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## East Africa Fruit Company

### Investment Summary

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**Country:** Tanzania

**Sector:** Fruit and vegetables for the domestic market

**Investment:** Transport vehicles, ripening machines, and collection centers

**Total estimated capital expenditure:** 2M USD

**Investment type:** Convertible subordinated debt

**Amount invested by Kampani:** 590,000 USD

**Co-investor:** Goodwell, AgriFI

**In portfolio since:** September 2021

**Deal sourced by:** Rikolto and OvO

#### The investment

Founded in 2013, EAFC is an SME in the domestic fruit and vegetable sector of Tanzania. EAFC has developed a robust, adaptable, and resilient logistics business transporting and processing vegetable and fruit from smallholder farmers directly to the market, eliminating the middlemen and providing consistent quality and supply. Because they work directly with farmers and have a strong logistics-oriented business model, they are able to seamlessly adapt to market demand, whether the product is potatoes, bananas, or otherwise. They are currently working with over 2.6 thousand farmers and see the opportunity to work with many more.



They currently enjoy a first-mover advantage. Scaling up their business now could solidify their leadership position and drive social impact-oriented industry practices. Kampani's investment will allow them to do so by increasing their logistical capacity through the provision of additional transportation capacity, processing facilities, and collection centers. This investment concerns a scale-up.

#### Social Impact

Social responsibility is baked into the EAFC model. The company prioritises not only the well-being and improved livelihoods of the thousands of smallholder farmers they work with, but also the thousands of street vendors they service as customers.

Beyond the commercial relationship, EAFC provides several services to farmers, cultivating positive, sustainable relationships with their producers. The services include:

- Market access: EAFC signs contracts with the farmers at the start of each season, renewable annually, ensuring offtake of their production at above market prices. The company commits to purchasing 100% of qualifying production and in turn the farmers commit to applying good farming practices. For bananas, this is a game changer for farmers (mostly women) who needed to walk up to 10 km to the closest market to sell their bunches, without certainty of selling their produce.
- Transport payment: EAFC pays for transportation from farm gate to collection centers.
- On the spot payment: they provide an advance to farmers and pay the remaining balance at delivery through Mpesa. This is a highly valued component for farmers working with EAFC.
- Training and technical assistance: provided to farmers in groups at the collection centers, normally on a quarterly basis. Individual trainings are also provided by extension officers.



Kampani shareholder Rikolto is one of the NGO service providers EAFC partners with to provide additional support to their farmers. Since several years Rikolto has partnered with EAFC to support onion growing in Kilimanjaro area. This collaboration is now being extended to other crops in the south of Tanzania. For Kampani, this association is an additional guarantee that the social impact for the smallholder farmers will be maximised.

EAFC also has a program through which it can provide its farmers with advances that can be used either for harvesting (e.g. farm improvement and payment of casual labour) or for personal needs (e.g. school fees and medical expenses). The amount provided is decided on a case-by-case basis and depends on the farmer's expected production.

While Kampani's social impact focus is on smallholder farmers, it is nonetheless exciting to see the social impact at every level of the value chain. The EAFC business model eliminates the need for market vendors to wake up at 3:00am to secure produce at auction, only to have it delivered hours later, at inconsistent times. Vendors working with EAFC receive consistent, affordable delivery of high-quality produce at competitive prices directly to their vendor stalls at market, saving time, cost, and quality losses. This in turn allows market vendors to sell safe, fresh, and high-quality products to end-consumers at an affordable price.

