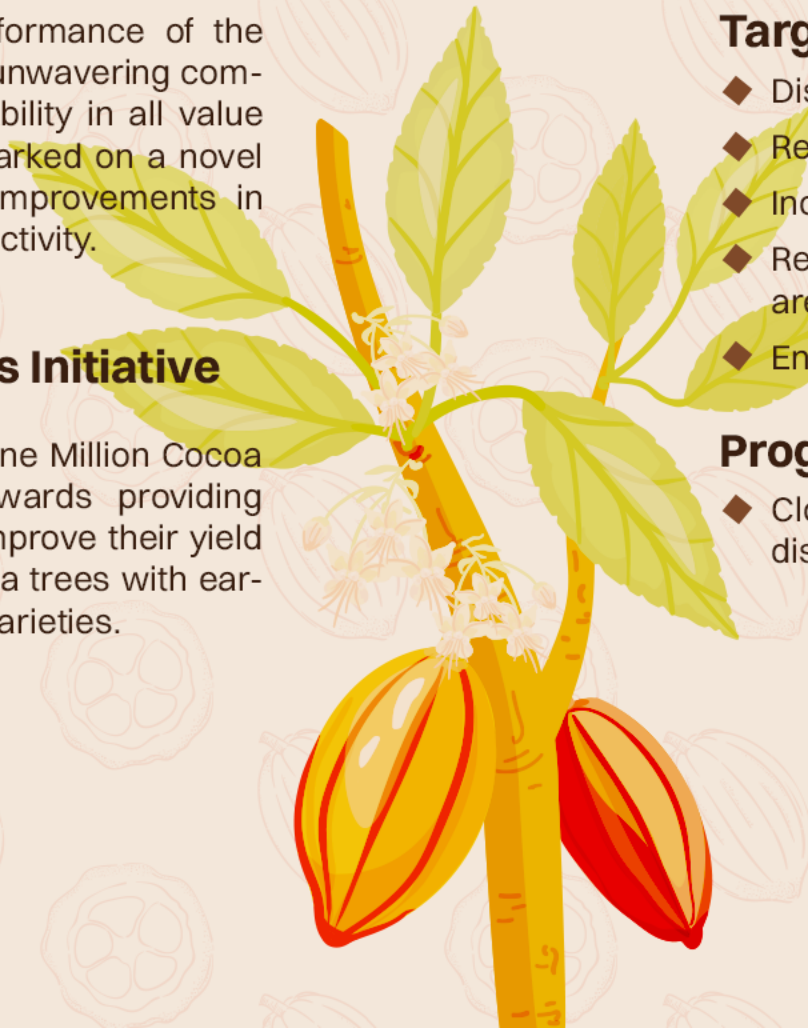
In 2022, we launched our One Million Cocoa Trees Initiative geared towards providing farmers an opportunity to improve their yield by replacing the aging cocoa trees with early-maturing improved yield varieties.

### Target

- ◆ Distribute 1 million cocoa seedlings.
- ◆ Reach 50,000 farmers in 5 years in Nigeria.
- ◆ Increase yield 5x.
- ◆ Reduce the need to encroach into protected areas.
- ◆ Enhance farmers' livelihoods.

### Progress

- ◆ Close to 500,000 cocoa seedlings have been disbursed under the programme.







**Growing Markets | Connecting Trades**

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