common fund for commodities

Annual Report 2020

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Above: A farmer harvests sesame seeds in Xaaxi, Somalia. ©FAO/Isak Amin
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Left, below: Cashews, Maranhão, Brazilië. Adobe stock
Right: Cocoa pod. Adobe stock

Common Fund for Commodities

Annual Report 2020

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CFC common fund for commodities

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Photo: Coffee beans. Adobe stock

Photo: Burao, Somalia.
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Managing Director,
H.E. Sheikh Mohammed Belal

Foreword

As we look back on 2020, I wish to recognize the resilience and dedication of our team. In addition to adjusting to work-from-home arrangements, many members have had to rearrange full-time care for their families, while others have grappled with being alone, far from family and isolated even from the neighbourhood. Against this background, it is remarkable what our teams have achieved, detailed here in this annual report.

I assumed my duties as the new Managing Director in April 2020, in the middle of a pandemic. Keeping the organization functioning as usual, and more importantly, quickly adapting to the new environment, was my immediate task. Section II of this Annual Report will provide you with more details on how we endeavoured to respond to the COVID-19 pandemic.

This year we have deployed new ways of doing things digitally, recruited new team members, negotiated new partnerships, and did our best to positively impact more lives despite the challenges of the pandemic. Maybe we touched more lives, than it would have been possible otherwise, because of COVID-19.

This is a lesson we, in the CFC, are trying to put in practice with our focus on the communities and countries, where poverty is more entrenched. The pandemic has reminded us to go 'local' before becoming 'global', more focus on the SMEs, smallholders, local communities, and their life together. Therefore, we remained engaged in this proverbial 'walking back' along the value chain so that we can begin from where it all begun. At the producer level to connect the dots of the value chain up to consumer level.

One of the priorities, therefore, that we have been trying to pursue is broader partnership with our peers, wherever they are, and thereby multiplying the impact that we wish to have. Benefiting from the increased use of virtual meetings, the CFC strengthened its presence in international meetings of relevant development partners, including among others the United Nations, UNCTAD, UN-OHRLLS, UN-FAO. Also, the CFC has hosted an event with the International Commodity Bodies and promoted webinars with SMEs operating in the commodity value chains.

Maintaining its activities without substantial disruptions, in 2020 the CFC approved financing for eight regular projects with a total cost of USD 23.6 million. Of the total cost, the Fund contribution is USD 10.9 million or 46% of the total project cost. As of December 2020, the Fund had 46 Regular projects plus a further 25 Fast Track projects, (a total of 71 projects) at various stages of start-up and implementation, with an overall cost of USD 189.6 million. In addition, the Fund is participating in 8 investment funds with equity and partnership financing and thereby is a part of a team that manages a total portfolio of USD 523.0 million.

To highlight the emerging topic of strategic importance for CFC Member States, our feature article on 'Inclusive business cases linking agriculture and conservation' was placed at the centre of this annual report. It rightly indicates that there are ways to produce food that protect forests, reduce emissions, and provide co-benefits for livelihoods, biodiversity, and local climatic conditions. Meaning we will have to work more with the businesses and smallholders to adopt better practices and increase productivity, thus preventing further deforestation. This is what CFC is aiming to do with increased intensity, with the locals, indigenous or ethnic communities, and with increased frequency as we work to address challenges of climate action -SDG 13 -along with other core SDGs. We invite you to peruse 'Development impact bonds: Learning from the Asháninka cocoa and coffee case in Peru' to know more about our innovative tool of impact investment titled 'development impact bond' in our project deep inside the Peruvian Amazon with the Asháninka indigenous community.

Given our size and capacity, we have been exploring technologies like blockchain, remote sensing, biofriendly means of digitalisation, traceability, biodiversity, and other means of agri-ecological options where development is a means, not mere an enforced decision.

Indeed, we have been experiencing a sense of urgency in the corporate sector to align their businesses more with the SDGs using ESG matrix. More and more businesses are speaking out, without any hesitation, that businesses should no longer advance only the interests of shareholders, with the goal of only making profits. Instead, they must also invest in their employees, protect the environment, and deal fairly and ethically with their suppliers. This new way of thinking presents a great opportunity for the CFC to make its impact much greater by leveraging the resources of impact conscious investors, thereby leveraging, CFC's impact objectives on a new scale.

As an impact investment fund, CFC has always believed that the private sector can be a force for good, and we believe that impact investing represents a significant opportunity to bring the innovation, incentives, and resources from business to the social sector. We need better data on the financial and social returns; better stories to inspire investors and entrepreneurs; and more clarity on what we mean when we say 'impact' and how we measure it.

In the course of 2020, the CFC made some important progress in sharpening its impact management practice, aligning with the current industry best practices. The Executive Board approved CFC's Sustainability Policy and with the support of the International Labour Organization (ILO), the CFC implemented its Social and Environmental Management System (SEMS). This system allows the Fund to better assess the potential social and environmental risks from its projects and be better prepared to address them. More details on CFC's impact management practices, including impact stories on two projects that received CFC support in 2020 are presented in Section V of this report.

As Greta Thunberg reminded us, though we all face the same storm, we are not all in the same boat. COVID-19 has hit poorer people hardest, and it has hit women harder than men. It has reminded us that nobody can be safe until we are all safe. That we depend on each other in a myriad of ways – our economies, our families, our security, and our health are inextricably interlinked – and breaking these bonds, even temporarily, leaves us all poorer.

This is perhaps the time to mainstream both the concept and operation of the impact investment, using the heightened consumer awareness of the millennials and others, to make our whole bigger than our parts.

Accordingly, as per the guidance of the Executive Board, the CFC formed a Working Group to explore the possibility of creating a new fund to scale up the CFC's experience for over thirty years as an impact investment fund. The CIIF will, therefore, bring impact investment funds directly into projects identified by the CFC and thereby allowing CFC to scale up its impact journey in a significant way.

A humble plea

While this COVID-19 will remain as a pockmark on the face of the humanity unless we act together, it would be inaccurate to see only adversity ahead. Developing countries can not only reclaim their hard-won economic gains but do even better than before the pandemic. Obviously, a first step depends on producing and distributing vaccines to eradicate the pandemic. Beyond the immediate recovery, developing countries need to come together to mainstreaming or localizing their development journey from where the value chain originates. With renewed focus on the 'local' and/or 'rural', the developing world can achieve their growth potential through well-calibrated economic policies and strategies that improve access to health care and education, support and retrain displaced workers, and strengthen public investment in green projects and digital infrastructure. The goal is to build more inclusive economies that benefit everyone, while ensuring macroeconomic stability.

The COVID-19 is an unprecedented wake-up call, laying bare deep inequalities and exposing the failures that are addressed in the 2030 Agenda for Sustainable Development and the Paris Agreement on climate change. To turn this moment of crisis into a much-needed transformation, bold steps can steer the world back on track towards the Sustainable Development Goals. This is a time for change, for a profound and systemic shift to a more sustainable economy that works for both people and the planet.

We urge you to come forward with your support and resources to continue, indeed upscaling, our work for a greener, more inclusive economies, and stronger, more resilient societies. We invite you to read more about our ongoing work on the CIIF (Commodity Impact Investment Facility) as will become available in the course of 2021.

We thank our member states for their support and our institutional partners for their encouragement, advice, and commitment during a difficult year. We will continue to put the people we serve at the centre of everything we do, and we look forward to working with all our stakeholders and partners, who share our passion for working for alleviation of poverty globally.

I hope that this report will serve as an invitation to a dynamic dialogue, on issues of shared interests and concerns, as we 'walk back' the value chain. Humanity demands a renewed focus on the 'local", if not a new beginning, as we all are in this together.

Sheikh Mohammed Belal

H.E. Sheikh Mohammed Belal

Photo: Cacao pod. Adobe stock

Photo: Sweet potatoes, Gashikanwa, Burundi. ©FAO/Giulio Napolitano

I

CFC **at a glance**

CFC **Highlights**

Expected Impact (current loan portfolio)

410,000
farmers

59,000
hectares cultivated

5,400
jobs created

13-80%
women among the farmers impacted

10
projects in LDCs

Organization

31 YEARS
years of project experience

9 institutional members

7 investment partners

23 staff members, of which **61%** are women

101
member states

9 commodity experts, of which **56%** are women, form the Consultative Committee

Operations - 31 years supporting commodity producers

440
projects approved

798 million
of total project costs (in USD)

68
commodities financed

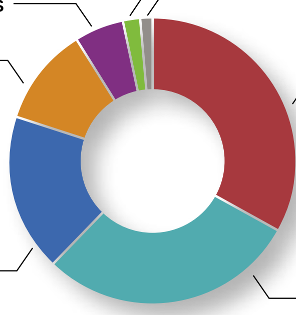
353 million
of capital committed (in USD)

455 million
co-financing/counterpart contr. (in USD)

96
different countries supported, of which 36 are LDCs

271 million
disbursed (in USD)

Commodity Value chain



CFC projects in LCD countries

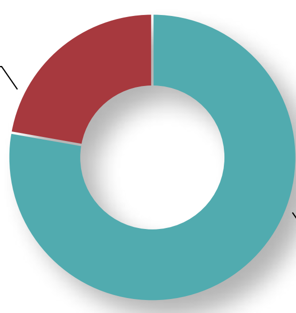


Photo: Dahra, Senegal.©Benedicte Kurzen/NOOR for FAO

Countries participating in **CFC projects since 1989**

1. Mexico
2. Cuba
3. Haiti
4. Jamaica
5. Honduras
6. Guatemala
7. Nicaragua
8. Costa Rica
9. Trinidad and Tobago
10. Venezuela
11. Colombia
12. Ecuador
13. Peru
14. Brazil
15. Paraguay
16. Argentina

17 United Kingdom of Great Britain and Northern Ireland
18 The Netherlands
19 Germany
20 France
21 Portugal
22 Spain
23 Russian Federation
24 Bulgaria

25 Turkey
26 Syria
27 Israel
28 Morocco
29 Algeria
30 Tunisia
31 Egypt
32 Mauritania
33 Mali
34 Niger
35 Chad
36 Sudan
37 Senegal
38 Gambia
39 Guinea-Bissau
40 Sierra Leone
41 Guinea
42 Cote d'Ivoire
43 Burkina Faso
44 Ghana
45 Togo
46 Benin
47 Nigeria
48 Cameroon
49 Central African Republic
50 Ethiopia
51 Djibouti
52 Gabon
53 Congo
54 DR Congo
55 Burundi
56 Rwanda
57 Uganda
58 Kenya
59 UR Tanzania
60 Angola
61 Zambia
62 Malawi
63 Mozambique
64 Namibia
65 Botswana
66 Zimbabwe
67 Lesotho
68 Eswatini
69 Madagascar
70 Yemen
71 Oman
72 Bahrain
73 Uzbekistan
74 Afghanistan
75 Pakistan
76 China
77 Nepal
78 India
79 Maldives
80 Sri Lanka
81 Bhutan
82 Bangladesh
83 Myanmar
84 Lao PDR
85 Thailand
86 DPR Korea
87 Republic of Korea
88 Japan
89 Philippines
90 Malaysia
91 Indonesia
92 Papua New Guinea
93 Solomon Islands
94 Vanuatu
95 Fiji
96 Samoa

CFC: Where alleviation of poverty is not a dream, rather a mission ongoing!

Commodity dependence is a vulnerability that is hard to cure. Once a country is in this state, it is hard to break the chains of this dependence. This dependence and resultant vulnerability are at the core of many economic, social and environmental challenges faced by developing countries. Addressing the challenges posed by commodity dependence is central to any meaningful efforts to achieve the UN's Sustainable Development Goals, from reducing poverty and advancing equality to protecting the planet and preserving harmony.

The CFC was founded on the principle that it will help addressing both the dependence and vulnerability of commodity production, processing and trade in a way that it will benefit developed and developing countries alike, delivering economic, social and environmental benefits to all, particularly to the poor people, in the commodity dependent developing countries (CDDCs). The work of the CFC contributes to alleviating poverty by means of value chain upgradation and diversification.

As commodities are the main source of income for many poor countries, many strive to earn more by producing more. This puts pressure on their natural resources, which compromises sustainability and impedes development in the medium and long term. To this end the CFC strives to support production, processing and trade of commodities in a sustainable way that benefits producers and consumers alike so that commodity sectors contribute to sustainable development of countries and communities.

The CFC, therefore, promotes the development of commodity sector to contribute to sustainable development in its three dimensions i.e. social, economic and environmental; acknowledging the diversity of ways towards sustainable development and in this regard recall that each country has the primary responsibility for its own development and the right to determine its own development paths and appropriate strategies.

Alleviation of poverty and economic development starts smallholder farmers. Smallholders account for up to 80 per cent of food production in Africa and Asia, providing much of rural employment and income, yet millions of rural people face lack of food, lack of inputs, lack of finance, lack of infrastructure and lack of hope.

Towards addressing this hopelessness and to instil hope, the CFC acts as an impact investor and provides financial support for innovative projects with high impact promoting the interests of the smallholder farmers and small and medium enterprises (SMEs) engaged in commodity production, processing, and trading in Developing Countries with innovation and creativity. Impact financing provided at the grassroot level allows smallholders and SMEs to raise production/income, connect to markets, improve their livelihoods, and thereby alleviate themselves from poverty.

CFC MISSION: **To contribute to poverty alleviation by strengthening the income-generating capacity of commodity producers and mitigating vulnerability to their economic well being.**

CFC VISION: **To strengthen and diversify the commodity sector in developing countries and transform it to be a major contributor to poverty alleviation and sustained economic growth and development.**

Photo: Rice, Kamangu, Democratic Republic of Congo. ©FAO/Olivier Asselin

Box 1 | The Organization of the Common Fund for Commodities

Establishment and Membership

The Common Fund for Commodities (CFC) is an autonomous intergovernmental financial institution, practicing impact investment, within the framework of the United Nations. The Agreement Establishing the Common Fund for Commodities was negotiated in the United Nations Conference on Trade and Development (UNCTAD) from 1976 to 1980 and came into effect in 1989. Financing for the first development project was approved in 1991.

The Common Fund for Commodities forms a partnership of 101 Member States plus nine institutional members. Membership of the Fund is open to all States which are Members of the United Nations or any of its specialised agencies, or of the International Atomic Energy Agency, and intergovernmental organisations of regional economic integration which exercise competence in the fields of activity of the Fund.

Governing Bodies

The governing bodies of the Fund are its Governing Council and the Executive Board. The Managing Director is the Chief Executive Officer of the Fund. The Executive Board is advised by a Consultative Committee, composed of nine independent experts, on technical and economic aspects of projects submitted to the Fund. The Governing Council meets once a year, and the Executive Board and Consultative Committee biannually.

Headquarters

The Headquarters of the Common Fund are located in Amsterdam, The Netherlands.

Core competencies of CFC

CFC, therefore, took upon itself a challenge to work in areas of commodities and communities, where poverty is not only more entrenched and harder to remove, but also the community where survival is living. With its base in the heartland of Europe, CFC always strives to make 'innovation and creativity' a matter of regular practice so that it could work as a bridge between the developing and the developed world.

Operationally, CFC offers financing up to the amount of USD 1.5 to 2.0 million. Hardly any alternatives exist for commodity producers seeking financing in this segment from other sources due to high risk, cost overheads and challenges of implementation.

CFC not only provides project financing; it also manages technical assistance facilities of other impact investors operating in areas connected with the mandate of the CFC. Thereby, it brings both the concept and implementation of poverty alleviation strategies, with innovation and creativity, under the same roof.

Finally, CFC follows a truly bottom-up approach where it receives project ideas from the grassroots and thereby carefully avoids enforcing the will of others to the communities it is privileged to serve.

Main Activities

The Fund supports and expands its financial interventions in commodity value chains in partnership with the public and private sector, development institutions, and civil society. In particular, the CFC invests in realizing the potential of commodity production, processing, manufacturing, and trade for the benefit of the poor. The CFC supports implementation of activities that:

(i) are innovative and target new opportunities in commodity markets leading to commodity based growth, employment generation, increase in household incomes, reduction in poverty, and enhancement of food security,
(ii) are scalable, replicable and financially sustainable,
(iii) have a potential measurable positive socio-economic and environmental impact on the stakeholders in commodity value chains as compared to the prevailing baseline situation,
(iv) develop stronger connections with existing markets or create new markets along the value chain,
(v) increase financial or other services to commodity producers and commodity based businesses,
(vi) enhance knowledge generation with innovation and creativity, and
(vii) build effective and cost efficient collaboration between producers, industry, governments, civil society organisations and other stakeholders for commodity based development.

Key Themes

The CFC provides technical and financial support to all aspects of the value chain from production to consumption i.e. from 'field to the fork'. The CFC support can extend across local, national, regional and international markets. Examples of specific target areas include:

- Production, productivity and quality improvements,
- Processing and value addition,
- Product differentiation,
- Diversification,
- Marketing,
- Technology transfer, upgradation, innovation,
- Introduction of measures to minimise the physical marketing and trading risks,
- Facilitation of trade finance, and
- Risk Management, including price risk, weather risk etc.

Impact Financing

The CFC acts as impact investor, supporting projects which are sustainable and which deliver measurable development impact in the framework of the Sustainable Development Goals. CFC support is mainly in the form of loans, including working capital, trade finance and other similar financial instruments. Support in the form of equity, quasi equity, lines of credit and guarantees is considered on an exceptional basis. Limited amount of grants may be provided to qualifying organizations, e.g. to support specific new activities in areas of strategic interest or to support the loan based projects through activities such as capacity building, technical assistance etc.

The activities of the CFC are financed from its resources. These resources consist of voluntary contributions and capital subscriptions by Member Countries transferred to the CFC's Second Account and interest earned from its investments.

Partner Institutions

The journey of sustainability requires partnerships. The CFC partners with public and private institutions, bilateral and multi-lateral development institutions, cooperatives, producer organisations, small and medium enterprises, processing and trading companies, and local financial institutions that:

- operate in commodity value chains or provide financial and other forms of services to small business operators, SMEs, cooperatives, producer organisations,
- are committed to do more with less with innovations and creativity.
- have a proven track record in commodity development,
- have the ability to invest in the value chain to reduce transaction costs or increase revenues of producers / processors / storage / marketing,
- have a clear plan focusing on developing and/or diversifying their production / services,
- have a clear plan to expand their markets at local, national, regional and international level,
- have the technical, managerial and financial capacity to effectively and efficiently implement its activities,
- include social, economic- and environmental aspects in their scope of work,
- share CFCs values, including internationally recognized principles concerning human rights, labour standards, environment and anti-corruption, and
- collaborate with CFC to extend their core activities in ways that create additional opportunities for commodities and the stakeholders in the commodity value chains.

Photo: Dan Bouda, Niger. ©FAO/Luis Tato

CFC **staff**

"Without a doubt, 2020 was a difficult and challenging year. The CFC was no stranger to the complexities imposed by the Covid-19 pandemic. However, even in the face of a pressing situation, CFC continued its work by implementing projects around the world. In the current circumstances, the objectives of the CFC of enhancing socioeconomic development of commodity producers and alleviating poverty have certainly become even more meaningful."

Ambassador Mario Oyarzábal (Argentina), Chairperson of the Governing Council

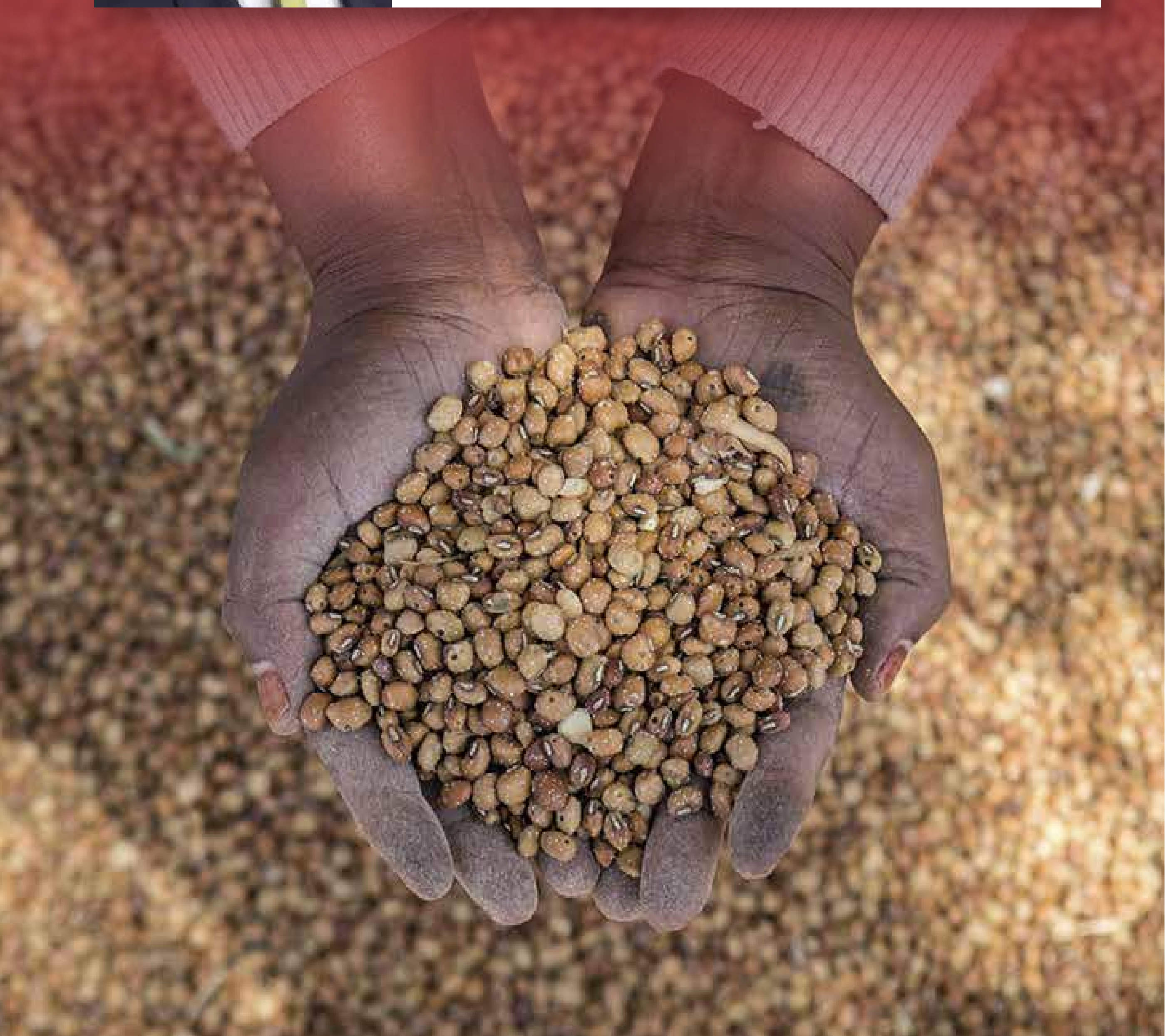


Photo: Hargeisa, Somalia. ©FAO/Mustafa Saeed

Photo: India. Adobe stock

II

Facing the challenges of the **COVID-19 pandemic**

COVID-19 has shaken up the world. Nothing took the hit as devastatingly as the commodities in the vulnerable countries and communities. Although commodities sector is no stranger to volatility, the jolt of COVID-19 on most of the commodity dependent developing countries (CDDCs) is not like anything on record in the recent past.

CFC's response to COVID-19

As global value chains were disrupted, beneficiaries of CFC projects were particularly vulnerable to the perverse effects of the pandemic. In line with its mission to alleviate poverty, the CFC acted quickly to provide the necessary support to the commodity producers in developing countries. The CFC also had to adapt itself to these new circumstances, maintaining its regular uninterrupted operations in this new environment. Given the presence of significant ICT infrastructure, the CFC was quick to recast itself to work from remote. This experience has thus resulted into a number of lessons and efficiency gains to be considered for the present and the future.

Impact of COVID-19 on commodity producers

Reduced demand due to pandemic-related economic slowdown has meant falling prices, lack of investment, and logistics log jams. The effect of COVID-19 varied significantly across the countries as well as across different commodity sectors. For example, in a country with 70 per cent poverty rate, lockdown was a mission impossible from the beginning. With a population of more than ten/twenty million inhabitants and with communes of extreme population density, the very notion of avoiding gatherings or social distancing were an empirical puzzle. In countries with war or extremism, hardly you will know who is in control or who to ask for support. As a result, the problem of commodity dependency only got more entrenched.

The race for SDGs (sustainable development goals) took a big hit as COVID-19 has set them significantly back in their progress. COVID-19 not only pushed back development gains by years in the most vulnerable countries, but it also further widened the gaps between poor countries and the rest of the world in areas such as poverty reduction, health, education access and debt. Whether or not we will have our SDGs achieved will now rest on LDCs and the likes. The United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS) is right in saying that 'SDGs will live or die in the LDCs'.

The novel virus was no Ebola!

During the Ebola epidemics, for example, countries like Democratic Republic of Congo have been able to rely on foreign funding to respond to the crisis. However, in a universal catastrophe like the coronavirus pandemic, a good many developing countries were unlikely to receive any significant external funding. And the spreading world-wide recession is likely to further deflate the price of agri-commodities and mineral exports on which the budgets of many CDDCs depend. COVID-19 made the development journey of those CDDCs all the more challenging.

In many marginalised countries or communities, likewise DRC, as the crisis worsened, there are already signs of heightened community or ethnic or widespread problem of 'tribalism'. So, the question of whether the health crisis would aggravate social tensions and spark violent conflict in some communities remains on the air as a big question mark.

Unpredictability of COVID-19 effects

It is now known that because of COVID-19 global extreme poverty rose for the first time in over 20 years in 2020, reverting years of progress on the fight against poverty. At the time of writing, the projections from the World Bank estimated that between 119 and 124 million people were pushed into extreme poverty in 2020. To appreciate the numbers, this means that COVID-19 essentially dragged the number of people equal to nearly half of the EU population into the deeper pit of poverty.

The International Labour Organization (ILO) reported that global workers lost $3.7tn in earnings during the pandemic. Just to give an idea, a trillion dollar is equal to a distance of 68,000 miles if placed in 1-dollar bills on top of the other – a quarter distance from the earth to the moon. So, one can well imagine what a monstrous moment we have been sadly become a victim to witness. Money that should have gone into health clinics, nutrition programmes and schools is being siphoned off to repay unpayable debts to commercial creditors.

The social and economic impacts of Covid-19 will continue to weigh heavily on low- and middle-income countries. And without adequate resources to tackle the overlap of poverty with climate change, conflict, crises of governance and uneven relationships with the global economy, these struggles will only be magnified.

Boom or bust: Poverty becomes stickier!

The latest IMF and World Bank reports show that, since the pandemic, US$16 trillion in fiscal stimulus packages were spent mostly across the world's rich nations. While the industrialized world may expect a booming recovery, the 'wild south' anticipates a drag as countries of the global South run short of capital and resources. Therefore, before we get ahead of ourselves, we should consider the risks the pandemic continues to pose, not only to our recovery but to the global boom the world's rich nations have generated. We need to pay far greater attention to make poverty less sticky working in a spirit of 'we all are in this together', as enshrined by the founders of the CFC.

Photo: Adobe stock

The quick operationalization of the ELF helped companies like Olivado EPZ, an avocado oil producer from Kenya, to maintain its activities despite the challenges imposed by COVID-19.

In the moments of crisis, Small and Medium Enterprises (SMEs), smallholder farmers and their families, and those living in Commodity Dependent Developing Countries (CDDCs) are, as usual, particularly vulnerable. Border restrictions and lockdowns are slowing harvests, destroying livelihoods, and hindering food transport. Although the COVID-19 has not yet substantially affected the production of most of the commodities and their prices have been inside the range of the previous years, the projections for the future are extremely uncertain.

In this scenario, the challenges faced by the CDDCs are aggravated. Recognizing this situation and in line with its mission of promoting sustainable development in the CDDCs, during this pandemic the CFC reinforced its commitment to support SMEs working in the commodities value chains in developing countries. In this regard, since the outbreak of COVID-19, the CFC has introduced two important initiatives providing additional support to the agri-SMEs.

Emergency Liquidity Facility (ELF)

In June 2020, CFC's Executive Board approved an Emergency Liquidity Facility (ELF) of up to two million USD to offer additional support to the CFC projects that have been impacted by the pandemic. The ELF can provide immediate working capital to qualifying SMEs who are at risk of terminating their operations. With the ELF, the CFC endeavoured to give healthy businesses access to short-term liquidity to help them endure the immediate effects of the crisis.

The ELF builds on the long-term experience of the CFC with the Fast-Track Facility, which provides financing through simplified procedure to commodity sector development projects below the limit of USD 120,000. Due to the unique design of the ELF, building on the decades of CFC experience, qualifying companies can access ELF financing within the shortest time.

The quick operationalization of this new Facility reflected on the primary concern of the CFC about the short term and long-term impact of the pandemic on CDDCs. The ELF allowed the CFC to support the vitality of SMEs in the commodity sector of CDDCs, so that they can overcome the pandemic, and expand their presence in the global markets once the recovery sets in.

Another important measure taken by CFC's Executive Board in supporting the SMEs to overcome the pandemic is offering more flexible terms for companies facing difficulties because of the pandemic. This allowed the CFC to quickly accommodate the short-term needs of the good projects by for example postponing repayments during moments of crisis. This enabled qualifying projects to maintain sufficient liquidity and business operations, amid the current difficult circumstances. Given the fact that ELF was framed on the premise of Fast Track project disbursement, the demand was far higher in the developing world than what we could possibly meet. We experienced an awkward mix of resilience as well as pleadings for support from the grassroot. We, nonetheless, remain grateful to our Executive Board for their prompt approval for the ELF and would hope they would, now, take time to review the size of our fast-track disbursement. This is so required to make it economically feasible as well as pragmatic in its approach towards meeting the growing demand for finance.

The quick operationalization of the ELF helped companies like Olivado EPZ, an avocado oil producer from Kenya, to maintain its activities despite the challenges imposed by COVID-19.

Trade finance as a speedy response

When Covid-19 revealed itself as a global pandemic, CFC responded with one of the oldest forms of international finance to support global economic activity: Trade Finance. Trade finance and other forms of invoice or inventory-backed working capital financing is exactly the type of support businesses need to maintain operations and jobs without jeopardizing financial health by taking on leverage or diluting ownership during a crisis. This has proven to be one of our quickest, most scalable, and most prudent tools for supporting systemic liquidity early in the crisis. In a time of crisis, there is no greater help than providing affordable liquidity with speed. The necessity of voluntary contributions, from generous donors aiming to help alleviation of poverty, is felt even more keenly to fund more such activities in the future.

Climate change: Fostering an inclusive and resilient recovery

COVID-19 has demonstrated – with deadly effect – that national borders offer little protection, if at all, against some calamities. It has underscored the deeper connections between economic systems, human health, and global well-being. We came to realise that we would have to provide far more priority to climate action.

To give an example, when children of those farmers who provide avocados to OLIVADO in Kenya were paid on time, defying the lockdown, using CFC fund, the scale of losses were far less than in communities where payment of inputs were put on halt for want of funds. The necessity of finance to keep the pay roll going or payment for inputs to smallholder farmers or meeting the need of revised export schedule, were some of the most revealing experiences we have had during this pandemic.

If we look some of the situations like loss in unsold inventory or waste in storage for want of on-grid electricity, we felt the urgency of deployment of more breakthrough technologies that will not only allow them to store their inventory without being in waste or through a production process without emission or through a more robust digital system of trading. With innovations like this, we may expect to uplift far more smallholders or SMEs from poverty.

The COVID-19, more importantly, made us realise the necessity for tapping the potential of market to fund these innovations. We, therefore, urge governments and corporations to adopt policies that will allow consumers to be sufficiently made aware of the source and process of the product they consume. The importance of traceability, transparency and accountability of the supply chain becomes all the more evident. The relevance of intruding yet transparent technologies like blockchain, digitalisations, renewable's etc appears to be ahead of our thinking curve as we work for the recovery.

CFC adapts itself to an exigency

Since March 2020, the CFC has been very resilient in maintaining its uninterrupted operations despite the challenges posed by the COVID-19 pandemic. Measures of mitigations have been taken in all areas of CFC operations to secure the essential functions of the organization in the environment where the usual operating procedures were no longer possible. Overall, the CFC worked harder to manage and maintain a formidable ICT infrastructure enabling us to work from remote.

Accordingly, the staff of the CFC Secretariat complied with the Dutch Government's protocols and working from home became the norm. The transition was successfully achieved given the up-to-date and reliable ICT system of the CFC that was already adequate for teleworking, which avoided any significant loss of office functions. While there have not been significant cyber-security issues, the CFC is continuously monitoring potential gaps in the IT infrastructure and updating it to the current technological state of the art.

Despite the success of the online working environment, staff members have experienced a considerable loss of human interaction and, in some cases, difficulties in finding an optimal work-life balance and organization. In particular, onboarding new staff members and the incoming Managing Director proved to be quite challenging. The CFC stood to these challenges by organizing social events for staff in the cyberspace, and by holding weekly online staff meetings to inform each other about current work and matters of concern. Nevertheless, the flexibility offered by teleworking has also enabled the CFC to hire specialists worldwide, where needed, with less costs to bring them physically to the office.

Reduced carbon footprint

The travel restrictions caused by the pandemic disrupted a significant part of the CFC's work; that is, international travel. These have hampered procedures for the on-site due diligence – essential before signing a project agreement – monitoring and impact assessment, and addressing any unexpected issues emerging after the launch of project implementation. To tackle this, the CFC successfully hired local consultants to act on its behalf with on-site activities.

The set-up of CFC Governing Bodies meetings also shifted from face-to-face to teleconference. Their positive conduct paved the way for more opportunities for taking decisions without physical meetings. This helped us to have our decisions faster and cheaper than otherwise. While we might have made some financial savings, but emotionally we missed out the warm presence of our member delegates of the Executive/Governing/Consultative Councils and accompanying exchanges, on or off the floor of the plenaries.

As for meetings and events of global development partners, the transition to the virtual environment has enabled the CFC to increase its participation. Accordingly, the CFC extended its opportunities for involvement in fora which used to be beyond the capacity of the CFC. Apart from the usual contributions in meetings of the United Nations, UNCTAD, UN-OHRLLS, UN-FAO, International Commodity Bodies, the CFC has been actively participating in events from several other relevant development partners.

Overall, the decreased travel of the CFC in 2020 entailed significant savings in operation and meeting costs, related to reduced international travel on the account of the CFC. Environmentally, the CO2 emissions due to CFC travel reduced by approximately 100 tons.

Emerging from the pandemic

Agricultural commodities are some of the most difficult commodities to finance because of storage and logistics issues, compounded by potential country risk issues in CDDCs. As a result, financial institutions in developing economies lend a disproportionately lower share of their loan portfolios to agriculture, compared with agriculture's share of GDP. This blind spot needs urgent attention and the deployment of impact investing, funnelling both public and private finance together, became an urgency akin to a final push to keep SDGs alive.

CFC, therefore, made utmost efforts to combine innovative measures with international collaboration to sustain its operations as well as supporting projects despite the physical distance. As the emergence from the COVID-19 crisis involves an ongoing learning process, the CFC remains active to incorporate new lessons and apply them for a green recovery in a post-pandemic world.

Lockdown and teleworking

Travel restrictions

Photo: Divine Chocolate

CFC projects addressing conservation and climate change

CFC has long recognized that socioeconomic progress cannot come at the cost of environmental degradation and it is also increasingly clear that climate change in particular poses a challenge to livelihoods, thus creating a negative feedback mechanism for development. The past axiom of "grow first, clean up later", cannot apply any more. Environmental restoration and socioeconomic progress can be complementary, and CFC seeks to achieve such complementarity at a project level. A few examples from past and present projects are shown below.

The conservation of the forest of Ashaninka communities, Peru

The Ashaninkas are the indigenous people living in the Ene river valley of the Peruvian Amazon, in the Satipo province. The project targets establishing the production of premium coffee and cocoa in Ashaninka areas under an agroforestry system, and marketing and sale of products to premium markets. The project provides support to the Ashaninka cocoa and coffee farmers in increasing the quality and yield per hectare of their produce. Cocoa is sold directly to premium markets in Australia and US under the brand name of Living Earth. The pilot project has been financed using an innovative Development Impact Bond (DIB) financing scheme set up by the CFC in collaboration with Schmidt Family Foundation, Rainforest UK, and KIT Royal Tropical Institute.

Moringa Agroforestry Fund

On the adaptation side, CFC participates in the Moringa Agroforestry Fund (Moringa) to invest in agroforestry projects in Africa and Latin America which can commercially compete with deforestation drivers (like cattle ranching, crop farming and timber harvesting). At the same time Moringa investments are required to have a demonstrable positive impact on the environment and the livelihoods of local populations, while generating a clear positive impact on local populations and the environment. The result is reduced risks to livelihoods and stabilised incomes. The CFC supports this initiative as an investor and manager of Moringa's technical assistance facility, ATAF, which has implemented more than 15 projects at an amount of EUR 4 million.

Olivado

Since 2019, the CFC has been working with Olivado, a Kenyan exporter of organic and fair trade avocado oil, to finance its purchase of inputs from smallholder farmers. At its processing plant in Kenya, the company has installed a biogas facility which converts fruit waste into energy and the CFC is now considering financing a similar facility for Olivado's plant in Tanzania. From a pure business perspective, this means a more stable energy supply while the climate impact may be incidental. However, for the CFC as an impact investor, this is a particularly attractive investment opportunity as it may increase rural incomes while lowering the demand for fossil fuels.

Photo: Solidaridad

Agricultural production frequently competes with forest conservation. The issue is particularly significant in developing countries where economic pressures frequently drive projects oriented at short-term economic gains at the expense of deforestation and long-term sustainable development. The CFC has been aware of this issue since its creation. In 2002-2005 a joint project with the International Timber Organization was implemented in Peru on "Sustainable use of forest and reforestation of Amazon forest by indigenous communities". The challenge remains important today, and the development of models for sustainable business linking agriculture and forest conservation is an important priority for the CFC. With its work, the CFC has shown that there are ways to produce food, through inclusive business models, that protect forests, reduce carbon emissions, while providing benefits for community livelihoods. The following paper offers a review of business models combining agriculture with conservation objectives and portrays two illustrative case studies from the cocoa and coffee value chains.

III

Inclusive business cases linking agriculture and conservation[1]

Introduction

Deforestation is one of the major current sustainability concerns around the world, with severe short- and long-term impacts on both a local and global scale. Global tree cover decreased by around 10% between 2001 and 2020, contributing to rising CO_2 emissions and biodiversity loss, and putting the livelihoods of local communities in and around forests at risk (Global Forest Watch, 2021). While the rate of forest loss has declined since its peak in the 1980s (Ritchie, 2021), 12 million hectares of tree cover in the tropics were lost in 2020 alone, including 4.2 million hectares – the size of the Netherlands – of previously undisturbed land (Weisse & Goldman, 2021). Africa has the highest annual rates of net forest loss, followed by South America; whereas Asia reported a net gain of forest area in 2010-2020 due to afforestation efforts which compensated forest loss (FAO, 2020).

Causes of deforestation can be complex and context specific. Direct causes of deforestation, which are usually relatively easy to identify and quantify, include the conversion of forest land to other uses (such as mining, agriculture, infrastructure and urban expansion) as well as fires, disease and severe weather events. Indirect causes typically stem from the fact that current economic systems fail to reflect the true value of the environment. Many environmental costs of production and consumption are carried by society as a whole instead of by (individual) producers or consumers, which incentivises deforestation and other harmful practices. Indirect causes are more difficult to quantify, but cause the most harm (Chakravarty et al., 2012).

Agricultural expansion is the most significant direct cause of deforestation, accounting for 73% of all deforestation (FAO, 2016). This is mainly fuelled by population growth and the need to sustain livelihoods with small-scale agriculture (FAO, 2020). In Latin America and Southeast Asia, commodity-driven deforestation is the leading cause of tree cover loss – specifically beef and soy production in Latin America and palm oil production in Southeast Asia, but also wood products (e.g. paper, pulp and timber) (Richtie, 2021). In Africa, by contrast, shifting agriculture is the prime cause of deforestation. Forests are cut and burned to make space for subsistence agriculture and to gain fuelwood and charcoal for energy (Ritchie, 2021). Yet, also

[1] Authors: Stefan Petrutiu, Cedric Steijn, Verena Bitzer, KIT Royal Tropical Institute, Amsterdam 2021

in Africa, commodity production can be a key driver of deforestation, as the example of cocoa production in West Africa brings to the fore. Cocoa's deforestation footprint is relatively small compared to beef, soy or palm oil, and therefore received less attention in the past. However, its importance cannot be overlooked in view of its significant local impact on biodiversity hotspots, such as the Upper Guinean Rainforest in West Africa, the Amazon in Latin America, and rainforests in Southeast Asia (Kroeger et al., 2017). For example, by 2017, Côte d'Ivoire had lost around 90% of its protected forest areas to expanding cocoa land (Higonet et al., 2017).

The direct causes of deforestation are fuelled by a multitude of indirect causes. These include a continuously rising market demand for agriculture and livestock products, export dependencies, poor enforcement of law, unclear land tenure regimes, and widespread poverty in many emerging and developing economies. Farmers and communities at the forest frontier are often among the poorest segments of the population and cut forest to expand production as a way to sustain their livelihoods (Ordway et al., 2017; Kroeger et al., 2017; Chakravarty et al., 2012). Poverty was found to be the most important driver for deforestation in Indonesia and Malaysia (Miyamoto, 2020) and in cocoa producing countries in West Africa (Kroeger et al., 2017).

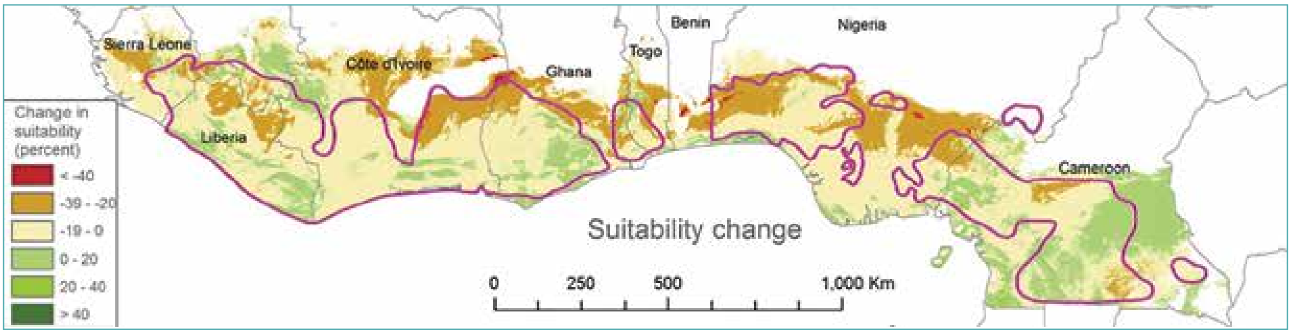
Forest loss can directly threaten the livelihoods of those living in or depending on forests and their resources. Impacts are also felt beyond forest boundaries. Deforestation can change the local microclimate and lead to lower local precipitation, reduced barriers to the spread of pests and diseases, and soil erosion, with serious consequences for the livelihoods of those relying on agriculture (Schroth et al., 2016).

For example, the land suitable for cocoa production in West Africa (see Figure 1), palm oil in Indonesia and Malaysia, and Arabica coffee in Southeast Asia, Central America, Latin America and East Africa, is projected to reduce gradually or even significantly in the future (Schroth et al., 2016; Ovalle-Rivera et al., 2015; Paterson et al., 2015). All these factors put further pressure on forest areas, resulting in a vicious cycle of poverty, land degradation and deforestation; all the while further threatening the livelihoods of millions of smallholder farmers (Schroth et al., 2016).

Addressing deforestation is difficult and there is no global consensus on the most suitable strategies – in part because deforestation causes, effects and stakeholders (and their interests) vary between local contexts (Miyamoto, 2020). As such, a plethora of national and international efforts – often in the context of multi-stakeholder initiatives – have been launched to conserve remaining forests and restore deforested and degraded lands, with varying degrees of effectiveness. One of the most prominent initiatives is the UN Programme on Reducing Emissions from Deforestation and Forest Degradation (REDD+), which incentivises developing countries to keep their forests standing by offering results-based payments for actions to reduce or remove forest carbon emissions. This feeds into the essence of deforestation reduction strategies, which must go hand-in-hand with improving the welfare of the people at the forest frontier (Chakravarty et al., 2012). For private actors, ongoing initiatives offer useful learning platforms and potential tools which can be leveraged for designing efficient, effective and sustainable business models for conservation.

This paper explores, through desk review and two case studies, emerging business models for conservation and agricultural production, with a specific focus on the livelihoods of smallholder farmers living at the forest frontier. Special attention will also be paid to the latest developments in technology used to monitor commodity-driven deforestation (e.g. GPS mapping of farms and forest areas, satellite measurements). The conclusions highlight the identified opportunities and pitfalls of strengthening the potential business models and approaches that support both forest conservation and livelihoods.

Figure 1: Projected changes in climatic suitability for cocoa in West Africa in 2050 (Schroth et al. 2016)



Box 1 | Key success factors for inclusive business models linking agriculture & conservation

- Coordinated action of multiple partners with clear roles and responsibilities, shared objectives, participation in decision-making, and clear accountability.
- Proven demand in the market and established market linkages, including off-takers committed to purchasing set volumes of 'conservation-friendly' products, including food, forest and non-timber forest products.
- Established and verifiable market requirements which support farmer groups to align their activities and ensure buyers clearly communicate their expectations.
- Profitability for all players along the value chain, starting with farmers and communities at the forest frontier.
- Sustained incentives for investments in conservation and solutions for producers to increase productivity and incomes.
- Access to tailored finance for farmers and communities, in the pilot stages of an intervention and as the project scales up.
- Conducive regulatory or policy environment that reduces risks for value chain actors.
- Integration of projects into carbon trading markets or tree planting programmes, to attract funders from outside the value chains.

Source: Based on Grow Asia (2019)

Business models combining agriculture and conservation

The agricultural sector has recently seen an increase in programmes focused on combining crop, livestock or timber production with agroforestry, reforestation, landscape management, and the inclusion of smallholder farmers and communities in or near forests. Business models centred on conservation and the economic benefits of forests and forest agriculture aim to reveal the true economic value of protecting the forest in a way that makes deforestation unattractive to all stakeholders, not just to those who stand to lose from deforestation. Such business models usually include long-term investments and sustained close coordination of multiple stakeholders. They can be powerful catalysts of rural transformation by creating jobs, raising incomes, reducing malnutrition, and kick-starting economies on a path to middle-income growth (Grow Asia, 2019).

The critical question of these business models is who benefits. Existing business models have not been sufficiently studied, and there is not enough evidence of what and for whom value is created. It seems evident that successful approaches take into account both the environmental and economic costs of different farming schemes, and compensate farmers for the costs they incur by implementing environmentally friendly (or conservation friendly) farming strategies (Banks, 2004). Based upon this key essence, a number of success factors of inclusive business models linking agriculture and conservation can be identified (see Box 1).

Payment for Environmental Services

Over the last 20 years, Payment for Environmental (or Ecosystem) Services (PES) has become one of the most promoted and popular instruments to provide incentives (financial and in-kind) to participants to engage in conservation practices (Perevochtchikova et al., 2021). They facilitate the direct exchange between those demanding environmental services, such as forest protection or rehabilitation, and those in a position to provide them locally (e.g. the local communities and farmers who might otherwise engage in deforestation activities). PES interventions are frequently implemented under the REDD+ umbrella, but there are also various nationally-funded initiatives and public-private partnerships between governments, companies and NGOs.

Research on the effectiveness of PES on environmental and socioeconomic outcomes (e.g. reducing poverty of target communities) paints a mixed picture. Review studies find that PES may increase household income, increase employment in ES provider communities, reduce deforestation, and improve forest cover and water availability (Snilsveit et al., 2019; Blundo-Canto et al., 2018). However, findings are based on low and very low quality evidence from a small number of programmes and should be treated with caution (Snilsveit et al., 2019).

Photo: Solidaridad

Critical design factors determining the relative success of PES include (Grima et al., 2016; Snilsveit et al., 2019):

- Clear conditionality in implementation;
- Sustained financing (10-20 years commitments) necessary to achieve behaviour change with respect to the use of natural resources;
- In-kind forms of payment (rather than cash or cash and in-kind combination);
- Private (rather than public) entities as providers of PES;
- Inclusion of strong governance structures for PES implementation;
- Inclusion of ES providers in decision-making; and
- Effective targeting of both locations and participants.

In addition, many contextual factors are conducive to cost-effective PES, such as low levels of pre-programme compliance and opportunity costs, well established property rights, and limited mobility of production factors (Börner et al., 2017).

Based on the current evidence, strong conclusions about the short- and long-term impact of PES cannot yet be made (Snilsveit et al., 2019). Critics argue that PES often benefits richer (and male-headed) households (Blundo-Canto et al., 2018); lack appropriate ecosystem service definitions specific to local contexts and thus output measurements (Börner et al., 2017); tend to treat environmental objectives secondary compared to pro-poor impacts; and do not consider trade-offs between impacts in different livelihood dimensions of ES providers (Blundo-Canto et al., 2018). Much of this can be explained with the poor design and implementation of PES programmes, which can even lead to adverse social or environmental impacts (Wunder et al., 2018).

Landscape governance for sustainable sourcing

Integrated landscape approaches (sometimes also called jurisdictional landscape governance) are based on the idea of reconciling trade-offs between conservation and development objectives through multi-stakeholder, inter-sectoral governance in a specific region (Ros-Tonen et al., 2018). While there is great diversity in landscape governance, there is general recognition that it requires collaboration between value chain and non-chain actors to achieve positive impact on farmers, contribute to biodiversity conservation, and offer incentives for buyers to engage over a longer period of time (Arts et al., 2017; Ros-Tonen et al., 2018). This includes actors from local (or national) government, private sector, civil society, and farmer associations. Sayer et al. (2013) developed a set of design principles to guide landscape-level processes in an inclusive, democratic, and transparent way (see Box 2).

One of the application areas is the tropical landscapes where soy, palm oil, timber and cocoa are produced for international export markets (Ingram et al., 2018). Here, a 'landscape' overlaps with a sourcing area of specific crops. As such, landscape approaches are increasingly embraced by companies, who recognise landscapes are a source of resources and income that need to be managed to: secure supply; combine economic returns with sustainable land use; respond to consumer demand (or public pressure); and optimise stakeholder collaboration within their sourcing areas (Arts et al., 2017).

The most popular strategies of landscape governance approaches include: certification; partnering; and promoting an enabling environment for ecosystem services, by raising awareness of ecosystem services as a means to develop new business practices (Ingram et al., 2018). More recently, the use of technology, such as GIS mapping, has become more widespread as a means to monitor progress against set targets. This illustrates the opportunity for innovation in landscape governance. Furthermore, innovative approaches could help share the value created by landscape governance with grassroots farmers who need to benefit in order to achieve sustained improvements.

Box 2 | Ten 'best practice' principles for a landscape approach reconciling agriculture, conservation, and other competing land uses

1. The dynamic nature of landscapes forms the basis for continual learning and adaptive management.
2. Intervention strategies are built on common concerns and shared negotiation.
3. Landscape processes are shaped by influences from multiple scales.
4. Landscapes are multifunctional by nature, which requires choices and trade-offs.
5. Multiple stakeholders frame objectives differently, hence all stakeholders need to be engaged.
6. Trust among stakeholders is crucial to build up a negotiated and transparent change logic.
7. Clarification of rights and responsibilities, especially regarding land and resource use, is a necessity.
8. Monitoring of progress has to be done in a participatory and user-friendly manner.
9. System-wide resilience is to be achieved through recognising threats and vulnerabilities, and the capacity to resist and respond.
10. The complexity of landscape processes requires strong capabilities of all stakeholders involved.

Source: Sayer et al. (2013)

Photo: Divine Chocolate

By means of the diversity in strategies used, landscape governance has the potential to go 'beyond certification' and 'beyond the chain' as critical steps to create incentives for actors to address conservation and ecosystem services in international supply chains (Ros-Tonen et al., 2018). Where it can be linked to different private sector actors, there is also potential to create a level playing field which rewards agro-ecological diversity within sourcing areas, instead of continued mono-cropping regimes (Ingram et al., 2018).

However, the evidence base of ecological and socio-economic impact of landscape governance approaches is still poorly developed. Moreover, a number of challenges have been identified by scientific studies, including unclear definition and/or integration of ecosystem services, persisting limited inclusiveness of private sector-led arrangements, questions about the equitability of risk and benefit sharing, a narrow commodity focus, and heavy reliance on public sources of funding (Ingram et al., 2018; Ros-Tonen et al., 2018).

The role of technology in agriculture and conservation

Technology, such as satellite imagery, farm management software and GPS mapping, has become much more widespread in recent years to monitor progress, stagnation or failure to reduce deforestation. These are important, for example, to establish reference levels (e.g. for emission reduction) in PES programmes or to model landscape-scale impacts of different agricultural management systems (Middendorp et al., 2018).

Technology used in tackling deforestation and supporting conservation, reforestation, regeneration or agroforestry activities, can be defined and categorised according to main users (e.g. supply chain managers, smallholder farmers and financial institutions) and purposes (e.g. digital farmer advisory, access to markets, access to finance, meeting certification standards, yield predictions, weather, and pests information provision). The hardware infrastructure which supports these solutions includes mobile tools (e.g. smartphones), agronomic diagnostics equipment (e.g. crop testing tools and soil), surveillance systems (e.g. satellite networks, drones, soil and crop sensors), weather stations and 'in situ' sensors (e.g. farm field sensors, agricultural machinery sensors and logistics sensors for transport). The software infrastructure comprises a wide range of field data collection and management tools, data analytics tools, and software building blocks, such as blockchain, artificial intelligence, machine learning algorithms, and enterprise resource planning (Tsan et al., 2019).

Accessibility of technology-based solutions varies greatly. Whereas at farmer level, the main answer to digital solutions seems to be to expand the use of mobile phone technologies, large agribusinesses and international platforms are surging ahead with more sophisticated technologies. The solutions offer benefits to value chains and to those paying for their implementation; for instance, by offering visibility in quantities, qualities, locations, and exchanges of ownership and finances, or by helping companies manage potential food recalls in case of any food safety risks. Examples are ChainPoint, Farmforce, CropIn, Sourcetrace, Sourcemap, and SAP.

Agribusinesses in particular have started adopting such solutions to comply with mandatory and voluntary standards and certification schemes, often integrating their output data with forest monitoring data for improved supply chain traceability. The starting point of a traceability system is almost always data collection on the geo-locations of farmers' plots. These can then be overlapped and compared against maps (satellite images) of protected areas, often primary tropical forests with a history of illegal deforestation. One of the leading digital solutions is Global Forest Watch Pro (GFW Pro), an online app supporting businesses in reducing deforestation in commodity

Photo: Divine Chocolate

supply chains. The app delivers critical decision-making analysis at property, supply shed and portfolio levels, on managing and monitoring changes in deforestation risks. It is built upon timely data from the Global Forest Watch Partnership and World Resources Institute, and monitors locations in over 90 countries, including more than 60 million hectares of farms and concessions and one billion hectares of supply areas surrounding agricultural processing facilities.

Examples of GFW Pro users include (GFW Pro, 2021):

- Louis Dreyfus Company audits farmers in Paraguay on sustainability schemes for soy production. The company constantly watches for deforestation alerts and reviews high-risk locations every six months.
- Mondelēz International mapped over 90,000 cocoa farms in Ghana and Côte d'Ivoire to analyse forest cover, improve on-the-ground programme decisions, and help farmers grow more cocoa on less land.
- Procter and Gamble has mapped 1,200 suppliers of palm oil millers around the world and identified that 7% of mills in its supply chain are located within high-risk areas. The company now prioritises engagement with these mills to tackle deforestation.

There are also individual company initiatives. For example, in 2020, Cargill launched CocoaWise – a digital portal which provides fast and easy access to sustainability data of its cocoa supply chain. The company already tracked 151,190 metric tons of cocoa beans using barcoded cocoa bags and digital cooperative management systems in 2018-2019, and made public the names and locations of farmer cooperatives, buying centres and sustainability projects running at each location in Côte d'Ivoire, Ghana and Cameroon (Cargill, 2020).

The increase in mapping of areas where agricultural commodities are grown has led to the identification of farming risks, driven by both large and small-scale farmers, and the development of mitigation approaches. Companies have begun acknowledging that a proportion of their suppliers are situated in areas that were previously primary forests cut illegally. Other farmers are in buffer areas, placed under a 'high deforestation risk' status. Companies with traceability systems in place indicate that suppliers are immediately suspended in case they are linked to (illegal) deforestation. Action plans are developed to lead farmers towards more sustainable practices. However, farmers may continue to sell their products to other less-demanding buyers and circumvent sanctions, especially when market demand for their product is high, regardless of the production methods used.

Monitoring projects, such as the ones exemplified above, face the challenge of needing to track growing trees, carbon storage and other benefits (e.g. food, economic, biodiversity) provided by forests. This is also important to show whether initiatives combating deforestation, e.g. by planting trees, succeed. When this is done in a standard way, global platforms can link conservation projects with new funders. For example, this is being done by Mastercard Foundation's initiative (together with the World

Resources Institute and Conservation International), planting 100 million trees by 2025, or by TerraMatch (by the World Resources Institute), a global platform which matches tree-growing projects with people and organisations who want to fund this work.

Moreover, monitoring methods and the type and quality of data vary greatly, and are expensive for small-scale projects. The World Resources Institute is therefore developing a "consistent, scientifically sound, cost-effective protocol that practitioners across the world can use, and investors can trust" (World Resources Institute, 2020). This protocol will measure key indicators such as tree count, cover and species, and will combine field data collection with remote monitoring approaches like satellite imagery interpretation and artificial intelligence. The advantage would be that, when projects use the same protocol, the aggregated data will offer insights into the success rate of tree-planting initiatives.

Divine Chocolate – conserving the Gola rainforest in Sierra Leone using high quality cocoa

Local context

The Gola Rainforest National Park (GRNP) in South-East Sierra Leone and its adjacent forests are the country's largest remaining areas of the Upper Guinea Tropical Forest, a biodiversity hotspot of global importance. The area is home to over 330 bird species and 49 species of large mammal, including the Critically Endangered Western Chimpanzee and the Endangered Pygmy hippopotamus (Klop et al., 2008). Around 40,000 people live around Gola, with 90% of their livelihoods depending on natural resources and subsistence agriculture. The forests are therefore under significant pressure from clearance and degradation, especially due to the farm fallow agricultural system practiced by local communities. In addition, other unsustainable activities, such as mining and timber extraction and the 1990s' civil war, have also been, or continue to be, serious threats to Gola's biodiversity (Tubbs et al., 2015). Initial conservation work in the area commenced in the 1990s and was funded by the Global Conservation Fund and the European Union. However, donor funding was deemed not to be a viable option for long-term conservation, driving stakeholders involved to start investigating other financing mechanisms, including private sector involvement.

Business models for conservation and economic development through agriculture

A major multi-stakeholder effort in the Gola area is a REDD+ project initiated in 2012 by the Royal Society for the Protection of Birds (RSPB) to conserve a tropical forest area of 68,515 hectares, protect species, and provide livelihood support to 114 surrounding impoverished communities (Global Citizen, n.d.). The project is implemented by the Gola Rainforest Conservation LG, a non-profit organisation formed by three partners: the Government of Sierra Leone, the Conservation Society for Sierra Leone, and RSPB.

The REDD+ project essentially aims to create a new business model based on selling carbon credits: carbon captured by the rainforest is measured, and carbon credits are validated by the Verified Carbon Standards and the Climate, Community and Biodiversity Standards. In order to sell carbon credits under the Verified Carbon Standard, a forest-carbon project must be validated and verified (audited); and the Rainforest Alliance was the partner of choice for these efforts. According to REDD+ project documents, the income stream (e.g. PES to village leaders or chiefdoms) will lead to less deforestation activities, as financial resources will support the implementation of a conservation strategy in the buffer zone (4-7 km around the GRNP) and sustainable resource management focused on cocoa and other food crops (e.g. rice, maize, cassava, sorghum, and millet) (RSPB, 2015).

A second effort consists of a cocoa-focused partnership formed in 2015 between local communities, the Government of Sierra Leone, the Conservation Society of Sierra Leone and, later on in 2018, with Divine Chocolate – a UK-based 100% Fairtrade-certified chocolate company co-owned by cocoa farmers and chocolate manufacturer Weinrich. The aim of this partnership is to combine conservation goals with sustainable cocoa farming and project financing. The large majority of farmers in the Gola region grow staple crops (e.g. rice) and cash crops, such as cocoa, which assures around 40-60% of their income (the average family has 8.5 members) (Innes, 2019). Historically, they have been unable to benefit from agricultural initiatives aimed at developing cocoa farming, due to geographical isolation, illiteracy, gender inequities, and low social cohesion.

Reported average cocoa yields are 146 kg per hectare per year, and the majority of farms need renovation and rehabilitation, as the cocoa trees are old (>50 years) and produce suboptimal harvests. These numbers indicate a failure of previous projects which aimed to increase the incomes of farmers selling cocoa. The REDD+ initiative has a PES-based component for improving cocoa yields and, before Divine Chocolate, other private cocoa traders and chocolate companies used their own investments and public grants to support cocoa farming. The latest reported average income for a family at the edge of the GRNP is US$ 1,009, with most families living far under international poverty lines and the living income benchmark estimated at US$ 4,658 (Innes, 2019).

The Divine Chocolate project builds on the work of RSPB and the Gola Rainforest Conservation LG, which organised farmers into associations and provided technical assistance on growing, processing, and selling cocoa. Since 2016, farmers have been organised into a third tier cooperative union called Ngoleagorbu (formally registered in 2019), meaning 'we who live at the forest edge', with a membership of 2,362 farmers in 2021. Ngoleagorbu aims to practice 'forest-friendly farming' and export cocoa at premium prices, under Fairtrade and organic standards, to international buyers such as Divine Chocolate. In 2020, Ngoleagorbu became the first farmer-led organisation to obtain an official export license and managed to directly export its first container to Rotterdam harbour through UK-based importer Ético.

The key variables driving the conservation business case in the Gola area are the market access through Divine Chocolate and the income streams that farmers receive: the Fairtrade and organic premiums, and the REDD+ cash transfers to village leaders. In addition, 2% of Divine Chocolate's annual turnover is invested in a 'Producer Support and Development' fund, part of which goes towards supporting Ngoleagorbu farmers to professionalise their cooperative management and improve cocoa quality.

The Gola Rainforest Conservation LG, as the local partner for Divine Chocolate, was tasked with continuing technical assistance for cocoa farming, with the Divine project adding extra resources and a focus on quality. The partners aim to use the *Smallholdr* software to capture the GPS locations of farms and ensure these are not located in the GRNP, and to measure cocoa plots and track cocoa; with all activities partly funded by a grant. Another feature of the *Smallholdr* application is the management of fieldwork by extension teams and field agents. The use of the software and resulting data should lead to proof that the cocoa is 'forest-friendly', as well as to improvements in the cost-efficiency of extension work. It would therefore strengthen the cocoa business case.

However, implementation has been delayed in 2020 and 2021, partly due to the COVID-19 pandemic and partly due to negative developments involving Gola Rainforest Conservation LG, a key partner in the Divine Chocolate project. Both impact the effective and sustainable implementation of conservation and agriculture activities. Gola Rainforest Conservation LG cited COVID-19-related difficulties, among others, and stopped providing technical assistance to the cocoa farmers before its contract with Divine Chocolate ended. Divine Chocolate mentioned a potential conflict of interests, as Gola Rainforest Conservation LG started pursuing its own cocoa trading activities, building a business relationship with Ngoleagorbu and selling the cocoa to other buyers without quality criteria. Such challenges negatively affect both the farmers and the efficacy of the whole business model in preventing deforestation.

Impact and discussion

The Divine Chocolate intervention has been well designed and adapted to the difficult socio-economic context. One intermediate outcome is the successful development of 'forest-friendly' criteria by project partners and Ngoleagorbu, based on five principles for 'forest-friendly' cocoa: beneficial for consumers; beneficial for forest-based farmers; protective of the environment; grown in agroforests supportive of forest dependent wildlife; and supporting the integrity of the forest habitat in the landscape. This outcome is important for the continued market access for Ngoleagorbu – a key factor in the agri-conservation business model. The 'forest-friendly' protocol has already attracted another large chocolate maker in the UK, as well as the UK Fairtrade Foundation, which is promoting the case in view of its importance to conservation.

The Fairtrade premium and 'forest-friendly' premium also have the potential to raise farmers' cocoa-related income. There are indications that pre-intervention prices fluctuated from between 5,000 to 12,000 SLL (Sierra Leone leones) per/kg, and post-intervention prices increased to 10,000 SLL with a peak reported of 25,000 SLL per/kg in 2020 (Tetra Tech, 2020); but solid data over time is still missing.

Different interventions have also contributed to building the capacity of Ngoleagorbu and its member associations, and helped train farmers. For example, in addition to Divine Chocolate (which has invested EUR 303,000 since 2018), there is the IDH Cocoa Origins Program (which invested EUR 300,000 to strengthen Ngoleagorbu and its farmers) and the Lorna Youth Foundation (which received a £50,000 from the UK's Small Charities Challenge Fund to broadcast participatory radio to train farmers).

Yet, given the context, achievements are fragile and need to be sustained and expanded on. Working with reliable partners to train and monitor farmers is an important component. After the loss of a critical local partner in Gola Rainforest Conservation LG, a newly-hired agronomic consultancy company resumed farmer training on good agriculture practices. As of May 2021, Divine is still awaiting the loosening of COVID-19 related restrictions, so that implementers of the *Smallholdr* software can reach the farmers. With data on the size of cocoa plots and tree counts becoming available, Divine Chocolate can then use the premiums paid as incentives for farmers to replace old trees and perform proper farm maintenance. Finances are made available through a grant for the construction of a nursery and provision of cocoa seedlings.

While investments have been made, it is important not to develop a 'project-based mentality' and further work on the business case for farmers, raising quality and productivity. Ongoing public grants to Ngoleagorbu, Gola Rainforest Conservation LG and RSPB are already building upon the results achieved by the local actors with past grants, partly with the same cocoa-related targets – from Rainforest Alliance, International Fund for Agricultural Development and Comic Relief, among others. If not well managed and coordinated projects with competing or un-aligned conservation strategies, can have detrimental consequences without leading to benefits for farmers. Despite the history of public and private initiatives in the Gola area, including the REDD+ project, clear evidence of impact is scarce. The PES scheme seems to be a case in point: there are allegations that the REDD+ benefits from carbon storage do not reach and benefit farmer households. Transparent data and information can help to verify (or reject) related assertions and claims, and offer a clear evidence base for outcomes and impacts achieved – something which needs to be improved in the future.

Solidaridad – PES for coffee farmers in Colombia

Local context

Colombia is an important biodiversity hotspot in Latin America. The country hosts a wide variety of natural areas, including the Amazon Basin, the Andes mountains, and extensive river landscapes. Ten percent of global plant and animal species can be found in Colombia, which makes it the second most biodiverse country in the world (Selibas, 2020).

To understand conservation in Colombia, one needs to appreciate the socio-political context of the country. Colombia was the scene of a long civil war that ended in 2016 following a peace agreement between the Colombian government and the FARC rebels. Although the peace agreement can generally be seen as a positive development, it is one of the causes for increasing deforestation (Clerici et al., 2020). During the civil war, Colombia's forests remained well-preserved because the FARC strictly controlled deforestation so as to conceal their movements, along with the illegal mines and coca plantations that financed most of their operations. The FARC's demobilisation left a power vacuum for other illegal criminal groups (Clerici et al., 2020), who currently cause up to 70% of deforestation occurring in the Amazon area of Colombia through illegal logging, mining, coca cultivation, and clearing of forest for pasture (Selibas, 2020). Deforestation is further driven by poverty and the lack of economic options in remote rural areas. Communities living in regions without infrastructural development and established stable markets often rely on clearing forests to claim land for subsistence agriculture (Clerici et al., 2020). This is what the Solidaridad project in Colombia attempts to address.

Business models for conservation and economic development through PES

In 2013, the NGO Solidaridad started working with nearly 6,000 coffee farmers in the regions of Risaralda and Cauca, with the aim of supporting them in adapting to climate change as well as protecting biodiversity on and around their farms. While Solidaridad was happy with the results of the projects, including

Photo: Divine Chocolate

the adoption of climate-smart agriculture by farmers, they encountered challenges in turning these conservation practices into financial benefits (Solidaridad, 2021). Subsequently, Solidaridad partnered with an existing voluntary scheme for PES, called BancO2, created by the Colombian Government in cooperation with the Colombian NGO, Masbosques. This voluntary scheme allows private companies and public entities in the Colombian market to compensate for their ecological footprint by making payments to farmer families and indigenous communities in exchange for conserving the environment both on their farm and in surrounding areas. In this project, Solidaridad supports farmers in receiving access to BancO2, in addition to providing training and access to inputs, promoting agroforestry production systems and collecting data on socio-economic indicators. Around 1,000 coffee farmers from Solidaridad are currently part of BancO2.

Families living in prioritised ecosystem areas can join the scheme provided they implement the activities as outlined in the PES contracts. These farmers are then monitored through GIS tracking and receive the necessary training for conservation. Monitoring of compliance with the PES agreements is done through visits by officials from the public Environmental Authorities (Masbosques, personal communication, 28/4/2021). When everything is in order, payments are made through a banking app from Bancolombia called 'Ahorro a la Mano' (Savings in your Hand). This leads to some challenges, as participating farmers can be illiterate or are located in areas with poor connectivity. Illiteracy in general is an important challenge, as it makes it difficult for farmers to understand the agreements on which the PES is based.

The payments to the farmers come directly from local authorities, who pay using income from environmental taxes or companies. Having both public and private customers creates a broad and stable market for carbon credits. Companies have the benefit of being able to directly choose the areas where they want to invest in carbon credits. For example, hydroelectrical companies can directly invest in conservation of the watersheds on which their projects rely. The transparency of the scheme is also a selling point due to corruption of local authorities, which can easily be bypassed through BancO2. Moreover, companies can deduct one-quarter of their investment in the scheme from their income taxes.

Another interesting feature of the project is how it deals with farmers who are already in protected natural areas. This is a complex issue, because forcible relocation by local authorities is unthinkable in a post-civil war recovery. To advance conservation of protected areas, authorities first attempt to offer farmers

Photo: Solidaridad

land and money elsewhere to move them outside protected zones. If this does not work, cooperation is the only option, and farmers in protected areas are allowed to join the PES scheme to conserve surrounding areas and use more environmentally-friendly production systems, such as agroforestry.

Impact and discussion

At this stage, Solidaridad is still measuring the impact of its initiative and to what extent farmers involved have improved their income and whether it has been effective in countering deforestation. However, the overarching BancO2 is one of the largest national PES schemes in Colombia and they appear to be successful in conserving biodiversity hotspots, with over 141,000 hectares conserved and around 20,000 farmer families and indigenous communities reached. BancO2 is currently the PES with the highest impact at household level in Colombia, as monthly payments to farmer families can amount to up to US$ 250 per month (Moros et al., 2020). In the Amazon region of Colombia, BancO2 works mostly with indigenous communities. Incentive payments in these contexts are communal and made in accordance with a communal investment plan which, in turn, builds on community 'Planes de Vida' (Life Plans).

One of the key success factors of BancO2 is the fact that costs are kept low through the use of an online platform for transactions. This has increased transparency and participation, particularly for potential funders. BancO2 is also very attractive to private companies that seek to offset their impacts, generate a good corporate image, and receive tax write-offs. The programme establishes legitimacy in this space by positioning itself as a transparent means to simultaneously contribute to conservation and social goals. Key elements of the approach include the aforementioned highly transparent online transaction mechanism and, more recently, certification which allows polluting firms to avoid paying a carbon tax if they offset emissions. Finally, BancO2 is attractive to farmers because they receive monthly payments, which contributes to household income. However, a downside is that this makes it challenging to impose conditionality and sanctions in a consistent manner. Furthermore, Masbosques argues that, for the PES to really generate a positive impact on families, a process of five years is needed (Masbosques, personal communication, 28/4/2021). This can be problematic, because a lot can change in this time frame, such as changes in land use (e.g. mining) or the involvement of local authorities or companies.

The success of BancO2 shows that providing farmers with access to carbon markets and related PES can be a viable method of fostering conservation while simultaneously giving farmers and communities an additional source of income. It also generates benefits to participating companies. The cooperation between BancO2 and Solidaridad is therefore a promising way to connect coffee farming with conservation objectives. In the future, impact can be increased by expanding beyond the local Colombian carbon market. Solidaridad is currently looking into offering Colombian coffee carbon credits on the international market, which has more stringent criteria, especially on scale (e.g. smallholder farmers do not qualify because of their small landholdings). This can be interesting for large coffee multinationals sourcing from Colombia, as they can provide extra support to the coffee farmers in their respective chains whilst compensating for their ecological footprint, and market a product that contributes to biodiversity conservation.

Conclusions

The two cases of this paper illustrate some of the opportunities and challenges of business models linking agriculture and conservation through specific projects.

The Gola case in Sierra Leone entails all the right ingredients of a successful inclusive business model (as defined in section 2) – clear partner roles; market demand; potential of profitability from trading cocoa; sustained incentives for investments in conservation; and solutions for producers to increase productivity and incomes, support farmer groups, and provide farmers with access to tailored finance upfront. The private and public support targeting the cocoa farms, culminating with the Divine Chocolate project in the last three years, showed that joint aims of increasing cocoa yields, incomes and conservation, are possible. However, creating a sustainable business model also depends on other factors. For example, there are doubts that the local producer association Ngoleagorbu can function independently and follow a business plan once the Divine Chocolate project activities are finished. Also the task of implementing the *Smallholdr* software, which would accelerate the process and lower the costs, cannot be delegated to Ngoleagorbu. Without long-term partnerships, allowing for cost-efficiencies (using technology), cocoa farms remain in need of renovation, with farmers having little ability and knowledge to invest in creating a cocoa-based livelihood.

The case of Solidaridad in Colombia, but more notably BancO2, shows that PES can be a viable method of conserving natural areas by providing clear incentives for conservation, rather than disincentives (e.g. sanctions). At the same time, the importance of an enabling environment comes to the fore, as the existing national Colombian carbon market, the environmental taxing system, and the conditions offered to private companies (e.g. tax write-offs), make the success of BancO2 highly context specific. This leads to the question whether a similar programme can be successful elsewhere. For example, local cocoa companies in West Africa have little incentive (or pressure) to offset their ecological footprint. This can be rather different for multinational companies with clear consumer demand or public pressure. Ensuring a mix of private sector involvement is therefore critical to create incentives along the supply chain. Moreover, linking smallholder farmers to global carbon credit markets seems imperative, but this is currently not the case as they do not meet the stringent criteria of global PES schemes. It is therefore interesting to see to what extent Solidaridad will be successful in selling Colombian carbon credit on the international market, as this might pave the way for PES reaching smallholder farmers.

A business approach to agriculture and conservation is not a panacea – but it moves away from *'business as usual'* and can offer important insights about identifying revenue streams which combine economic and environmental benefits. Finding successful approaches requires experimentation, longer-term commitments and tailoring business plans to local circumstances, including social processes, legal frameworks and economic opportunities. As the global destruction of forests and natural habitats continues at unprecedented rates, the next step will be to move from individual experiences and exemplary cases to collective learning and cross-commodity action.

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Photo: Kurigram, Bangladesh. ©FAO/Fahad Kaizer

IV

IV.1 Report on progress of **projects under implementation**

Once an intervention has been selected for implementation, it becomes a project. This chapter focuses on progress of projects and highlights trends, patterns and constraints emerging during project approval, supportive agreements and implementation procedures in 2020. The overview brings out salient features, patterns and/or trends with respect to:

- commitments, financing and disbursements;
- commodity coverage, project types and beneficiaries; and
- project start-up, execution, monitoring and supervision.

The Common Fund for Commodities (CFC) implements projects in partnership with governments, international organizations and other development partners from private and public sectors, which support commodity development measures and actions that promote and accelerate development, expansion and modernization of commodity sectors and contribute to sustainable development in its three dimensions i.e. social, economic and environmental.

The CFC supports innovative commodity development financial interventions aimed at improving the structural conditions in markets and at enhancing the long-term competitiveness and prospects of particular commodities *inter alia* including:

(i) increasing earnings to sustain real incomes;
(ii) enhancing sustainability in commodity value chain activities;
(iii) promoting value addition and enhance the competitive position of marginalized participants in the value chain;
(iv) contributing to enhancing food security; and
(v) promoting production, productivity, trade, quality, transfer and use of technology and diversification in the commodity sector.

Commitments, financing and disbursements

The operational guidelines of the Common Fund were originally adopted under the Agreement Establishing the Common Fund for Commodities and entered into force in 1989. They remained in force till 31st December 2012. Under these operational guidelines, the Fund had approved financing for 219 Regular projects plus a further 150 Fast Track projects, together 369 projects, with an overall cost of USD 608.5 million, of which the Fund financed USD 292.9 million (excluding cancelled projects in the amount of USD 15.17 million). The CFC financing is about 48% of the overall project cost. The balance of project costs was co-financed by other institutions (USD 117 million or 19%) and by counterpart contributions in cash and/or in kind (USD 198.5 million or about 33%), provided either by the Project Executing Agencies, collaborating institutions, governments or International Commodity Bodies (ICBs). The Common Fund financing of projects under the original operational guidelines comprises USD 278.8 million in grants (95%) and USD 14.1 million (5%) in loans.

Recognizing the new challenges and opportunities facing the CFC Member Countries, led to adoption of the reform package of the CFC, including updated operational guidelines which became effective on 1 January 2013. Under the new operational guidelines, the Fund currently has 46 Regular projects plus a further 25 Fast Track projects, (a total of 71 projects) at various stages of start-up and implementation, with an overall cost of USD 189.6 million. In addition, the Fund is participating in 8 Investment Funds with Equity and partnership financing, which together have the total assets under management of USD 523.0 million. Of the total project cost of USD 189.6 million, the Fund financed USD 60.0 million, (about 31.6%) as financial interventions. The balance account was paid as co-financing and/or counterpart contribution by the proponents under the new operational guidelines. The Fund financing comprise of USD 57.2 million in loans/equity etc. (95.3%) and USD 2.8 million in grants (4.7%).

According to the Fund's audited statements, the direct project related disbursements in 2020 stood at USD 0.05 million as grant and USD 4.25 million as loan/equity etc. (for both Capital Account and Operations Account). Special efforts are in place to streamline the components of the Agreements between the Fund and the Recipient of resources to reduce the delays between the approval of project and commencement of actual implementation on the ground and more of these efforts will be in place in 2021.

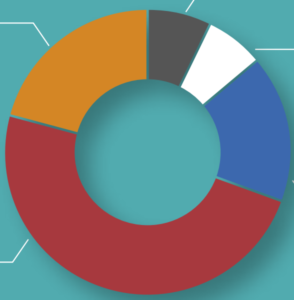
The CFC has funded projects in over 40 different types of commodities and in partnership with Investment Funds or Equity financing etc. The commodities funded includes abaca, arachis, bamboo & rattan, bananas, cashew, cassava, castor seeds, citrus, cocoa, coconut, coffee, coir, copper, cotton, fish, fonio, groundnuts, gum arabic, hides & skins, jute, lead, maize, meat and livestock, medicinal herbs and plants, olive, palm oil, paprika, potatoes, rice, natural rubber, shea nut, sisal, sorghum & millet, soybean, cane sugar, tea, timber, tropical fruits, spices and zinc, most of which are produced almost entirely in Developing Countries and in partnership with investment Funds among which are: Africa Agriculture & Trade Investment Fund (AATIF), African Agriculture SME Fund, Eco Enterprise Funds, Moringa Agro-forestry Fund, SME Impact Fund and agRIF Coopertief U.A..

CFC-supported Regular Projects by Type

Project types were reclassified as a result of the current operational guidelines involving more public and private sector participation. The focus is on commodity value chain to provide enhanced income through innovative productivity gains to the smallholder farmers/SMEs as well as imparting much needed value chain upgradation. Given the sad reality of stickiness of poverty around commodities, CFC endeavors to bring as much product diversification as possible, while aiming at alleviation of poverty among its core clients. CFC classifies its funded projects according to the following categories. The graph on the next page shows the classification of 46 Regular projects in various stages of implementation or at a start-up stage:

Photo: Kakuma, Kenya. ©FAO/Luis Tato

Distribution of regular projects by value chain



Production 20.6% | 10 projects
• Various operations in agriculture, aquaculture, floriculture, horticulture, and silviculture mainly for smallholders

Finance 7.3% | 3 projects
• Providing finance to smallholders for purchase of inputs
• Operating microfinance schemes in rural areas

Market Access/Extension 6.7% | 3 projects
• Buying and selling inputs to farmers
• Aggregating and selling produce from farmers

Partnership 16.8% | 8 projects
• In partnership with investment funds or investees

Processing 48.6% | 22 projects
• Schemes that convert produce into semi-finished or finished goods

Grand Total 100% | 46 projects

As of 31 December 2020, a total of 212 regular projects had been financially closed. The financial resources recovered from completed CFC grants/loans projects are returned to the pool of Second Account resources or the First Account Net Earning Initiative once the project account is closed and are available to finance new projects.

Participation of Private Sector

Private companies contribute social, technical, commercial, and financial inputs to CFC funded projects and lead to larger innovation. Moreover, in order to promote and assess developmental impact, replicability and sustainability of project results, within and across countries, relevant private companies are required to document, report and communicate the same, including operational and financial performance as well as impacts achieved. More than 150 private firms have, in the past, shared the results of the CFC projects at dissemination workshops, while several other operating companies are directly participating in recording, establishing and maintaining consistent and systematic reporting of impact in projects or interventions receiving CFC financial support. The interest of the private sector in technical cooperation with CFC projects increases by the day. Offers from the private sector to seek finance for specific commodity development activities are increasing.

This greater divergence of private funding is perhaps the most auspicious news as we strive to maintain funding level in a COVID-19 wrecked world. It is perhaps the time for multilateral systems to streamline their conscious efforts to welcome, and indeed willfully encourage, private funding where consumer consciousness remains a vital vector of change. CFC shall continue its efforts to make good use of this vector for alleviation of poverty.

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Photo: Sesame seed, Xaaxi, Somalia. ©FAO/Isak Amin/Arete

IV.2 Active Projects[1] in 2020

1 and 4. Commercial Farm Development in Central and Northern Ethiopia - CFC/2012/01/0030 and CFC/2013/01/0030 FT

Submitting Institution	Solagrow plc.
Location	Ethiopia (LDC)
Commodity	Potatoes and others
Total Cost	USD 6,255,000
CFC Financing	USD 1,100,000 (loan, of which USD 750,000 (financed by the Dutch Trust Fund) and USD 55,000 (as a grant to cover administrative and legal costs)) USD 120,000 Liquidity support under Fast Track
Counterpart Contribution	USD 5,155,000

Project Description

Solagrow is an agro-enterprise in Ethiopia, which, thanks to its links to the Netherlands, had been working for years for commercial introduction, production, development and marketing of improved varieties of seed potatoes and other rotational food crops. Solagrow combines Dutch innovations and creativity with Ethiopian Agricultural skills and resilience. The company works together with the Ethiopian Institute of Agricultural Research (EIAR) for new potato varieties and technologies.

Thanks to CFC funding, Solagrow was able to procure additional machinery and equipment for the expansion of farming operations, creating 1,600 new jobs and 2,500 new farmers to be involved on around 3,000 ha of land. In addition, Solagrow offers its services around its farms reaching another 25,000 farmers with the aim of improving harvests of triple or quadruple quantity.

The CFC further provides liquidity support to Solagrow trying to overcome unforeseen operational expenses due to loss of inputs and damages incurred on farm equipment and assets in 2016. Solagrow continues to work to build and develop its operations in a challenging environment for a sustainable turnaround, while creating impacts.

[1] Impact outcome as well as more on the effects of COVID, where applicable, reported separately in this report.

2. SME Agribusiness Development in East Africa - CFC/2012/01/0076 FA

Submitting Institution	MatchMaker Fund Management (MMFM)
Location	Burundi, Kenya, Malawi, Rwanda, Tanzania, Zambia
Commodity	Miscellaneous
Total Cost (Target Fund Size)	Euro 10,000,000
CFC Financing	USD 520,000 (Loan - First Account Net Earnings Initiative (FANEI)), USD 26,000 (as a grant to cover administrative and legal costs)
Co-financing	Balance to be sourced from other consortium partners

Project Description
The SME Impact Fund (SIF) provides meso-level financing to what is known as the 'missing middle' i.e. to SMEs in agribusiness in East Africa who find it challenging to get funding otherwise. SIF's funds are available for those SMEs that add value up and down the agribusiness value chain; who are in need of working capital or investment finance. SIF provides financing as loans, in local currency, from USD 65,000 to USD 650,000, with an average loan size of USD 200,000, for a period up to 60 months.

Project partners are currently Dutch NGO's like Hivos and Cordaid, and private investors including MatchMaker Associates (MMA). The local banking partner is National Microfinance Bank (NMB) Bank of Tanzania, which gives SIF a strong outreach to cover rural districts in Tanzania. Technical partners include Financial Alliance for Sustainable Trade (FAST), MatchMaker Associates (MMA) and Tanzania Horticultural Association (TAHA) with Business Development Services (BDS) project.

Through the investments, SIF has reached 19,000 smallholder farmers and supported 2,500 jobs. SIF estimates that it has supported the livelihood of 98,000 beneficiaries through its investments.

3. Partnership with the Africa Agriculture and Trade Investment Fund (AATIF) - CFC/2012/01/0268 FA

Submitting Institution	Africa Agriculture and Trade Investment Fund (AATIF)
Location	Africa
Commodity	Miscellaneous
Total Cost (Target Fund Size)	N/A (Evergreen Fund)
CFC Financing	USD 2,000,000 (Equity – First Account)
Co-financing	Main other current investors are the EU, Austrian Development Bank, KfW and Deutsche Bank. The associated grant based Technical Assistance (TA) Facility is being financed by the German Ministry for Development Cooperation and Economic Development (BMZ)

Project Description
The Africa Agriculture and Trade Investment Fund (AATIF) is an innovative public-private partnership dedicated to realising the potential of Africa's agricultural production, manufacturing, service provision and trade for the benefit of the poor. AATIF investments foster agricultural value chain enhancement and is complemented through a TA Facility that provides grant funding for projects to strengthen the developmental aspects of individual investments. This TA Facility is managed by the CFC under a service agreement.

By 31 December 2020, the AATIF TA Facility Committee has approved 74 technical assistance projects with a total budget of EUR 4.34m. During 2020, the TA Facility Manager has launched several new TA projects aiming to assist AATIF investee companies in Tanzania and Zambia to enhance their procurement of raw material from local smallholder farmers (including oil crops, maize and wheat) by developing design and implementation plans of sustainable outgrower schemes. These outgrower schemes are expected to be launched during 2021. Moreover, in response to the persistent spread of the novel corona virus, the TA Facility Manager continues to exert attentiveness, flexibility and encourage innovative solutions to problems that may arise with any stakeholders. The CFC is happy to be an agent of impact, in this shared journey with AATIF, to avail the untapped potential of African agriculture.

5. Commercial Meat Processing/Marketing in Lagos - CFC/2013/02/0042 FT

Submitting Institution	ESOSA Investments Ltd
Location	Nigeria
Commodity	Livestock
Total Cost	USD 250,000
CFC Financing	USD 120,000 (Zero interest loan)

Project Description
ESOSA Investments Ltd is a small-scale meat processor operating in Lagos, Nigeria.

In 2015, the CFC provided a USD 120,000 loan to support ESOSA in (i) acquiring additional processing equipment, (ii) increasing its profit and product diversification by introducing a range of new snacks, pastries etc., and (iii) strengthening its local supply chains by providing 100 pig farmers with improved breeds and training in improved animal husbandry. These interventions are targeted to create new employment opportunities for about 500 farmhands while the Fulani nomadic cattle herdsmen are also expected to benefit from the advantages of an enhanced commercial beef production.

To address operational challenges facing the project, communications with the proponent and with the Federal Ministry of Industry, Trade and Investment of the Federal Republic of Nigeria, being a partial guarantor, remains ongoing. The CFC remains committed to contribute towards the welfare of the indigenous communities, like the Fulani.

6. Partnership with the Africa Agriculture SME Fund (AAF-SME) - CFC/2013/02/0084 FA

Submitting Institution	Africa Agriculture SME Fund (AAF-SME)
Location	Africa
Commodity	Miscellaneous
Total Cost (Target Fund Size)	USD 80,000,000
CFC Financing	USD 2,000,000 (equity) and USD 100,000 (as a grant to cover administrative and legal costs)
Co-financing	Other main investors: Agence Française de Développement (AFD), PROPARCO, Spanish Government (AECID) and African Development Bank (AfDB)

Project Description
AAF-SME Fund is Africa's first Impact Investing Fund with a focus solely on food production and processing of Small and Medium Size Enterprises (SME) throughout the continent. The CFC financing supports this multistakeholder project focused on value enhancement and value chain optimisation in Sub-Saharan Africa (SSA). AAF-SME is being complemented through a Technical Assistance Facility (TAF) that provides grant funding with an emphasis on the establishment of outgrower schemes. The ultimate goal of this impact investment fund is to improve the capacity of portfolio companies and provide linkages to outgrowers within the ecosystem.

At the beginning of, AAF-SME Fund was fully invested in eight different agricultural SMEs across SSA that were focused on different value chain segments, from mixed farming operations to organic fertilizer production. Proceeds are mainly used for follow-on investments of existing portfolio companies, till the fund is scheduled to close in 2022.

Through its investments, the AAF-SME Fund continues to support 450 jobs, of which 94 are occupied by female employees, and strengthens commercial relations of 7,150 smallholders with AAF-SME funded companies who source their raw materials for processing. CFC is focused on optimizing the balance between financial return and development impact of projects supported by AAF-SME Fund.

7. Partnership with the EcoEnterprises II Fund (EcoE II) - CFC/2013/02/0085 FA

Submitting Institution	EcoEnterprises Partners II L.P. (EcoE II)
Location	Latin America
Commodity	Miscellaneous
Total Cost (Target Fund Size)	USD 40,000,000
CFC Financing	USD 500,000 (equity), USD 25,000 (as a grant to cover administrative and legal costs)
Co-financing	Main other investors: Dutch Development Financial Institution (FMO), Interamerican Development Bank (IADB) and European Investment Bank (EIB)

Project Description
The CFC contributed to this multistakeholder Fund, EcoEnterprises Partners II L.P. (EcoE II), which is considered as an example of best-practice sustainable business methods in the region. The project aims at forging strong small producer ties with significant social and environmental impacts.

EcoE II invests in small companies with a proven business model at the stage of expansion which are active in the sustainable agriculture and forestry (products) sector in Latin America. Fund II builds on the experience of EcoEnterprises Fund's first fund, established nearly 20 years ago. The targeted investee companies supply into a growing market for organic food products and certified wood predominantly in the United States.

Since its first closure in 2011, the fund has disbursed a total of USD 31 million in debt and equity investments across 11 different portfolio companies, which are engaged in eco/organic niche products such as tea, juices, baby food and dried fruit. EcoE II is scheduled to expire in 2021 and is preparing to divest from the remaining portfolio.

Overall, the fund has supported more than 3,800 jobs and connected more than 8,600 raw material smallholder suppliers. In addition, more than 3 million hectares of land are either being managed in a sustainable manner or are conserved by EcoE II's portfolio companies.

Photo: Native American farmer. Adobe stock

8. Partnership with the Moringa Agroforestry Fund - CFC/2013/02/0086 FA

Submitting Institution	Moringa Agroforestry Fund S.C.R.
Location	Latin America/Africa
Commodity	Miscellaneous
Total Cost (Target Fund Size)	Euro 100,000,000
CFC Financing	USD 1,349,613 (equity) and USD 75,000 (as a grant to cover administrative and legal costs)
Co-financing	Main other current investors: FMO, PROPARCO, Spanish Government (AECID) and Latin American Development Bank (CAF)

Project Description

Moringa Agroforestry Fund (Moringa) seeks to invest in agroforestry projects in Africa and Latin America that can commercially compete with deforestation drivers (such as cattle ranching, crop farming and timber harvesting). At the same time, Moringa investments are required to have a demonstrable positive impact on the environment and the livelihoods of the local population. Moringa works for improving land use ecosystems, while increasing productivity and tree cover.

Moringa investments are complemented through a Technical Assistance (TA) Facility managed by the CFC. Through its investments, Moringa targets a total of 8,000 new jobs created with an income effect on 35,000 dependents. In addition, about 60,000 outgrowers are expected to be associated to commercial investments of Moringa, with a development impact on 340,000 dependents. The CFC appreciates this opportunity to be a part of this public private partnership.

9. Rural Injini (Engine) Inclusive Maize Trading & Processing - CFC/2013/03/0120

Submitting Institution	Joseph Initiative Ltd. (JI)
Location	Uganda (LDC)
Commodity	Maize
Total Cost	USD 1,929,000
CFC Financing	USD 500,000 (Financed by the Dutch Trust Fund)

Project Description

The Joseph Initiative project supports Ugandan smallholder farmers to bulk and process maize efficiently for sale to regional wholesalers. Joseph Initiative Ltd. (JI) takes an integrated approach to trading, combining rural collection centres with village buying agents to collect maize in small quantities from remote farmers and making payments to them on the spot. JI's business model concentrates on 'bottom of the pyramid' farmers producing 1 metric ton or less per year, as they are below the aggregation thresholds for commercial traders. A reliable market and access to inputs and finance will increase farmers' incomes. The inclusion of a large number of producers, increasing productivity and potentially reducing the current 40% post-harvest losses could lead to substantial improvements in Uganda's food security. During 2020 JI's Management reports that 5,238 metric tons (MT) of maize were procured from 3,880 local smallholders. The CFC is, therefore, working with the JI to provide an end-to-end integration—from farmer to market—and thereby generating tremendous social impact by unlocking market value for farmers and improving their production practices.

10. Commodity Value Chain Tropical Timber from Community Forest - CFC/2014/04/0047 FT

Submitting Institution	Community Forest Group BV (CFGBV)
Location	Cameroon
Commodity	Tropical Timber
Total Cost	USD 280,000
CFC Financing	USD 120,000 (Funded from the Dutch Trust Fund)
Co-financing	USD 160,000 (Provided by FTT BV from the IDH grant)

Project Description

This project focuses on implementing a community forest management scheme, under the national community forest legislation, to provide a source of income for poor and remote communities in Cameroon. The project tests a model, developed by the Community Forest Group BV and supported by Sustainable Trade Initiative (IDH), for the marketing of community-sourced tropical timber from Cameroon to developed markets. The model involves (i) training of forest communities in sustainable forest management practices, (ii) licensing and certification of their timber under relevant certification schemes (e.g., the FSC), and (iii) setting up a physical logistics chain to export certified timber. The operational model is being developed as a social business and includes obtaining third-party sustainability certifications in support of community forest management models. This project not only helps improving community engagement in forest management, enhancing forest conservation and reducing poverty for forest-dependent people, it also helps by taming the drivers of deforestation and nature degeneration. The CFC is committed not only to continue this shared journey, but also to scale up this conceptual evolution in innovative ways in the future.

11. Moringa Agroforestry Technical Assistance Fund - CFC/2014/04/0103 FT

Submitting Institution	Moringa Agroforestry Fund
Location	Africa/Latin America
Commodity	Agroforestry
Total Cost	USD 4,100,000
CFC Financing	USD 100,000 (Grant)

Project Description
The Moringa Agroforestry Technical Assistance Fund (ATAF) is a grant-based fund that supports the development impact of investments made by the Moringa Agroforestry Investment Fund. The funds finances programs for training, capacity building and land management.

The ATAF has been established to mitigate risks and to increase the development impact of Moringa Fund investments. The overall objective of the ATAF is to strengthen the capacity of Moringa Investees to include and integrate interested members of the local population into agroforestry production systems, with the goal of improving their standard of living, their agroecological practices and, thus, to protect the environment.

The ATAF commenced operations in 2016, after a service agreement was signed with the CFC. By the end of 2020, the CFC, as ATAF Manager, has developed 18 individual Technical Assistance projects in 7 different countries. Half of ATAF projects are under implementation or development, while the other half have been completed.

12. Modern Processing & Value Chain Development for Prosopis Charcoal and Nutritious Animal Feeds, Kenya - CFC/2014/04/0107 FT

Submitting Institution	Start!e Limited (Social Enterprise)
Location	Kenya
Commodity	Timber
Total Cost	USD 214,000
CFC Financing	USD 100,000 (Zero interest loan, financed from the Dutch Trust Fund)
Co-financing	USD 15,000
Start!e Limited (Contribution)	USD 99,000

Project Description
Start!e Ltd aims to turn the unwanted spread of the tree Prosopis Juliflora in Kenya's semi-arid areas into an income opportunity for the affected communities by setting up value chains for sustainable charcoal animal feed from the Prosopis fruit pods.

Charcoal is a key bio-energy resource in Kenya, providing domestic energy for 82% of urban and 34% of rural households. The charcoal industry also creates jobs for wood producers, charcoal producers, transporters and vendors. Even though all species of wood can be carbonised to charcoal, the quality of charcoal varies from species to species and is dependent on the method of carbonization. If charcoal production and its use are to contribute to sustainable development and poverty alleviation, the entire charcoal value chain needs to be understood and addressed in a holistic manner. This value-chain approach thus brings out the charcoal business from the difficult-to-regulate informal sector and enables policymakers to harness its potential for sustainable development.

The CFC supported the initiative with a USD 100,000 loan disbursed in December 2014. The investment aims to: (i) enhance the collection of Prosopis; (ii) improve the carbonisation process; (iii) build customer relationships with a few, higher volume consumers and wholesalers; (iv) improve logistics; and (v) increase fundraising.

Photo: Tree farmer, Mubende, Uganda. ©FAO

13 and 14. Scaling Smallholder based Premium Coffee Production in Congo and Rwanda - CFC/2014/05/0079 and CFC/2014/05/0079 FT

Submitting Institution	COOPAC Holding Ltd.
Location	Congo DRC (LDC), Rwanda (LDC)
Commodity	Coffee
Total Cost	USD 3,931,880
CFC Financing	USD 1,500,000 loan (of which USD 750,000 is financed by the OPEC Fund for International Development (OFID) and USD 750,000 by the Dutch Trust Fund)
Counterpart Contribution	USD 2,194,660 – Root Capital; USD 87,220 – COOPAC Holding Ltd.

Project Description

COOPAC is an enterprise dealing in coffee production, processing and export of premium specialty coffee. Founded in 2001 with 110 coffee farmers in the Gisenyi region in Rwanda, coffee beans are currently sourced from over 9,000 smallholder farmers in Rwanda and 7,000 in the Democratic Republic of the Congo (DRC).

COOPAC is among the few Rwandan coffee suppliers benefiting from 3 major coffee production standards: Fairtrade (FLO), Organic and Rainforest Alliance. With the goal of scaling coffee production up to 16,600 farmers by 2024, COOPAC hopes to create much-needed jobs and improve smallholders' yield and net income.

'When goods do not cross border, soldiers will', is perhaps an adage that Rwanda and DRC have been experiencing for most of their existence. This is even more precarious for those coffee farmers who have long been suffering from being at the wrong end of the value chain - receiving only a small fraction of the retail price of their crop. COOPAC is thus not only an avenue for them to get a premium price for their coffee, it also helps them in fixing their geopolitical anomalies through cross border trade.

Financing from the CFC allows COOPAC to increase its wet coffee-washing capacity in the DRC, a critical technique in producing quality coffee and by adding value through processing and certification. Part of the loan is used for working capital purchases to scale sourcing of its organic coffee from smallholders in both DRC and Rwanda.

The CFC further provided liquidity support to COOPAC to train farmers in the best organic agricultural practices and to certify them according to the standards of Fair Trade, Rainforest Alliance and Organic. The trainings are focussed on organic plant nutrition, but also on more complex nutrient balance practices of the coffee fields. COOPAC has trained around 2,500 Congolese farmers up to 2020. It is expected that the number of participating farmers in DRC will increase from 200 in 2015 to around 3,400 farmers (of which 40% will be female farmers) in 2021.

15. Tolaro Global Cashew Factory Expansion, Benin - CFC/2015/06/0032

Submitting Institution	Tolaro Global
Location	Parakou, Benin (LDC)
Commodity	Cashew
Total Cost	USD 5,464,000
CFC Financing	USD 1,500,000 (of which USD 1,000,000 is financed by the OPEC Fund for International Development (OFID))
Co-financing	Tolaro Global USD 464,637, other financiers USD 3,500,000

Project Description

Tolaro Global is a story of success that was created, bit by bit, by a Peace Corps volunteer and his Beninese peer. In 2010, they dared to change the cashew market in Benin. Before Tolaro, 95% of the cashews were being shipped to other countries for processing. Today, in Benin, an LDC, they have a local, thriving and sustainable cashew operation that employs over 650 workers and sources cashews from 7,000 cashew farmers. The team of 650 includes 649 Beninese and 1 American where local citizens are driving the change and impact in the local community.

Tolaro processes and exports more than 3,500 metric tons (MT) of cashews to premium markets in Europe and the United States, with a value of almost USD 4 million. The CFC is financing the company's expansion plans. The project entails the acquisition of equipment to increase the processing capacity of Tolaro from 3,500 MT in 2018 to 20,000 MT by 2023. The number of farmers delivering raw cashew nuts to Tolaro is expected to increase from 7,000 to 15,000 by 2023, of which 30% are women. The number of factory jobs is expected to increase from 650 to 1,500 over the same period, with half of them occupied by women.

Tolaro Global is seen as an example of developing Africa's value chains in the face of the pandemic. A recent article in Le Monde cites Tolaro Global as the example of the role Africa could play in a post COVID-19 world.

16. Intensified Livelihoods Improvement and Environmental Conservation through Social Business Activities (Natural Fertilizer, Myanmar) - CFC/2015/07/0020 FT

Submitting Institution	Swanyee Group of Company
Location	Myanmar (LDC)
Commodity	Fertilizer
Total Cost	USD 236,171
CFC Financing	USD 117,600 (Loan)
Counterpart Contribution	USD 118,571

Project Description
The performance of the agriculture sector in Myanmar is highly dependent upon soil quality. An analysis of the strengths, weaknesses, opportunities and threats (SWOT analysis) reveals that Myanmar is on a positive track to achieve improved fertilizer use management with attention to balanced fertilizer use achieved through sound recommendations and improved knowledge flows. The Swanyee project aims to complement the strategy of 'Expansion of integrated soil fertility management (ISFM)'[2] with increased farmer use of organic and on-farm waste materials.

As it stands now, there are many distributors of chemical fertilizers in Myanmar, but only a few of them are engaged in the supply of natural and bio fertilizers. The Swanyee Group is active in selling organic agricultural inputs mainly to small holder farmers in Myanmar. It has a research department that has been experimenting with the production of natural fertilizers, in the form of vermiculture. The core of the project is to expand the current levels of vermiculture-based liquid and compost fertilizer. The project aims to demonstrate that organic fertilizers can be offered at lower costs than chemical fertilizers with effective social, economic and environmental impacts as per their ISFM policy.

The development impact of this project is the reduction in fertilizer costs for farmers from USD 60/acre to below USD 50/acre. Nonetheless, it will not only increase farmers' economic returns from fertilizer use, it will also reduce any adverse impacts, as it is expected that harvested crops, such as rice, will extract far more nutrients that can be supplied by soil ecosystems. The CFC loan was fully disbursed in the fourth quarter of 2016.

17. Accelerating Lending to Food & Agri sector in East Africa Supply Chain Financing - CFC/2015/07/0028

Submitting Institution	Financial Access Commerce and Trade Services (FACTS)
Location	Kenya, Uganda (LDC)
Commodity	Miscellaneous Commodities through Supply Chain
Total Cost	USD 7,000,0001
CFC Financing	USD 1,200,000 (including USD 1,000,000 financed by the OPEC Fund for International Development (OFID) and USD 200,000 by Dutch Trust Fund)
Counterpart Contribution	USD 10,300,000

Project Description
Since 2015, FACTS has worked to provide factoring for the needs of SMEs in Kenya and Uganda. Factoring is a form of supply chain finance, which can play a critical role in injecting much-needed short term liquidity into value chains.

While agriculture contributes to 25-30% of the GDP in the countries covered in this project, it receives only 2- 7% of total bank credit. Small and Medium Enterprises (SMEs) are important generators of employment and GDP in these economies, but a chronic lack of access to credit limits their growth and impact. Therefore, to overcome the credit crunch while building cash flow and liquidity, businesses can follow a wide range of strategies including factoring.

The demand for factoring services, which supports producers and traders to scale activities, however remains largely unmet in many developing countries. Using FACTS, SMEs now can upload their unpaid invoices and turn them into cash. There is no more need to wait the usual 60 -90 days for payment. FACTS puts money into the business right away. With a healthy cash flow, FACTS' customers can procure more goods, make timely payments, expand business and manage their payroll while keeping the value chain rolling.

In 2018, the CFC and FACTS East Africa B.V. signed a USD 1,200,000 loan agreement to support and scale FACTS' impact on agricultural value chain participants. This partnership proved to be highly beneficial for many SMEs as FACTS has continued servicing its portfolio of clients throughout the COVID-19 pandemic with the backing of shareholders and creditors.

[2] Soil Fertility and Fertilizer Management Strategy for Myanmar, GOM and IFDC, March 2018.

18. Irrigated Perfumed Rice and Normal Rice Production in Thiagar, Senegal - CFC/2015/07/0030

Submitting Institution	Coumba Nor Thiam (CNT)
Location	Senegal (LDC)
Commodity	Rice
Total Cost	Euro 3,150,000
CFC Financing	USD 1,459,800 (including USD 1,000,000 financed by the OPEC Fund for International Development (OFID))
Counterpart Contribution	USD 1,690,200

Project Description

Coumba Nor Thiam (CNT) is the third largest rice processing company in Senegal with 30 years' experience in the production and processing of both normal and perfumed rice. Since 1987, CNT has been growing into a more successful rice company with improving sales volumes. It currently employs 2,500 outgrowers on 3,000 hectares (ha) of land and runs 500 ha of land in its own plantation in the Northern River Valley region. With a milling capacity of 120 ton/day, CNT is currently processing 15,000 ton/year of paddy rice.

The CFC financing allows CNT to invest in new farming and irrigation equipment. After the investment, the company aims to process 20,000 tons of rice by 2021 and to reach the maximum processing capacity of 40,000 tons in 2025. The company will add 500 new farmers to the outgrower network bringing the total to 3,000 farmers. 16 new jobs are expected to be created in the processing facility bringing the total to 123. The loan agreement was signed in June 2019 and the first tranche of the loan in the amount of Euro 644,500 was disbursed in November 2019.

Senegal produces 600,000 tons of rice per year but still needs to import over 1.3 million tons, which is the main staple food in the country. Due to the COVID-19 pandemic, at the end of March 2020 some of the major rice exporting countries announced a temporary suspension of exports to assess their rice stocks and their ability to meet domestic demand in the event of a prolonged lockdown. As a result, in one single day, the world prices of rice increased by more than 11%. The work of CNT contributes to Senegal's aspiration to become self-sufficient in rice, mitigating its vulnerability and food insecurity due to global market rice volatility.

19. Upscaling the Integrated Production and Processing of Selected Estranged Oilseeds, Nigeria - CFC/2015/07/0032

Submitting Institution	EFUGO Farms Nigeria Ltd.
Location	Nigeria
Commodity	Oilseeds
Total Cost	USD 3,893,500
CFC Financing	USD 1,500,000
Counterpart Contribution	USD 2,393,000

Project Description

EFUGO Farms Limited (EFL), established in 1987, is a NAFDAC certified agricultural company based in Kuje, Abuja. This project focuses on the production of edible oils (from groundnuts, soybeans, sesame) and non-edible oils (from castor beans, shea butter and neem seeds). There is strong demand for the products due to the huge market for these oils and derived products in Nigeria.

EFL is installing a new processing plant and the CFC support will help it to acquire additional components such as bleaching machines, weighing machines and tankers. The current supply of oil seeds is insufficient to run all aspects of the oil processing facility. EFL seeks to engage more than 20,000 farmers to supply oil seeds for the mill. The CFC funds are used to purchase these additional components and for working capital needed to source seeds from the farmers.

With the onset of the COVID-19 pandemic, business practices need to be updated to respond to the new needs. The World Health Organisation has emphasized the need for people to boost their immune systems by eating right. EFL works to create a dynamic way of reaching out to its customers, with the launch of both their edible and no-edible oils, in combination with their other livestock-based products.

Photo: Soybeans. Adobe stock

20. Commercial Farm, Uganda (Kapanua Project) - Asili Farms Ltd., Uganda - CFC/2015/07/0078

Submitting Institution	Asili Farms Masindi Ltd.
Location	Uganda (LDC)
Commodity	Maize
Total Cost	USD 3,361,229
CFC Financing	USD 1,200,000 (including USD 1,000,000 financed by the OPEC Fund for International Development (OFID))
Counterpart Contribution	USD 2,161,299

Project Description

Asili Farms is a mechanized farming company that manages dual-season production of high-quality maize and soybeans for supply to regional food processors. Asili became operational in January 2014 and is farming under a conservation agriculture and precision farming approach to maximize yields. The ultimate strategic goal of Asili is to have commercial farming operations on around 6,500 ha. As part of the Agilis Partners Ltd. Holding, Asili Farms (AF) benefits from guaranteed demand from the sister-company Joseph Initiative Limited (JI, also a borrower of a CFC loan), which is marketing Ugandan grains and pulses with extensive regional market access.

Asili's approach aims to improve per unit yield of key crops in the region. This is achieved by empowering farmers with knowledge about growing maize, as well as following agronomic concepts and principles. Their practices of weather station helps farmers to act on the forecast for their area. They also rely on satellite weather forecasts for proper planning.

The CFC resources are used to further expand commercial farm operations as well as to scale up Asili's engagement in training small-scale farmers in commercial maize and soya production. Increasing both the scale and the yields of Asili's farm operations have led to the creation of 88 permanent and 750 seasonal jobs, with a substantial number of employees being female. During 2020 Asili employed 283 permanent employees and provided for about 600 seasonal jobs. In the same year 13,702 MT of maize and 3,384 MT of soja were harvested and sold into the local and regional markets.

21. Manufacture of Moringa Oleifera from Smallholder Farmers, Kenya - CFC/2016/08/0052 FT

Submitting Institution	EDOM Nutritional Solutions Ltd.
Location	Kenya
Commodity	Moringa oleifera
Total Cost	USD 240,000
CFC Financing	USD 120,000 (Loan)
Counterpart Contribution	USD 120,000

Project Description

With a loan agreement signed in 2016, the CFC provided a loan of USD 120,000 to EDOM Nutritional Solutions to upscale its production of fortified porridge/ maize meal and other staple flours. This included investments in shared solar dehydrators and storage facilities for 1,000 smallholder farmers.

The project was expected to create monthly earnings of close to USD 400 and upwards for the involved farmers and increase the availability of affordable, nutritional products for bottom of the pyramid consumers.

22. Start-up of Innovative Agriculture Finance Company for Cocoa, Philippines - CFC/2016/08/0064

Submitting Institution	Kennemer Foods International Inc
Location	Philippines
Commodity	Cocoa
Total Cost	USD 11,600,000
CFC Financing	USD 1,400,000 (Loan)
Counterpart Contribution	USD 10,200,000

Project Description

Kennemer Foods International Inc., established in 2010, is an agribusiness company specializing in the growing, sourcing and trading of cacao beans sourced from smallholder farmers. Kennemer has a long-standing commercial and strategic relationship with Mars, Inc. Mars is Kennemer's biggest customer. Mars and Kennemer began a partnership in mid-2012, which involves the sharing of planting research and technology, as well as best practices for cacao growing, harvesting, fermentation and drying. This is the first such expansion of new cacao production in the Philippines.

Kennemer organises access to crop-appropriate financing for its smallholder suppliers through a captive finance company Agronomika Finance Company (AFC).

The CFC is partnering with other lenders to fund the operations of AFC thus allowing farmers to make the necessary investments for planting cocoa. Smallholder farmers that follow the basic grower protocol can experience a 4-fold increase in yield from 0.5MT/ha to 2MT/ha and a 6-fold increase in average income from USD 625 to USD 3,750. Kennemer has so far planted 15,000 hectares of new cocoa trees through its Cocoa Contract Growing Program and plans to scale this to 50,000 hectares. Beside enhanced income from increased yield, Kennemer also helps improve the local environment through carbon sequestration in a significant way.

23. Upscaling Coffee Flour Production Plant of Sanam, Colombia - CFC/2016/08/0077 FT

Submitting Institution	Truvalu Group (for SANAM Company)
Location	Colombia
Commodity	Coffee
Total Cost	USD 312,000
CFC Financing	USD 120,000 (Loan)
Counterpart Contribution	USD 192,000

Project Description

SANAM is a coffee flour production company, based in Colombia and dedicated to the use of waste (husk and pulp) that are usually discarded in the process of coffee processing. These wastes are transformed into Miel de Café (coffee honey liquid) and Harina de Café (flour) which are used as raw materials and supplements for cosmetics, food, pharmaceuticals and feed products. The pulp and husk contain elevated levels of antioxidants, proteins and minerals.

The CFC supports SANAM to increase production capacity of the beverage and coffee flour line by investing in machinery and equipment through a loan extended via Truvalu Group (former ICCO Cooperation). SANAM is currently receiving the coffee waste from over 80 small coffee growers in the region. Collection of coffee waste by SANAM is a major saving for smallholder farmers, as they do not have to pay regular fees for waste management and collection services.

24. agRIF Cooperatief U.A. - Netherlands - CFC/2016/09/0089

Submitting Institution	agRIF Cooperatief U.A.
Location	The Netherlands
Commodity	Partnership
Total Cost (Target Fund Size)	USD 200 million
CFC Financing	USD 1,000,000 (is Financed by the OPEC Fund for International Development (OFID))

Project Description

AgRIF is an impact investing fund that focusses on debt and equity investments in financial intermediaries who are active in, and have a clear commitment towards, financing the agricultural sector. The fund addresses the scarcity of financial services in developing countries and seeks to enhance financial inclusion in the agricultural value chain, with a focus on smallholder farmers and rural Micro, Small & Medium Sized Enterprises (SMEs). AgRIF invests globally in countries classified as eligible by the Development Assistance Committee (DAC) of the OECD. While microfinance institutions are to be the major group of clients, agRIF will also invest in small banks, agricultural leasing companies and other financial intermediaries from the agricultural sector level down to subsistence farmer level with individual loan sizes below USD 1,000. Up to 10% of its funds are allocated to debt financing of producer organizations and SMEs working in the agricultural value chains. agRIF is managed by Incofin Investment Management.

The CFC joined agRIF in June 2017. From this initial base provided by the CFC and other early financiers, agRIF has since raised over USD 155 million in capital contributions and senior notes to finance rural financial intermediaries and producer organization in developing countries.

25. Reducing Vulnerability to Price Volatility - Kenya - CFC/2016/09/0097

Submitting Institution	SHALEM Investment Ltd.
Location	Kenya
Commodity	Grains
Total Cost	USD 2,100,000
CFC Financing	USD 610,000 (of which USD 500,000 is financed by Dutch Trust Fund (DTF))
Co-financing	Other impact financiers: USD 800,000

Project Description

Shalem Investments Ltd ('Shalem'), is a female-led private Social Enterprise registered in Kenya. The business model of Shalem thrives on addressing the needs of rural small scale agribusiness partners. The business model focuses on reducing the cost of production for target Smallholder farmers who currently number over 40,000 and are spread all over Kenya, 70% of these smallholder famers are women.

Established by the female CEO and founder to help smallholder farmers, Shalem is also working to improve the adaptation and resilience of these farmers to climate change as well as providing nutrition security to the marginalised consumers. The business model has won several accolades including; the 2015 Rabobank International Agribusiness incubation award and the 2017 Indo Global SME Chamber award.

The CFC extended a loan to assist Shalem to diversify into nutritious flour and porridge for low-income consumers considering its impact as well as its comprehensive business case. By developing nutritious products from drought-tolerant sorghum and millet in addition to maize, Shalem aims to reduce malnutrition in rural areas and create a stable income source for local farmers.

The nutritious food plant has commenced operations by the end of 2019, producing fortified staple foods, such as maize flour (Ugali) and porridge. Shalem's Asili Plus Porridge and Ugali are currently supplied to schools and are available in over 50 retail shops as well as BoP-markets in Meru and surrounding counties, reaching over 46,000 BoP-consumers with affordable nutritious food. The COVID-19 pandemic, impacted the business to a great extent, however, Shalem has recovered quickly to respond to the vital need for nutrition security in those rural communities.

26. Acquisition of a processing plant for the aquaculture sector - Peru - CFC/2016/09/0122

Submitting Institution	Acuacultura Tecnica Integrada del Peru S.A. (ATISA)
Location	Peru
Commodity	Shrimp
Total Cost	USD 4,000,000
CFC Financing	USD 1,500,000 (Loan)
Co-financing	Acuacultura Tecnica Integrada del Peru S.A. (ATISA): USD 200,000 Owner: USD 1,850,000

Project Description
ATISA, short for Acuacultura Técnica Integrada del Perú, exports fresh frozen white quality shrimp. By adhering to strict criteria covering food safety, animal welfare, workers' welfare, environment, traceability and key sustainability aspects at all stages of production, ATISA has become a trusted partner for European seafood importers. Peru is seeking to capitalize on its endowment of having some of the world's largest freshwater resources by building a world-class aquaculture industry and ATISA is perhaps a mirror image of that success. ATISA is a female led, family owned, entity based in the Tumbes area, North Peru, since 1997. Specialized in breeding, production and distribution of premium shrimps, ATISA farms vannamei shrimps for both local and international markets and is recognised through its own brand called COOL!. ATISA is the first Peruvian company that obtained the GLOBALG.A.P. Aquaculture certification in 2016.

To further reinforce its position as a sustainable shrimp producer, the company is in the process of becoming organic and ASC certified too. The CFC's first tranche supports this purpose and part of the necessary investments have already been made by ATISA's own resources. ATISA also intends to expand into shrimp processing to increase its offering of peeled shrimps, a high value product with less volatile commodity prices than unprocessed whole or headed shrimps.

About 7 smaller Peruvian shrimp farmers continue to benefit from ATISA's processing services. ATISA currently employs over 110 employees, of which 70% have a permanent contract.

27. Africa Food Security Fund - Ghana - CFC/2016/09/0124

Submitting Institution	Databank Investment Partners
Location	Ghana
Commodity	Partnership
Total Cost	USD 100 million
CFC Financing	USD 1,000,000 (Loan)

Project Description
The Africa Food Security Fund (AFSF) is an impact investing fund that seeks to invest in small and medium size businesses (SMEs) active along the agricultural value chains across Africa with a focus on Sub-Saharan Africa. The fund's investment mainly focuses on primary production, agricultural input and service providers, as well as agro- and food- processing companies.
The AFSF is currently preparing its first closure. The target capitalization has been set at USD 100 million and the AFSF's lifetime is set for 10 years. The fund is the follow up fund of the AAF-SME Fund (fund volume USD 36 million) that commenced its operations in 2014 of which the CFC invested USD 2 million. Main partners are Databank Investment Partners (DIP) as the AFSF Fund Manager, and CDC, DGGF, EIB, African AFDB, BOAD and BIDC as key institutional investors into the AFSF. The main focus of investment will be in primary production, agricultural input and service provision, as well as agro- and food- processing companies. The AFSF will consider potential investments across Africa, but at least 50% of pipeline investments are expected to be located in West Africa.

The CFC started to disburse its loan in 2020, facilitating the AFSF's three first investments with total commitments of USD 13 million to companies in primary production, processing and marketing of agricultural commodities in Cameroon, Tanzania and Mozambique.

28. EcoEnterprises Fund III - CFC/2017/10/0066

Submitting Institution	EcoEnterprises Fund
Location	Latin America
Commodity	Partnership
Total Cost (Target Fund Size)	USD 100,000,000
CFC Financing	USD 1,000,000 (USD 1,000,000 is financed by the OPEC Fund for International Development (OFID))

Project Description
EcoEnterprises III (EcoE III) is an Impact Investing fund that seeks to make investments in Latin American SMEs who source raw material from collectors or smallholder farmers for value added processing. The target sectors are sustainable agriculture, agro-forestry, aquaculture and wild- harvested forest products. EcoE III seeks to invest in growing companies that cater for increasing demands for organic food products and certified wood in the US.

EcoE III expects to make 18 long-term capital investments, sized between USD 2 - 6 million, with an average duration of 6 - 8 years. EcoE III aims to create at least 5,000 jobs. Investments of EcoE III have already supported the livelihoods of 7,400 smallholders and the jobs of 1,700 fulltime employees of whom 1,100 are women.

The CFC invested in EcoE III at its first closure in late 2018. With FMO, BIO, Findev Canada and others as financiers, the projects aim to serve over 25,000 smallholders covering a land area of 4 million hectares under sustainable management.

29. Formulation and fertilizer distribution for smallholder farmers, Côte d'Ivoire - CFC/2017/10/0111

Submitting Institution	AGRITEC S.A.
Location	Côte d'Ivoire
Commodity	Fertilizer
Total Cost	Euro 2,003,000
CFC Financing	USD 1,100,000 (of which USD 350,000 is financed by the OPEC Fund for International Development (OFID))
Co-financing	Euro 530,000
Counterpart contribution	Coris Bank: Euro 530,000

Project Description

AGRITEC S.A., a distributor of agriculture inputs (insecticides, herbicides and fungicides) and equipment (irrigation and spraying) systems based in Abidjan targets improved agrarian productivity through improved technologies. The enhancement of agrarian productivity through the use of improved technologies such as fertilizer application is a critical avenue for increasing farm income, minimizing poverty and tackling soil nutrient mining.

The key competitive advantage of AGRITEC is its advanced and highly diversified distribution model which allows it to service small and remote customers. The CFC's support allows AGRITEC S.A to build a dry bulk fertilizer blending and packaging station in Yamoussoukro, Côte d'Ivoire. AGRITEC will use the support of the CFC to finance the capital expenditures associated with building a fertilizer blending factory, establish processing facilities and purchase of logistics equipment.

Upon completion of the blending facility, the project expects to create 120 new jobs in the next 7 years. In addition, AGRITEC will reach new customers, providing proper inputs to smallholders who currently do not have access to them. It is expected that the productivity of the smallholders working with AGRITEC's inputs will increase by 38%, resulting in an increase in their incomes and eventual welfare gains.

30. Integrated Lime Production in Bahia - Brazil - CFC/2017/11/0005

Submitting Institution	Jan Stap BV
Location	Brazil
Commodity	Citrus Fruits
Total Cost	Euro 2,375,000
CFC Financing	Euro 1,000,000 (Loan)
Counterpart Contribution	Euro 1,375,000

Project Description

In 2012, the Torres group established its production of Tahiti limes in the municipality of Pojuca, in Bahia State, Brazil. The group entered the production business with the goal to vertically integrate and control its supply chain in order to obtain the Fair Trade and Global Good Agricultural Practices (GAP) certification.

Lime (citrus) fruit is an excellent source of immune boosting vitamin C. The health benefits of these fruits also rest in their fiber and phytochemicals. Brazil has evolved into an important supplier of lime in the South American region. With a remarkably good harvest year-on-year, Brazil holds the position of one of the major suppliers of limes.

In December 2018, the CFC signed a loan agreement with the subsidiary Jan Stap B.V., to support the expansion of the group's sustainable lime plantation. While providing an environmentally conscious alternative to consumers in Europe, the plantation also contributes directly to local income generation and economic conclusion by providing stable employment for 50 farmers in one of the poorest municipalities of Brazil.

31. Expanding the Vanilla Value Chain - Tanzania - CFC/2018/12/0066

Submitting Institution	Natural Extracts Industries Ltd.
Location	Tanzania
Commodity	Spices
Total Cost	USD 1,800,00
CFC Financing	USD 500,000 (Loan)
Counterpart Contribution	Other impact financiers USD 1,300,000

Project Description

Natural Extracts Industries (NEI) is a for-profit social enterprise producing, processing and exporting green vanilla into vanilla pods and extracts to international traders and retailers in the flavours industry. NEI has created a vertically integrated vanilla chain since 2011 by directly sourcing from 5,000 smallholder farmers. Its team of agronomists and field officers are assisting the farmers with training in good agricultural practices and other services throughout the full cycle from planting of the vines, pollination of the flowers to harvest of green vanilla. NEI has planted over 200,000 vines to date and are using mobile-based technologies to reliably trace the quality and origin of vanilla at the farmer level.

The CFC has extended a USD 500,000 working capital loan ensuring that farmers maintain access to markets amid the challenges of COVID-19 and declining global vanilla prices.

More than 5,000 farmers are expected to benefit from NEI's inclusive and sustainable sourcing model over the coming 5 years.

The CFC remains committed to complement NEI's vision to further accelerate economic growth of smallholder farmers in Tanzania by promoting and adding value to their crops and providing access to global markets with 'farm-to-plate' traceability for their main product lines.

32. East African Nuts & Oilseeds - Kenya - CFC/2018/12/0056

Submitting Institution	Ten Senses Africa Ltd
Location	Kenya
Commodity	Nuts
Total Cost	USD 4,200,000
CFC Financing	USD 1,500,000 (Loan)
Counterpart Contribution	USD 600,000
Co-financing	USD 2,100,000

Project Description

Ten Senses Africa Ltd. (TSA) is a nut processor and trader in Kenya. The company was created in 2008 by the Integra Foundation as the world's first Fair Trade certified macadamia nut company and began exporting Fair Trade macadamia nuts in 2010. The company has since expanded to cashew, sesame and oil from sesame. TSA purchases macadamia nuts at a price that enables the growers (Farmers) to improve their living standards and thereby uplift their standard of living.

TSA uses the CFC's support to accelerate its business model to include more farmers and thereby increasing the incomes for those farmers. Currently TSA sources nuts from 15,000 organic macadamia farmers, plus 15,000 conventional macadamia farmers and 5,000 certified cashew farmers, a total of 35,000 farmers. During the life of this investment, an additional 10,000 macadamia farmers and 5,000 cashew farmers will be added to the Fair Trade and Organic certification process. Bringing a total of 50,000 farmers into the cooperative networks providing Free Trade and Organic product.

33. Development of Social and Environmental Management System - CFC/2018/13/0003 FT

Submitting Institution	International Labour Organisation (ILO)
Location	The Netherlands
Commodity	Cross commodity
Total Cost	USD 105,540
CFC Financing	USD 105,540 (Grant)

Project Description

As an impact investment fund with the mission of alleviating poverty following a sustainable road map, the CFC is committed to embedding good impact practices and measuring relevant impact that will ensure our social enterprise stands out in the crowd. It is our responsibility to our member states, to investors and beneficiaries that our organisation cares about improving its delivery and is willing to be held accountable for its performance.

This project, therefore, concerns the development of CFC's Social and Environmental Management System (SEMS). Such systems are designed to enable a financial service provider to identify social and environmental risks associated with a particular transaction and take this into account when deciding whether or not to provide financing as well as identifying opportunities to improve social and environmental performance.

The CFC has always considered these risks when assessing a project. However, recognizing the great importance and complexity of this topic, the CFC decided to go a step further and develop its SEMS. For this task, the CFC has partnered with the Social Finance Programme of the International Labour Organization (ILO), which since 2012, has gained great experience on the development and implementation of SEMS.

In 2020, the CFC's SEMS was implemented, following guidance from the ILO and approval by the Executive Board of the CFC's Sustainability Policy. With proper policies, procedures and tools in place, the CFC intends that its investment practice will be more transparent and consistent with international good practices in achieving the SDGs.

34. Finding opportunities for niche commodities from developing countries in the health food market - CFC/2019/14/0001 FT

Submitting Institution	UNCTAD
Location	Selected Least Developed Countries and Landlocked Developing Countries
Commodity	Other stimulant crops
Total Cost	USD 240,000
CFC Financing	USD 120,000 (Grant)
Co-financing	USD 120,000

Project Description

This project, implemented in partnership with UNCTAD, aims to explore how LDCs and LLDCs can better harness their biodiversity and traditional knowledge about health foods or nutraceuticals to create jobs, expand exports and achieve inclusive growth. In particular, the project will study the potential of selected LLDCs as suppliers of health enhancing foods and identify the policy measures needed to expand their exports in this sector.

The findings from the country-case studies and the assessment of the demand of nutraceuticals in advanced markets will be consolidated in a policy research publication and disseminated in an interregional workshop. In addition to mapping the products and linking suppliers to potential markets, the project will also contribute to enhancing the regulatory and institutional capacities of LLDCs to meet the demands of importing countries and assess the measures that need to be taken to attract impact investors to the sector.

35 and 38. Working Capital Kenya - CFC/2019/14/0027 and CFC/2020/17/0001 FT

Submitting Institution	Olivado
Location	Kenya
Commodity	Fruits
Total Cost	Euro 1,500,000
CFC Financing	Euro 500,000
Co-financing	AgriFI Kenya: Euro 1,000,000

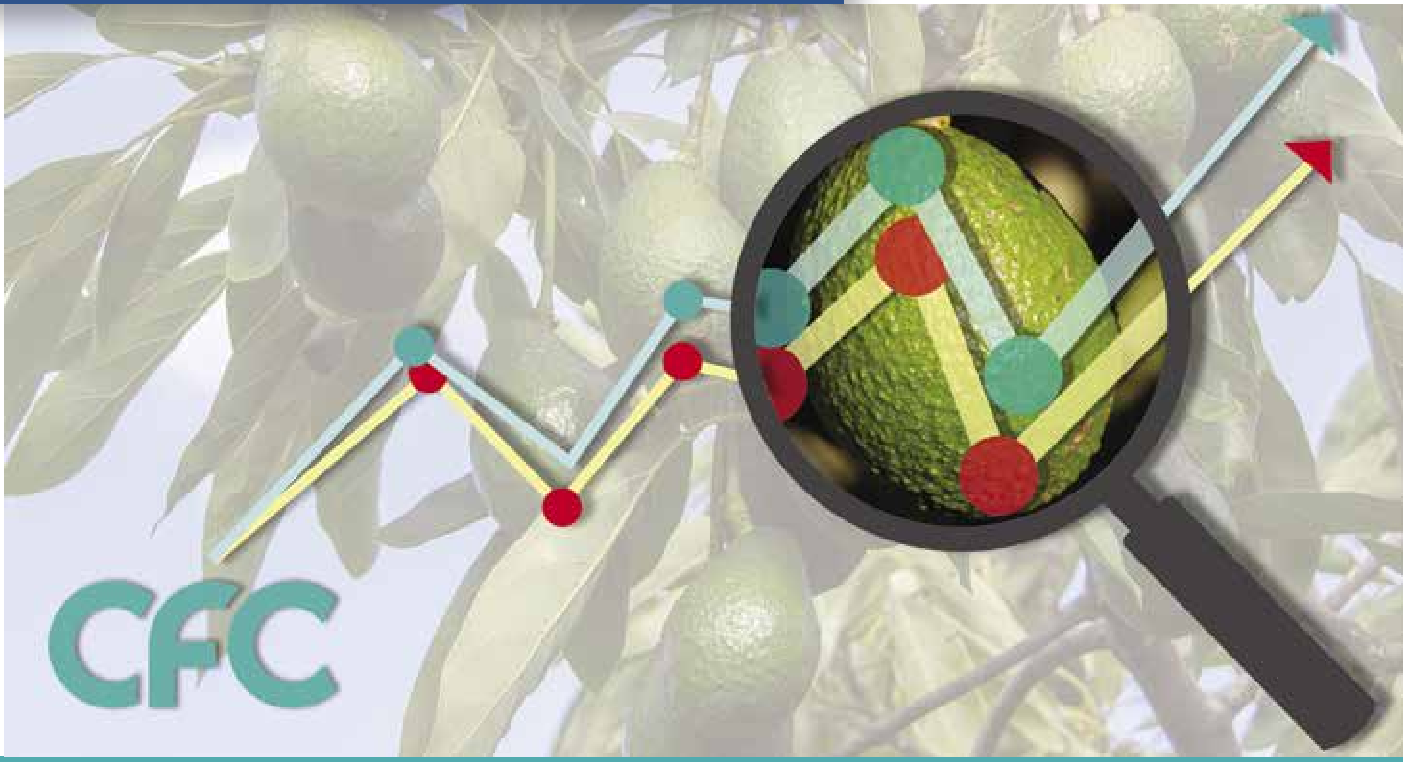
Project Description
Olivado EPZ ('OEPZ') is a Kenyan fresh avocado trader and the world's leading producers of organic extra virgin avocado oil. It operates an integrated farmer-to-market model sourcing the avocados directly from over 2,800 smallholder farmers. The avocado oil is sold for export to traders and retailers in over 30 countries. In 2019, the company installed a biogas plant to utilize all waste and by-products from the avocado oil production to produce energy and fertilizer.

Olivado is renowned already for its commitment to lead their industry in its approach to regeneration, sustainability and utilising all waste to energy. Olivado, even now, claims that they are carbon neutral and has made a commitment to be carbon positive by 2022.

The CFC has extended a trade finance loan to accommodate the increasing international demand for responsibly farmed organic avocado oil. The loan will be used to buy more avocados from the existing farmers and to integrate some 160 new smallholders into Olivado's value chain each year. Every farmer who sells avocados to Olivado joins the certified organic and fair trade program, gaining access to extensive agronomic training programs, 95% guaranteed offtake agreements and cash advances. Following the outbreak of COVID-19, Olivado is facing delays in processing and shipments. The CFC supports Olivado with an Emergency Liquidity Facility (ELF) to bridge the working capital gap from harvest to shipment, enabling Olivardo to fulfil its production and sales orders. Funds will be used to buy avocados from its farmers and to partially cover the operational expenses of field teams, picking and collecting the fruits for the farmers. In return, a steady flow of income to farmers is expected to help keep them away from harm due to COVID-19 or poverty.

"Our continued partnership with CFC enables us to further grow our farmer network and maximize our export potential in the organic avocado oil market. CFC's working capital funding has been instrumental in strengthening our relationship with farmers. We are grateful for their continued support during this difficult COVID time, understanding the obstacles we face and believing in our mission to preserve the organic, biodiverse land of our farmers and our ambition to become a carbon-neutral avocado oil processor in Tanzania to follow this achievement in Kenya."

Gary Hannam, Owner and CEO of Olivado



36. Addressing Vulnerabilities of CDDCs to Achieve the SDGs - CFC/2019/15/0003 FT

Submitting Institution	UNCTAD
Location	Land Locked Developing Countries (LLDCs). Least Developed Countries (LDCs)
Commodity	Cross commodity
Total Cost	USD 160,000
CFC Financing	USD 120,000 (Grant)
Co-financing	USD 40,000

Project Description

The project looks at the preparation, presentation and discussion of technical reports on the impact of commodity related vulnerabilities on the efforts in achieving the SDGs. The studies for the reports will be organized by UNCTAD in commodity dependent developing countries selected to be representative of the typical challenges facing Commodity Dependent Developing Countries (CDDCs).

The studies propose measures rebalancing global value chains in commodity markets and come up with ideas that would further enhance the role of international organizations, the CFC and International Commodity Bodies in assisting CDDCs to reduce vulnerabilities and shake off their dependence on commodities. Another focus is on adaptation of the commodity sector to climate change, mitigating climate related vulnerabilities of CDDCs. The outcome of the paper is to come up with evidence-based policies, strategies and actions to help CDDCs overcome those challenges.

The project identifies new potential opportunities for CDDCs, drawing on their existing comparative and competitive advantages and natural endowments. The project offers strategic support to CDDCs in diversifying their exports, as well as in the creation of new employment and income opportunities. The international events targeted by the project have been delayed by with the onset of the pandemic, studies will resume once there's renewed possibility for international meetings.

37. Fruits and Spices Madagascar - Working Capital - CFC/2019/15/0010

Submitting Institution	SCRIMAD GROUP
Location	Madagascar
Commodity	Fruits
Total Cost	Euro 2,400,000
CFC Financing	Euro 1,200,000
Co-financing	Euro 1,200,000

Project Description

SCRIMAD, established in 1993, focuses on aggregating and processing organic fruit and spices from local farming cooperatives, for export to Asian, European and North American markets. The company started operations as a family business focused on the collection and export of lychee from Madagascar. Gradually, the company diversified its export portfolio to include spices (black pepper, cloves and vanilla) and dried beans. SCRIMAD's main products today are juice and puree from lychee, pineapple, guava, mango, tamarind, passion fruit and sour soup. SCRIMAD also partnered with the French brand ETHIQUABLE to market processed products through its distribution network in France. Over the last 5 years SCRIMAD has grown from a small family business to a leading processor and exporter of fruit and spices from Madagascar. The CFC financing targets SCRIMAD value chain upgradation for their organic fruits and spices.

As a supplier to premium customers, SCRIMAD has a number of certifications such as Fairtrade, Kosher, Global G.A.P., H.A.C.C.P (Hazard analysis and critical control points) and 'Agriculture Biologique'. These certification requirements extend to SCRIMAD's suppliers. SCRIMAD sources all of its products from smallholder farmers and cooperatives and supports the farmers to meet the requirements. SRIMAD provides a guaranteed offtake, thus ensuring financial security for smallholder farmers and cooperatives.

Defying the odds of COVID-19, the CFC extended a EUR 1,200,000 loan to accommodate SCRIMAD's working capital needs, ensuring its farmers and cooperatives direct access to funding and markets. At the level of smallholder producers, additional financing brings the number of suppliers located within the project area from 2,000 to 3,000 producers. The loan, renewable up to a maximum tenor of 5 years is secured against offtake contracts with a maximum disbursement of 70% of contract value.

Photo: Peru. Adobe stock

“The CFC has been endeavoring to make the world more equal and more beautiful. Its long-standing concerns on development impact, gender parity, innovation, climate resilience and other issues will undoubtedly create better opportunities for the balanced economic, environment, social and culture development, contributing to the achievement of the SDGs.”

Ms. Jie Chen (China), Chairperson of the Consultative Committee

Photo: Coffee, Vietnam. Adobe stock

IV.3 Projects Completed in 2020

1. Preparation of a Technical Dossier for Geographical Indication (GI) for Ceylon Cinnamon in the EU - CFC/2014/04/006 FT

Submitting Institution	Sri Lanka Export Development Board ('EDB')
Location	Sri Lanka
Commodity	Cinnamon
Total Cost	USD 100,000
CFC Financing	USD 60,000 (Grant)

Project Description

The project supported the preparation of a technical dossier to obtain Geographical Indication (GI) registration for Ceylon Cinnamon in the European Union (EU).

Ceylon Cinnamon is only grown in Sri Lanka. GI registration has the purpose to differentiate Ceylon Cinnamon in the EU market from other cinnamons of lower quality. A GI will act as a source of competitive advantage which will help to increase market differentiation, product turnover and allow for a premium price from the consumer. An enhanced competitive position of Ceylon Cinnamon in the EU market will have a positive impact in terms of an increase in exports for Sri Lanka, higher income and employment generation across the cinnamon value chain, benefiting about 30,000 stakeholders involved in cinnamon production and processing.

The project was successfully completed. The application to obtain Geographical Indication (GI) registration for Ceylon Cinnamon was submitted to the European Commission (EC). The authorities of the EC examined the content and forwarded their observations before granting the GI. Sri Lanka Export Development Board has received technical assistance to streamline the domestic control mechanisms such as the establishment of a GI Law and traceability system. During the year 2019 the establishment of Ceylon Cinnamon Geographical Indication Association (CCGIA) was finalized, as well as the registration as a legal entity (Registrar of Companies). The IT based GI Traceability System for Ceylon Cinnamon is still in progress as of the date of this report.

2. Optimizing the Smallholder Maize Value Chain in Western Kenya - CFC/2014/04/0094

Submitting Institution	Stichting ICS, The Netherlands
Location	Kenya
Commodity	Maize
Total Cost	USD 453,200
CFC Financing	USD 226,000

Project Description

Agrics Ltd is a Kenyan for-profit social enterprise, established by the Dutch Stichting ICS, providing smallholder farmers access to high quality farm inputs on credit. By offering affordable inputs and training on agriculture practices to farmers via local community-based organizations and farmer groups, Agrics secures and enhances the income, food security and nutrition of farming families. The CFC supports scaling up the supply of high-quality maize input packages to its network of smallholder maize farmers in Western Kenya.

2019 turned out to be a difficult year for Agrics. Continuous efforts to attract new capital to further grow its activities and benefit from economies of scale, have not been successful. Simultaneously, revenues from the sale of maize packages dropped, putting pressure on Agrics' liquidity position. ICS and the CFC agreed to accelerate the loan payments to facilitate the restructuring of the organization.

Photo: Coffee. Colombia. Adobe stock

IV.4 Technical Assistance Facility Overview

Photos: Moringa

For last three decades, CFC has been working globally, as an impact investment fund, to alleviate poverty through value chain upgradation of, primarily, agri-commodities for higher productivity and greater income to the producers and eventually to integrate SMEs and entrepreneurs into the global economy by enhancing their capacity to participate in the international trade, finance and investment. In order to scale up these formidable experiences of last three decades, CFC has been running a Technical Assistance Facility Program as well. This TA Facility is, therefore, CFC's strive to scale up its hard-earned lessons in the developing world to alleviate poverty, following sustainability road map, to create a more sustainable and inclusive world.

The Common Fund for Commodities' Technical Assistance (TA) Facility team partners with impact-oriented investment funds in the agricultural commodities sector to leverage the development impact and commercial sustainability of their investments into agribusinesses across Africa and Latin America. The TA Facility team comprises staff with expertise in tropical agriculture, agroecology, agroforestry, project management, impact assessment and environmental, social and governance (ESG) risk management. The TA Facility team is supported by CFC financial and administrative staff. By leveraging this expertise, the TA Facility team aims to improve the operational capacity and profitability of the targeted agribusinesses and partner institutions as well as increase the developmental impact in the sectors and communities these businesses operate. This is achieved by providing expert consultancy and capacity development support and ensuring knowledge dissemination on agriculture and agri-finance with a specific focus on smallholder supply chains and sourcing models.

TA measures that are being implemented by the TA Facility team consist of hands-on and customized services to the investee companies. Examples include expert support for outgrower scheme design and implementation to reach smallholder farmers in various agricultural supply chains, market/value chain analyses and feasibility studies, training and capacity development, community development projects, and development and coaching of Social and Environmental Management Systems (SEMS). The TA Facility team also ensures that impact assessment studies are carried out in relation to each investment.

Currently, CFC's TA Facility team manages two separate TA Facilities: the Africa Agriculture Trade and Investment Fund (AATIF) Technical Assistance Facility and the Moringa Investment Fund Agroforestry Technical Assistance Facility (ATAF), with projects spanning across Africa and Latin America.

The Africa Agriculture Trade & Investment Fund Technical Assistance Facility

The mission of the Africa Agriculture and Trade Investment Fund (AATIF) is to realize the potential of Africa's agricultural production and related manufacturing, service provision and trade through sustainable investments across the entire value chain. AATIF aims to contribute to inclusive growth and environmental sustainability increasing productivity, primary agricultural production, local processing, trade, employment, local value addition, knowledge transfer, and resilience, for the benefit of farmers, entrepreneurs and workers, men and women alike.

AATIF is guided by principles of sustainability and additionality, combining development and market orientation. It does so by directly financing economically sound projects and by refinancing local financial intermediaries, such as banks. With this approach, AATIF also strives to assist the local financial sector in offering more reliable and sustainable solutions for smallholder farmers, cooperatives, and commercial farms.

Parallel to AATIF, technical assistance resources are made available through the AATIF Technical Assistance Facility, managed by the Common Fund for Commodities' TA Facility team. Among other tasks, the TA Facility (i) provides investment-specific support to Partner Institutions and Final Beneficiaries, and (ii) promotes compliance with the Fund's Social and Environmental Policy and AATIF's Development Policy Statement.

12	Countries in Africa where AATIF TA Facility projects are implemented
4.3	Total funds pledged to AATIF TA projects (in million EUR)
27	Total number of agribusinesses and banks that have received AATIF TA support
74	Total number of AATIF TA projects approved

The Moringa Fund Agroforestry Technical Assistance Facility

The Agroforestry Technical Assistance Facility (ATAF) was created by Moringa Partnership to provide technical assistance in relation to investments of the Fund with the goal to amplify and upscale positive ESG (environmental, social and governance) impacts triggered through Moringa investments. Moringa is a partnership between Edmond de Rothschild Private equity and ONF International. Moringa advocates agroforestry to enable a transition toward sustainability: advancing ecologically intensive agriculture while contributing to local development and economically viable business development.

ATAF is a grant-based mechanism parallel to the investment of the Moringa Fund, managed by the Common Fund for Commodities' TA Facility team. ATAF's vision is to become a unique and innovative tool to remove the barriers to the development of viable agroforestry systems and the inclusion of smallholders in pioneering outgrowing scheme. By providing farmers with access to training, supporting innovative research and development programs and by assisting commercial initiatives, ATAF will create an enabling environment to increase the resilience of farmers and landscapes in Latin America and Sub-Saharan Africa.

8	Countries in Africa and Latin America where ATAF projects are implemented
4	Total funds pledged to ATAF projects (in million EUR)
10	Total number of investees supported by ATAF
18	Total number of ATAF TA projects approved

The outcome of the TA Facility program is far more than the numbers referred to above. The CFC's unique ability to combine sustainability and productivity as a matter of conscious practice enables it to look at a project from all possible dimensions and its attending factors of productivity. The comprehensive and interconnected nature of development makes use of technology and knowhow, through our TA Facility, like an ecosystem of total factor productivity of people and planet. The CFC, therefore, always endeavours to expand its focus on sharing knowledge for greater uptake and impact as well as to increase the reach of its formidable experience over the years.

More importantly, using the CFC's own policy of API (Additionality, Partnership, and Innovation), the TA Facility program always endeavours to mobilize alliances for impact with its peers to make this sustainable journey truly shared. This program also enables CFC to act as a bridge between the developing and the developed world using its network of partnership and quest for providing more innovative and sustainable technology and knowhow for the developing world.

Example projects:

ATAF - Matagalpa Agroforest Resilient Landscape (MATRICE) Project

In 2016, the Nicaraguan coffee producer NicaFrance started developing its outgrower scheme with medium and large-scale coffee farmers around La Cumplida, the largest independent coffee farm in Nicaragua. Moreover, a coffee cluster including farmers and international buyers – such as Nespresso – was established by the company.

The Foundation of NicaFrance (FNF) together with the Agroforestry TA Facility (ATAF) has since created the MATRICE project that serves to integrate smallholder farmers into the NicaFrance outgrower scheme model. Through the introduction of innovative agroforestry systems, this project aims to increase the resilience of smallholder farms towards coffee diseases and climate-related issues and to facilitate access to higher coffee prices, as well as to rehabilitate degraded or abandoned farms.

The ATAF support has contributed to establishing the agroforestry system plots using rust-resistant coffee seedlings and high-end value trees. The TA project has also provided training to the smallholder farmers on sustainable farm management and provided them with continuous technical support. As of December 2020, 37 smallholder farmers are part of the coffee cluster, representing a total planted area of 41 hectares. Based on this TA project, a follow-up study anticipated to be carried out during 2021 will consider the modalities of replicability and upscaling of the agroforestry system.

Coffee farmers in La Estrellita coffee cluster

Photo: ATAF

AATIF - Expert consultant for design of wheat outgrower scheme

Photo was taken by a local consultant when conducting data collection for the design of the outgrower scheme project.

Photo: AATIF

The AATIF investee company Amsons Industries (Camel Flour Mills) in Tanzania has committed to increasing its local sourcing of wheat to become less dependent on cereal imports and to support the local agricultural sector. In doing so, the company approached the TA Facility to assist with the design and implementation of a fully-fledged smallholder wheat outgrower scheme. By end-2020, a specialized consultant had submitted a draft outgrower scheme implementation plan. It is envisioned that the TA Facility will further support Camel Flour Mills by financing a team of expert consultants to assist in establishing and managing the outgrower scheme in a four-year follow-up project.

Map of countries where TA support has been provided:

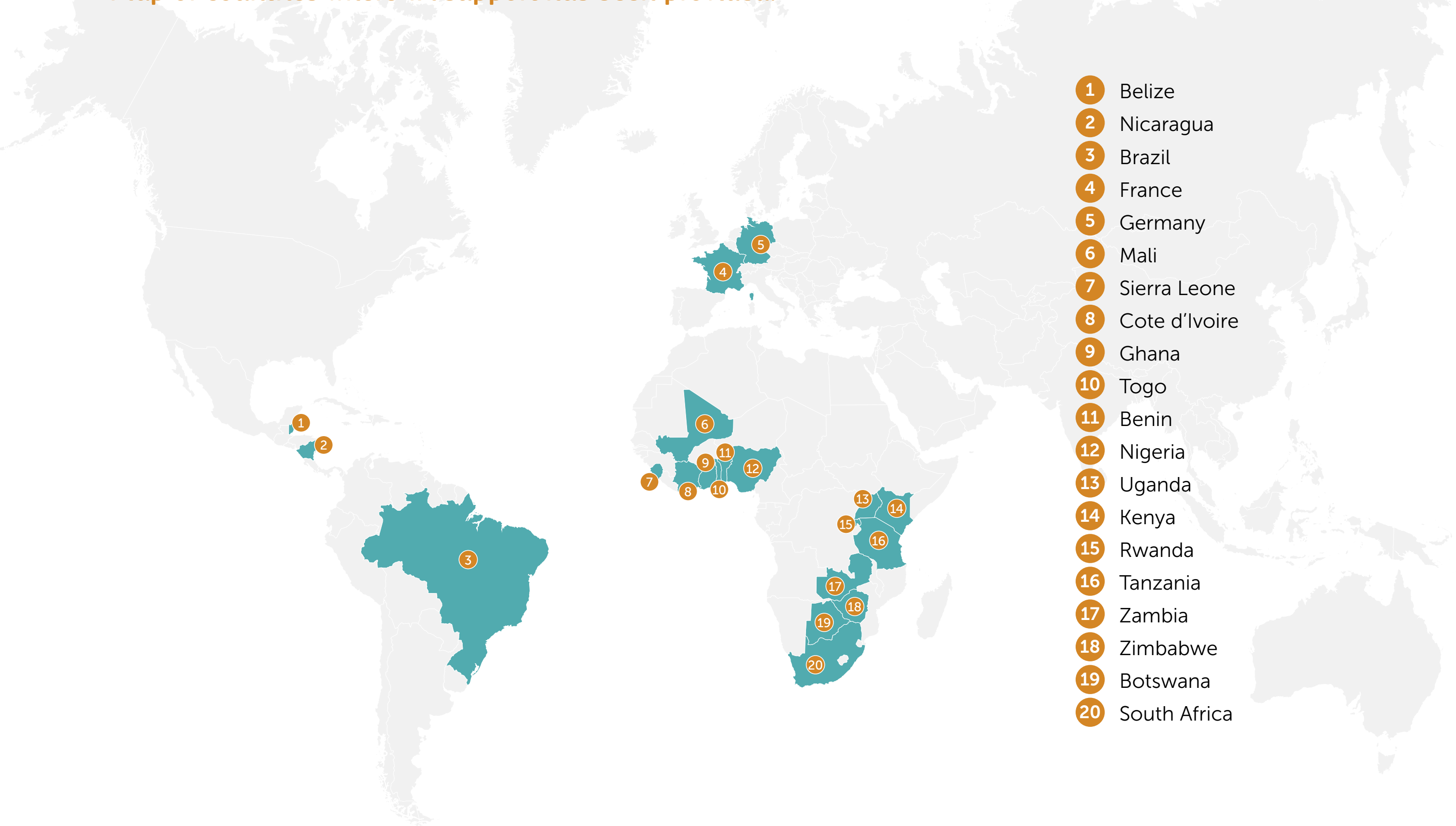


Photo: Adobe stock

V

CFC's Impacts in 2020: **Working for a purpose**

Impact is at the core of the CFC. As an impact investment fund dedicated to alleviation of poverty, CFC is committed to create positive impacts under all circumstances. Our mission is to work out an impact which is measurable using impact weighted matrix. As an impact investor, we work around a core set of beliefs and principles which only got revalidated due to wide-spread COVID-19 related devastations. During COVID-19, not everyone is affected in the same way. Poor, women, and youth proved to be far more vulnerable than others. SMEs and smallholders in the developing world were found to be most affected.

Operating as an impact investor, the CFC, which finances the communities which found to be more vulnerable and as such most affected, came to experience that if there were a right moment to make more interventions and accompanying investments in the developing world, this is the time.

Be local, keep it small

Whatever the future holds, our experience guides us to the realization that it will be nothing like the past. At this time, not only impact has to be measurable and weighted within a framework of weighted matrix, it also has to be local and improvised where required. Doing more of the same is no longer an option. Rather than throwing big money to big and mega projects, developing countries will be better served with more focused and small interventions. Each intervention has to be tailored so that weighted matrix is not only achievable, it has to be an innovative intervention which have the potential to achieve higher social and economic impact in the country/region.

The CFC understands that to act effectively and credibly as an impact investor, the Fund must have a robust and efficient impact measurement and management system. In this regard, in October 2018, CFC's Executive Board has approved the new impact strategy of the CFC.

This chapter appears for the first time in CFC's Annual Report to highlight the importance that we have been attaching to the theme of impact measurement. Here we will share with you what is the focus of CFC's impact strategy, will explain how the CFC has been implementing it, eventually will show you the impact highlights of our loan portfolio in 2020. Finally, we will present two impact stories from our projects.

This is always a work in progress as we would endeavor to update and upgrade as we learn more from our work. Our transformational change requires that impact measurement be scalable, actionable, and cost effective. It is essential that in the journey of sustainability every penny is used for its best use. And it could only be ensured when you have your impacts duly measured.

V.1 CFC **impact management practice**

CFC's Impact Strategy Framework – The Sustainable Development Goals

The Sustainable Development Goals (SDGs) are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. Building on the Millennium Development Goals, they balanced the three dimensions of sustainable development: economic, social, and environmental. The goals are interconnected, but at the base of their heart they aim to tackle the root causes of poverty and set the world on a more prosperous and sustainable path.

Each country carries primary responsibility for its own economic and social development, but acting in collaborative-partnership, in this globalized world, is widely believed to be the best way to take bold and transformative steps towards a more sustainable and resilient world. Recognizing this, SDG 17 explicitly calls for an enhanced 'Global Partnership for Sustainable Development' which involves bringing together governments, civil society, and the private sector to mobilize all available resources. This call to action has been taken up by the Common Fund for Commodities (CFC), as its everyday vocation, which adopted the SDGs as its impact framework.

Commodities are where poverty is more entrenched

Commodities are the basic products that underpin both our material progress and our everyday lives – from the rice on our plate, the cotton of our trouser or the copper and lithium in our smartphone, to the oil and gas that propels our vehicle. These products also sustain and propel the economies of the many countries that produce them. When more than 60% of the merchandise a country exports, in value terms, are these basic products, we call the country commodity-dependent. This commodity dependence has a direct bearing on vulnerability and poverty. A state so persistent that even its abundance may become a curse rather than becoming an asset. Therefore, CFC has remained focused on addressing this commodity dependence through its sustained efforts for value chain upgradation and product diversification with innovations and creativity at its core.

Because of the fundamental economic role of commodities, CFC projects may impact on the advancement of all 17 SDGs. While acknowledging this, yet CFC wishes to follow its own list of priorities depending on where it matters the most to alleviate people from poverty. CFC's impact management strategy, therefore, mainly focuses on identifying its direct positive impact on selected 'core' SDGs – SDG ONE, TWO, FIVE, EIGHT AND TEN – where the impact is most apparent, and which can be assessed and measured across the whole portfolio of projects supported by the Fund. In this manner, the CFC seeks to have a clear portfolio-wide view of its contribution to achieving the SDGs.

The five core CFC SDGs are:

SDG 1 - No poverty - end poverty in all its forms everywhere

Even before COVID-19, baseline projections suggested that 6 per cent of the global population would still be living in extreme poverty in 2030, missing the target of ending poverty altogether. The fallout from the pandemic threatens to push over 70 million people into extreme poverty. The triple threat of COVID-19, conflict and climate change makes the global goal of ending poverty by 2030 beyond reach unless immediate and substantial policy actions are implemented with due earnest. The COVID-19 crisis has demonstrated the importance of social protection systems to protect people's health, jobs, and income. As a result, many new social protection measures have been introduced in 2020. But, 4 billion people worldwide are still left without any social protection, the majority of whom are the poor and the vulnerable in the developing world.

To share a scenario from a community of our project beneficiaries in a developing country, CFC came to experience that many smallholders were living on the brink, and then they went into an abyss when the pandemic hit. CFC, with its Emergency Liquidity Facility (ELF), tried to get them something for the dual purpose of putting food on their table, while their children's education remained minimally disturbed up to certain time. With inputs from these smallholders, businesses and SMEs eventually proceeded towards upgradation of their value chain or productivity growth with resources from CFC. The CFC, therefore, contributes to SDG 1 by investing in businesses that improve people's livelihoods throughout the supply chain through enhanced income and help them alleviate poverty eventually.

SDG 2 - Zero hunger - end hunger, achieve food security and improved nutrition and promote sustainable agriculture.

Even before the pandemic, the number of people going hungry and suffering from food insecurity had been gradually rising since 2014. The COVID-19 pandemic has intensified the vulnerabilities and inadequacies of global food systems, which could add hundreds of millions more people to the chronically undernourished, making the goal of ending hunger a more distant reach. The COVID-19 pandemic might have pushed an additional 83-132 million into chronic hunger in 2020. In addition, countries around the world continue to struggle with multiple forms of malnutrition.

The world can produce sufficient food to feed everyone adequately. Agriculture, forestry, and fisheries can provide nutritious food for all and generate decent incomes, while supporting people-centered rural development and protecting the environment. The CFC supports projects that work to increase smallholder's productivity, through technical assistance, access to proper inputs, improved infrastructure, and access to credit. CFC also supports projects that build farmer's resilience to external risks. In these ways, the Fund helps to ensure that people get access to safe, nutritious, and sufficient food all year round.

SDG 5 - Gender Equality - Achieve gender equality and empower all women and girls

Women and girls, everywhere, must have equal rights and opportunity, and be able to live free of violence and discrimination. Gender equality by 2030 requires urgent action to eliminate the many root causes of discrimination that still curtail women's rights in private and public spheres.

Women play a crucial role in agriculture, especially in developing countries, where they comprise around 43 per cent of the agricultural labor force. The situation is far more precarious in Africa, where CFC have invested the most. Gender disparities, however, are evident in unequal access to productive resources. By prioritizing the support of projects promoting gender equality (e.g. women-led enterprises, high percentage of women among the beneficiaries of the project, creation of employment for women, high number of women in senior positions, among others), the CFC contributes to the advancement of SDG 5.

SDG 8 - Decent work and economic growth - promote inclusive and sustainable economic growth, employment, and decent work for all

In many countries, having a job does not guarantee the ability to escape from poverty. According to the ILO, almost 1.4 billion workers are estimated to be in vulnerable forms of employment. Those workers are more likely to be informally employed, have fewer chances to engage in social dialogue and are less likely to benefit from job security, regular incomes, and access to social protection. The CFC supports projects that generate employment with decent working conditions. By investing in small and medium-sized enterprises, the Fund helps to create several quality jobs, promoting inclusive and sustainable growth, in the world's most vulnerable regions.

SDG 10 - Reduced inequalities - reduce inequality within and among countries

Inequality is a multiheaded monster that cripples the humanity from inside out. Inequality promotes corruption, perpetuates poverty, ignites popular strife, heightens xenophobia, deepens personal hopelessness and undermines public faith in the market and governance. Inequality persists in its various forms, whether income, wealth, opportunities, or other dimensions. Economic marginalization has led to a strengthening of chauvinist and supremacist identities and other social problems such as the opioid epidemic. Now, due to COVID-19 pandemic, this anomaly only exacerbating existing inequalities within and among countries and hitting the most vulnerable people and the poorest countries hardest and is projected to push back the poorest countries a full 10 years on their SDG progress. The real GDP of LDCs increased by 4.8% in 2019 and is estimated to decline by 1.3% in 2020 because of the disruption unleashed by the COVID-19 pandemic. The CFC invests in projects in the world's most vulnerable regions, helping people to earn a fair share of the global value created from commodities, thereby reducing inequality. Addressing inequality is a matter of utmost important in both developing and developed world. Mere economic growth is not enough to address inequality, the pie has to be shared in a manner which is fair as well.

Besides above-mentioned SDGs, CFC is also actively working to mainstream climate action SDG 13 as a core and shall update further development in due time.

Measuring CFC impact across its portfolio

Despite its broad scope, it can be challenging to report Impact Measurement using the SDG framework. Since the monitoring of the targets is done on a national and on a global level, it may be challenging to attribute the contribution of a particular enterprise/business/organization in advancing specific goals. Currently, there is no official guideline for the private sector and the civil society to report on their work related to the SDGs.

To overcome these difficulties, it is necessary to convert the SDG framework in specific indicators. Having considered the different options available, the CFC decided to adopt the Impact Reporting and Investment Standards (IRIS+) as its main reporting tool.

IRIS+ is a catalogue that pulls together the most useful metrics from across the impact investing industry, making it easier to create a system to measure performance. It is managed by the Global Impact Investing Network (GIIN) and is the most used tool for impact investor to report on their impact.

After an in-depth assessment, the CFC has mapped the most relevant IRIS+ metrics with its core SDGs. As result, the CFC has determined the main indicators to be monitored by its projects in line with its mission.

Implementing the impact strategy

The development impact is one of the major criteria for selection of interventions receiving CFC support. Each project, received through the Open Call for Proposals, is expected to provide indicators of its intended impacts. Starting with the 13th Call for Proposals in 2018, the CFC asks all proponents to present the estimated impact of their projects using the SDGs framework. More specifically, they are required to describe how their project would contribute to the advancement of the core CFC SDGs. The proponents need to express the target impact indicators for each year of their projects and their baseline values using the IRIS+ metrics. They are also expected to provide details of how project activities contribute to the core SDGs targeted by the CFC. Projects which are unable to provide such information are normally not recommended for further consideration during the screening stage.

The impact indicators are checked by the CFC at the due diligence stage and are included in the project agreement between the CFC and the project proponent. The project agreement assures that the project will aim to achieve the intended outcomes and will report specific impact indicators, as agreed with the CFC. This information is provided to the CFC on an annual basis. Consistent and regular impact reporting alongside with financial indicators is a distinguishing feature of the CFC Impact Strategy.

The CFC collects diverse information regarding the impact of its projects over their life cycle while seeking to minimize the overhead burden on the operational, organizational, and human resources. The CFC follows a robust approach covering impact indicators and impact-measurements requiring project proposals to include:

- **Target Indicators:** The indicators should clearly demonstrate the intended level of achievements for each year of the project. The CFC expects that these will be systemically assessed and reported by the proponent, demonstrating that the implementation plans are feasible and not based on unrealistic assumptions;

- **Baselines:** Baseline levels for impact indicators should be included in the proposals. The CFC reviews and compares baseline data with other sources, e.g. similar projects;

- **Data on achievements:** The CFC systematically follows up the achievements of its supported projects to ensure timely and accurate reporting of the progress and impact. The follow up procedures are introduced, and project proponents are informed of the consequences of incomplete or late reporting on the implementation and eventual success of the project;

- **Monitoring and Evaluation:** Selective monitoring and evaluation for individual projects may be included but is generally constrained by the financial and human resources made available by the project proponents. The current focus of the CFC is on developing a practical approach for monitoring and evaluation across the entire CFC project portfolio ecosystem;

- **Co-financing of Project:** Projects receiving CFC support frequently include larger financial institutions as co-financiers. Combining resources and technical facilities of the CFC with co-financiers enables more intense and detailed impact monitoring. This concept of co-financing not only make the implementation a shared journey in its truest sense, it also help CFC to punch way above its height.

Photo: Green lemon. Adobe stock

Photo: Rambutans, Bangkok, Thailand. Adobe stock

CFC and ILO joins hands to devise a system of Social and Environmental Management System

Besides measuring the positive impact its projects help to create, the CFC understands the importance of also considering the potential social and environmental risks of its operations. For this reason, CFC partnered with the International Labor Organization to develop its Social and Environmental Management System (SEMS). Such systems are designed to enable a financial service provider to identify social and environmental risks associated with a particular transaction and take this into account when deciding whether or not to provide financing as well as identifying opportunities to improve social and environmental performance.

CFC has always considered the Environmental, Social and Governance (ESG) risks when assessing a project. This analysis is included in the entire process of evaluating a new proposal, from the initial screening of the applications received to the ongoing monitoring of an active project. However, recognizing the great importance and complexity of this topic, the CFC decided to take a step further, aligning its procedures to the current best practices from the impact investment industry, by developing its own SEMS.

With the support of the ILO, the CFC, therefore, worked together to develop several tools and procedures to consider systematically the social and environmental risks of potential projects. These tailor-made tools consider the specific set-up of the CFC, the sectors it operates and cover all steps of CFC investment process. The main outcome of this project was the approval of CFC's Sustainability Policy by the Executive Board, setting the standards for the social and environmental risk analysis of CFC operations.

Impact measurement: an on-going work

The CFC recognizes that the impact investing sector is still developing a proper and robust system to allow all investors to manage and monitor their impact. The sector has actively taken up the challenge of measuring social impact and has made good progress in recent years, with the emergence of new tools, frameworks, and standards. However, there is still a long way to go until there are agreed parameters as comprehensive and reliable as those used for risk and return on the traditional financial market.

The CFC acknowledges these limitations and tries to give its contribution for the sector to progress towards a robust impact management practice. In this regard, the Fund engages with several relevant stakeholders in the field and tries to keep up to date with the sector's best practices.

For its own impact management practice, the CFC understands that an interpretation of the impact metrics is best complemented with an analysis of the context in which the project operates, to provide a more complete picture of social performance. Standalone numbers cannot, by themselves, indicate positive or negative social value, or necessarily be compared across companies or products. That is why the Fund also builds close working relationships with the projects and intends to eventually carry out more detailed qualitative and quantitative studies on a sample of investments. This combined approach is the basis from which the Fund can communicate a credible story of its SDG impact. Also, as the Fund learns from these experiences so that CFC could invest more effectively by identifying and assessing sectors, regions and financial instruments which are instrumental in creating impacts that will uplift the project beneficiaries from the pits of poverty forever.

V.2 CFC's **impact: loan portfolio**

At the time of writing this Annual Report, not all projects have been able to provide the updated impact report for the final year 2020. Nonetheless, it is clear that the effects of the COVID-19 pandemic were felt across the entire CFC portfolio. Several projects have faced a scenario of lower demand, logistics challenges and falling prices. Still, most projects were able to keep providing the necessary support for their network of smallholder suppliers, with some of them even expanding the number of farmers reached in 2020. However, in most cases the income level of the farmers was negatively affected. Also, some projects had to lay off people or postpone expansion plans, leading to a decrease in the number of jobs created and in the additional land under cultivation. On a portfolio level, including the new projects recently receiving CFC support, it is expected that CFC operations will overall show a higher impact in 2020 when compared to previous years, once all reports from projects are received.

A brief analysis of the main indicators corresponding to the SDGs framework is presented below:

1 NO POVERTY

SDG 1 - No poverty

In total, around **410,000** people stand to benefit from the loan-based interventions currently financed by the CFC. These beneficiaries are in most cases smallholder farmers, living below the poverty line of USD 1.90 a day, as defined by the World Bank. Through the initiatives supported by the CFC, these people will benefit from an income increase, helping many of them to step out of the poverty line. Although not all projects have reported the data, the additional annual net income for the beneficiaries is estimated to range from **USD 100** to **USD 833** *per annum*. For the year of 2020, the number of people directly benefiting from the projects supported by the CFC reached **59,000**. The *additional* net income for these beneficiaries goes up to **USD 677** *per year*.

2 ZERO HUNGER

SDG 2 - Zero hunger

The additional income received by the beneficiaries can have a great impact in achieving food security, contributing to the SDG 2. Also, several projects supported by the Fund help to increase the area of cultivating land and the productivity levels of the crops being cultivated by the smallholder farmers, which could also positively impact the SDG 2. In total, it is expected that **59,306** hectares of additional land will be cultivated from the interventions financed by the CFC. For the year of 2020, **5,414** hectares of new land were cultivated. This represents a decrease when compared to previous years, which is conspicuously attributable to the effects of COVID-19 pandemic.

5 GENDER EQUALITY

SDG 5 - Gender Equality

The CFC encourages its projects to give special attention for vulnerable groups. In particular, several projects supported by the fund contribute to women empowerment, providing them training, employment opportunities, access to new markets and others. The projects are expected to report the percentage of female beneficiaries on their projects, the total jobs created for women, share of women in senior positions and of women ownership, among other gender-related metrics. In the current portfolio, we can observe that the female representation among the total beneficiaries varies among the projects, ranging from **13%** up to **80%**.

8 DECENT WORK AND ECONOMIC GROWTH

SDG 8 - Decent work and economic growth

The projects supported by the Fund expect to create **5,472 new jobs**, giving employment opportunities to people living in vulnerable conditions. The annual income per job created ranges from **USD 900** to **USD 8,283**. For the year of 2020, the projects supported by the fund have directly created **148 new jobs**. The rate of job creation is below that of previous years, explained by the effects of the COVID-19 pandemic.

10 REDUCED INEQUALITIES

SDG 10 - Reduced inequalities

The CFC supports interventions in developing countries, giving special attention to projects targeting vulnerable regions and countries, such as the Least Developed Countries (LDCs). On the current portfolio, the Fund has **10 projects** operating in LDCs, contributing to the economic growth, more value chain upgradations and/or productivity diversification and exports increase of these countries. The Fund also targets interventions impacting vulnerable groups, such as people living below the poverty line, indigenous/tribal/ethnic communities contributing to greater equality within the countries.

Surely measuring impact matters but we need to be realistic about the constraints. It requires a level of research expertise, commitment to longitudinal study, and allocation of resources that are typically beyond the capabilities of an impact investor like CFC. It is crucial to identify when it makes sense to measure impacts and when it might be best to stick with outputs — especially when an organization's control over results is limited, and causality remains poorly understood. Overcoming these obstacles will require investors and front-line organizations like IFC, IMF, and the likes have to make a long-term commitment to research and collaboration to alleviate as many people as we can from the pit of poverty and share those with the likes of CFC for weighted impacts. We all can do well and do good at the same time.

Total estimated impact of CFC project portfolio

1 NO POVERTY

410,000 beneficiaries

Additional net income ranging from USD 100 to USD 833 per annum

2 ZERO HUNGER

59,000 hectares of additional land cultivated

5 GENDER EQUALITY

Female representation among the total beneficiaries ranging from 13% up to 80%

8 DECENT WORK AND ECONOMIC GROWTH

5,472 new jobs

Annual income per job created ranging from USD 900 to USD 8,283

Impact of CFC activities in 2020 - loan portfolio

59,000 beneficiaries

Additional net income ranging from **USD 33** to **USD 677** per annum

5,400 hectares of additional land cultivated

Female representation among the total beneficiaries ranging from **13%** up to **80%**

148 new jobs

Annual income per job created ranging from **USD 1,068** to **USD 5,322**

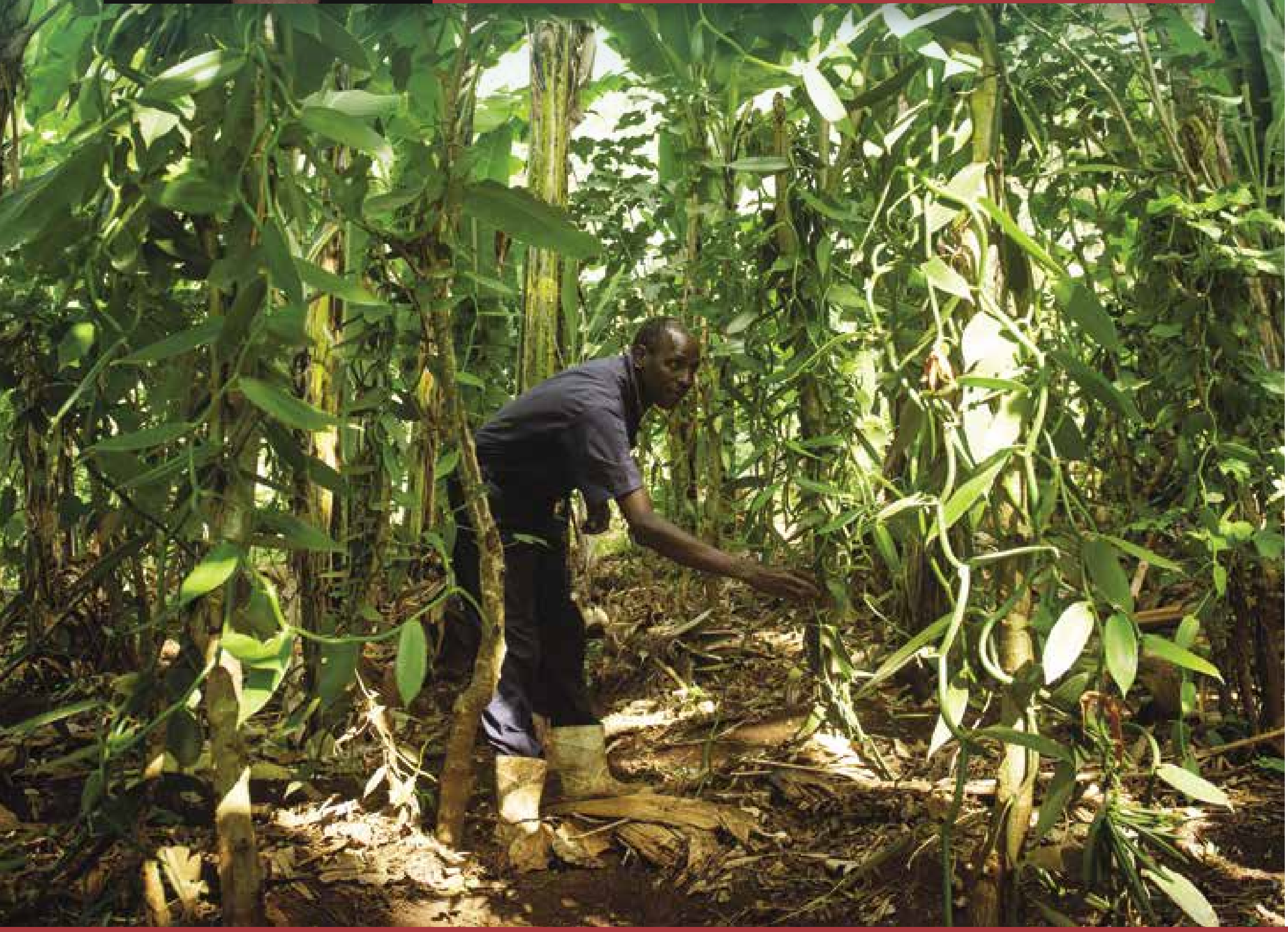
10 projects in LDCs

Photo: Fresh vegetables, Hanoi, Vietnam. Adobe stock

V.3 Impact stories: **highlights from CFC portfolio in 2020**

"In these trying times of the pandemic, it is of the outmost importance that the CFC can function well and by that contribute to making life a little bit better for those in most need. The cumulative impacts of projects supported will change lives and livings of a lot of people, and I am proud of the CFC, and its work. We are all part of this journey. A journey for the future."

Ms. Anna Tofftén (Sweden), Chairperson of the Executive Board



Natural Extracts Industries Limited (NEI)

Photos: NEI

Natural Extracts Industries Limited (NEI) is a natural vanilla flavour manufacturer collecting vanilla pods from Tanzanian smallholder farmers. The company was established in 2011 with a vision to accelerate economic development of smallholder farmers. Benefiting from Tanzania's ideal climate conditions to grow premium vanilla, NEI has created a vertically integrated vanilla chain, with farm to plate traceability, by directly sourcing green vanilla from smallholder farmers. Since 2019, the CFC supports NEI to expand its production and export and continue to source vanilla in a responsible manner from smallholder farmers and thereby increasing their income significantly.

For thousands of smallholder farmers in Tanzania, vanilla now has a sweeter taste to it

There is so much more to vanilla than what comes to the palate. Despite being one of the most recognised and appreciated flavours in the world, vanilla has a story that is unknown to most.

It's a story that Fulgance Ndowo, agronomist at Natural Extracts Industries (NEI) knows well. With a background in Geography and Environmental Studies, Ndowo has been working for NEI since 2017, teaching farmers in Tanzania to plant, grow and harvest vanilla pods. He's proud of his work and of the impact that it's having on hundreds of smallholder farmers living at the foot of Mount Kilimanjaro: "Most farmers grow bananas or coffee, making USD 30-60 per month," says Ndowo. "Vanilla allows them to get an additional source of income. Because of that, some have been able to pay for their children's schooling, others to afford electricity. It makes me proud to see them happy." In 2020, each farmer earned approximately USD 215 on average from their vanilla production.

The journey begins in 2011, when NEI started working with a group of 20 smallholder farmers who were, albeit unsuccessfully, attempting to grow vanilla. With Madagascar controlling over 95% of the global vanilla exports, building a vanilla value chain in Tanzania seemed daunting. Juan Guardado, Co-Founder and Managing Director at NEI, recalls how they didn't have any growth for the first 5 years: "We had to plant the vines, train the farmers, wait for the vines to grow and set everything up."

Ten years later, however, NEI works with 6000 farmers who own over half a million vines.

Every morning, Ndowo travels to the fields by public transportation or motorbike to meet the farmers. He manages 547 farmers, in total, around several different districts. Because vanilla is still a relatively new crop for most farmers, Ndowo

Photo: NEI

and the other agronomists from NEI have been training them on the whole production cycle. "Once the land has been prepared, we plant supportive trees to ensure that the vines have something to climb on, then we source the vines from other farms or from the nurseries and we plant them," explains Ndowo. "It takes from 9 months to 1 year for the vines to climb the trees up to two metres and then drop down again; that's when the farmers need to start looping them."

The first flowers appear two to three years after planting the vines. If the farmers are not able to pollinate them, an external pollinator comes in and teaches them. Ndowo then shows farmers how to protect the vines from pests and even from chickens, who can remove the soil and ruin the plants. Nine months later, the pods are mature and the farmers are finally able to harvest them.

"I started benefiting from the money I earned after selling my vanilla to NEI. Thanks to that money I was able to build a house and send my children to school."

From there, the harvest is brought to the collection centre or to the farmer champion, a community leader who facilitates the relationship between NEI and the farming community.

"Sometimes, if farmer champions do a really good job in the community, they get promoted to field officers for NEI, and they take a more active role in supporting and monitoring the production," explains Neil Ashworth, Supply Chain Sustainability & Plantation Lead at NEI.

"It's key to have a good relationship with the community," continues Ashworth. "Farmers like to be taught and learn new things about vanilla, but ultimately they need that extra source of income and we want to make sure that they get the most for their work."

That's also why NEI continues to research new ways to improve the production and experiment with new cultivation methods. The goal is not only to have a high-quality product that can be exported all over the world, but also to produce it in a way that is both sustainable and profitable. Currently average added annual income per farmer surpasses USD 200 per year, representing a substantial increase in income level for the poorest farmers, and more is expected as NEI continues to develop the value chain.

Eshimendi Urassa is a livestock farmer from Uswaa village, mainly raising goats and cattle. He started growing vanilla in 2010, when there was no market yet. NEI helped him to start making income from vanilla: "I started benefiting from the money I earned after selling my vanilla to NEI," explains Urassa. NEI involvement in vanilla value chain achieves real and sustainable poverty alleviation. "Thanks to that money I was able to build a house and send my children to school."

The relationship between NEI and the Common Fund for Commodities (CFC) started in 2019. Guardado recalls that there was a peak in vanilla price that year, mostly dictated by Madagascar: "Price volatility affects farmers the most. That's why we always try to pay farmers upfront, it's the only way we can guarantee them a regular income." The loan from the CFC has allowed farmers to get paid as soon as they sell their harvest to NEI, instead of having to wait for the final product to be exported.

When the pandemic hit, NEI had a strong enough system in place to be able to triple the production volume: "Of course prices dropped for several reasons including because of COVID, but by increasing the production we were still able to make a profit and pay the farmers well" says Guardado. As prices readjust and thanks to CFC's support, in the next few years NEI will also be able to expand its production and exports while maintaining its core farm-to-market model.

Developing vanilla chain needs time, patience and resilience. For NEI and many smallholder farmers in Tanzania, it also requires dedication and, ultimately, reward, that starts from the fields in the Kilimanjaro region and ends in some of the world's most popular desserts or in tasty dishes. In-between, there's the opportunity for thousands of farmers to improve their lives and the wellbeing of their families and communities – something that makes vanilla all the more flavourful.

Ten Senses Africa Ltd.

Photos: TSA

Established in Kenya in 2008, Ten Senses is the world's first fair-trade certified macadamia nut company. The mission of Ten Senses Africa Ltd. (TSA or Ten Senses) is to use Kenya's "Ten Senses" (creativity, integrity, justice, equal opportunity, community, environment, quality, entrepreneurship, mystery, and humor) to create better working conditions for nut growers, enabling them to thrive both personally and professionally. Specifically, they are focused on improving incomes, productivity and long-term retention. Since 2019, the Common Fund for Commodities has partnered with TSA to support these goals enabling the company to scale-up to provide more income to the smallholders and alleviate them from poverty eventually.

Macadamia nuts, the secret ingredient improving the lives of farmers in Kenya

Nganga Bonface, TSA's General Manager Operations, knows more about Macadamia nuts than most. When asked, he describes the process of drying the nuts to detach the kernel from the shell with the competence of someone who is more than familiar with the operation. At Ten Senses Africa, Nganga manages the relationship with over 30,000 macadamia farmers, ensuring that they are fairly paid for their produce, and that high quality standards are met.

Ten Senses is a sustainable Social Enterprise located in Kenya. Since 2010, they have been sourcing, processing and trading macadamia nuts, a butter-like flavored type of nut of which Kenya is the third largest producer in the world. Unlike in Australia and South Africa, the other two main producers in the world, the production of macadamia nuts in Kenya relies almost exclusively on smallholder farmers who don't have access to the facilities to process the nuts.

TSA understands the difficulties that smallholders face in reaching the market. "The way it used to work – explains Nganga – is that smallholder farmers would sell their produce to a middleman who would then sell the macadamia nuts to a manufacturer. But that meant that farmers didn't get a fair price and, often, there was no control over the quality of the product." Ten Senses sees its mission to change this imbalance of power.

The new system created by Ten Senses allows farmers to sell directly to the manufacturer. A team of field officers were equipped to travel to the farming communities, train farmers to improve the quality of the macadamia nuts, purchase the produce and take it to warehouse facilities where they are then shipped to Nairobi. Through an in-house software, Nganga sets the price for the macadamia nuts and smallholder farmers are paid directly by Ten Senses without intermediaries. The software also allows Ten Senses to collect information on each farmer and their harvest in order to monitor the production and intervene with further training and support wherever needed.

The farmers appreciate this transparency and benefit from the work of Ten Senses. "I have been able to settle well and move my family back home," explains one of the farmers. "The children can go to school and we have started other businesses at home because of the money that we have earned from Ten Senses." This creates a lasting relationship of trust and mutual benefit between TSA and macadamia farmers.

Over the years, this system has allowed Ten Senses to become the first fair-trade certified macadamia nut company in the world. Smallholder farmers are not only taught to grow macadamia nuts as an additional source of income, they are also trained by a team of agronomists to produce nuts that are organic and fair-trade certified. "This has been a challenge at times – explains Nganga – because farmers tend to grow different types of crops, including macadamia nuts, so in order for the nut production to be certified as organic and fair-trade, farmers need to be aware of what they can and cannot use on the other crops too."

The export of macadamia nuts is a capital intensive business. After buying the raw produce, the process of drying the nuts to allow the kernel inside to detach from the shell takes roughly two weeks. After that, the nuts are cracked, the shell removed and the kernels packaged and exported. At the end of the process, out of the raw produce, only 15% is recovered and fit to be exported. With farmers being paid upfront, Ten Senses needs capital to be able to support the rest of the operations before exporting and selling the finished product.

This is where the Common Fund for Commodities could offer its support to TSA. "Our partnership with the Common Fund for Commodities started in December 2019 and it was a blessing given that Covid hit only a few months later," recalls Nganga. "Thanks to the first part of the loan issued by the CFC, in 2020 we were able to buy 400MT of raw nuts from 2500 farmers and to continue being present in the market." The CFC continues to provide support for TSA to expand its successful social enterprise.

By advancing up to 70% of the working capital needed to buy raw produce, CFC is supporting Ten Senses to grow by ensuring that farmers continue to be paid upfront. While being of crucial importance even under normal circumstances, having the opportunity to access funds to buy raw produce turned out to be vital in 2020 as exports (and therefore prices) dropped. "We were able to secure the right amount of raw nuts to be able to continue exporting even during the pandemic," reflects Nganga. "Perhaps not large quantities, but enough for us to stay in the market and not too much to end up with unsold stock."

"Thanks to the first part of the loan issued by the CFC, in 2020 we were able to buy 400MT of raw nuts from 2500 farmers and to continue being present in the market."

Looking ahead as the world slowly recovers from the effects of the pandemic, Ten Senses is now focusing on growth by renovating one of their facilities in order to increase production and sell a record number of macadamia nuts. CFC support in this process will be key in ensuring that macadamia nuts can continue to be grown ethically and sustainably and that we continue to be able to appreciate them when they reach our tables, while lifting a good many smallholders from poverty along the way.

Photo: TSA

VI

32nd Meeting of the Governing Council

Photos: Adobe stock

The Common Fund for Commodities (CFC) held its 32nd Annual Meeting of the Governing Council (GC) on 8 and 9 December 2020. Due to the restrictions posed by the COVID-19 pandemic, this was the first time the meeting was held via teleconference. H.E. Mr. Mario Oyarzábal, Governor of the CFC for the Argentine Republic, opened the Meeting in his capacity as Acting Chairperson of the Governing Council. He welcomed all Members of the Council as well as the representatives of the Food and Agriculture Organization of the United Nations (FAO). The Managing Director of the CFC, Ambassador Sheikh Mohammed Belal, delivered a statement on the activities of the CFC during 2020.

The Governing Council welcomed Mr. Sebastian Lesch, Head of Division 121 'International agricultural policy, agriculture, innovation' of the German Federal Ministry for Economic Cooperation and Development (BMZ). In his statement, Mr. Lesch highlighted the importance of the work of the CFC, particularly in such challenging times. He praised the measures the CFC took to quickly respond to the COVID-19 pandemic by launching the Emergency Liquidity Facility. Mr. Lesch also addressed the cooperation between the CFC and the BMZ in the frame of the Africa Agriculture and Trade Investment Fund (AATIF), which is managed by the CFC's Technical Assistance Facility Program and was initiated by the German Development Bank (KfW) on behalf of the BMZ. Mr. Lesch also thanked CFC for this role of transferring technology and knowhow in the developing world.

The Governing Council

As is the custom, the substantive Agenda of the Governing Council opened with the General Debate, where thirteen delegations delivered national statements, including a statement on behalf of the OECD group, delivered by the representative of Sweden; two national delegations submitted a written statement. Moreover, the Food and Agriculture Organization of the United Nations (FAO) delivered its statement to the Governing Council as Observer.

Two projects supported by the CFC delivered a presentation explaining their operations and involvement with the CFC, namely Ten Senses Africa (TSA) and EcoEnterprises III (EcoE III). These exemplified the potential of impact investing in supporting commodity-dependent developing countries by helping small- and medium-sized enterprises better integrate international markets, while achieving sustainable impact.

The Governing Council considered the *'Extension of the date of Entry into Force of the Amendments to the Agreement Establishing the Common Fund for Commodities'* and was informed that, during the GC in December 2019, it was decided that the date of entry into force of the amendments to the Agreement would be 10 January 2021. Upon request of two Member Countries that needed additional time to complete their internal procedure, it was further decided that the date would be extended to 10 January 2022, with the possibility of a further extension to be granted by the Council at its Thirty-Third Annual Meeting.

The Governing Council also decided to extend the date of entry into force of new documents, and amendments to existing documents, referred to as the 'Second Level', to the same date, 10 January 2022. Consequently, the Governing Council extended to 10 January 2022 the suspension of certain Articles of the Agreement that was given during the 24th Annual Meeting of the GC; the purpose of this suspension is to cover the envisaged transition period required for adopting appropriate amendments to the Agreement.

Further, the Governing Council took note of the report on the Fund's activities under the First Account Net Earning Programme throughout 2020. The CFC Secretariat reported that between 2013 and 2020, the CFC participated in 5 development partnerships and remained involved in its current Impact Investment Funds, thus complying with the Governing Council's decision at its Twenty-Fourth Meeting to establish development partnerships with impact investment funds. The Governing Council also took note of the report of the Fund's activities under the Second Account during the year 2020, and further approved the Administrative Budget for 2021 and the 2019 Audited Financial Statements.

It was recalled that the Executive Board in its 68th Meeting requested to develop the initiative towards the creation of an impact investment facility under the management of the CFC. In this regard, an open-ended Working Group on Sustainable Fund Management (WG-SFM) was established, which met for the first time virtually on 1 September 2020. Mr. Herbert Ndahiro (Rwanda), Chair of the Open-Ended Working Group of the Executive Board presented an oral report on the work of the WG. The Governing Council took note of the deliberations of the WG-SFM so far and requested the Executive Board to complete, without delay, all the necessary steps for the creation of the CIIF in the year 2021.

The Governing Council also considered and approved the proposed changes to the Staff Regulations and Rules, which remain under constant review with reference to best working practices in benchmark organizations and ongoing developments within the United Nations.

The Thirty-Second Annual Meeting of the Governing Council could be considered as a great success despite the obstacles posed COVID-19. The year 2020 brought important changes to the CFC, from the new Managing Director assuming duties in the midst of a pandemic to increased resilience. This year particularly demonstrated the ability of the CFC to adapt to unprecedented circumstances. Indeed, the CFC Secretariat effectively adopted teleconference facilities, thus ensuring relevant decisions are taken to sustain the CFC's operations and collaborations.

Chairperson and Vice-Chairpersons of the Governing Council for the Year 2021

The Governing Council, by consensus, elected H.E. Mr. Mario Oyarzábal, Governor of the CFC for the Argentine Republic as Chairperson for the period up to and including the Thirty-Third Annual Meeting of the Governing Council.

The Chairperson and Vice-Chairpersons of the Governing Council for the year 2021 are as follows:

Chairperson for 2021

H.E. Mr. Mario Oyarzábal (Argentina)

Vice-Chairpersons for 2021

African Region Group: Representative from Kenya
Asian and Pacific Region Group: To be communicated
China: Mr. Guosheng Zhang
Latin American and Caribbean Region Group:
H.E. Mr. Mario Oyarzábal (Argentina)
OECD Group: Ms. Anna Tofftén (Sweden)
The Russian Federation: Mr. Anton Tsvetov

Photo: Common Screwpine. Adobe stock

VII Financial Reports

Balance Sheet - First Account, as of 31 December 2020 (expressed in USD & SDR) after profit distribution

	2020 USD	2019 USD	2020 SDR	2019 SDR
ASSETS				
Cash and Cash equivalents				
Cash in Bank	4,884,900	8,750,100	3,391,700	6,327,700
Time Deposits	0	1,831,800	0	1,324,700
	4,884,900	**10,581,900**	**3,391,700**	**7,652,400**
Other Receivables				
Accrued Income on Investments	694,700	570,400	482,300	412,500
Recoverable Taxes on Goods & Services	40,700	59,000	28,300	42,700
Other receivables	1,556,100	1,506,700	1,080,400	1,089,600
	2,291,500	**2,136,100**	**1,591,000**	**1,544,700**
Investments				
Debt Securities	77,427,700	69,452,500	53,759,200	50,224,900
Participations in Investment Funds	3,130,000	5,068,700	2,173,200	3,665,500
	80,557,700	**74,521,200**	**55,932,400**	**53,890,400**
Promissory Notes	**36,514,300**	**33,756,800**	**25,352,400**	**24,411,400**
Amounts Receivable From Members				
Amounts Receivable From Members	12,616,900	11,693,500	8,760,100	8,456,200
Provision For Overdue Members Capital Subscription	-11,676,300	-10,828,500	-8,107,000	-7,830,700
	940,600	**865,000**	**653,100**	**625,500**
Prepayments	**204,300**	**209,400**	**141,800**	**151,400**
Loan Receivable	**0**	**0**	**0**	**0**
Right of Use Asset				
Operational Lease	994,100	1,068,800	690,200	772,900
Total Assets	**126,387,400**	**123,139,200**	**87,752,600**	**89,048,700**
LIABILITIES AND EQUITY				
Liabilities				
Accrued Liabilities	783,100	829,300	543,700	599,700
Turkey settlement	156,600	156,600	108,700	113,200
Luxembourg settlement	647,400	647,400	449,500	468,200
Operating lease Obligations	1,112,600	1,162,700	772,500	840,800
	2,699,700	**2,796,000**	**1,874,400**	**2,021,900**
Capital Subscriptions & Accumulated Surplus				
Paid-in-Shares of Directly Contributed Capital	105,761,500	102,928,500	73,431,700	74,433,200
Net Earnings Programme	14,662,200	16,641,300	10,180,300	12,034,300
Accumulated Surplus	3,264,000	773,400	2,266,200	559,300
	123,687,700	**120,343,200**	**85,878,200**	**87,026,800**
Total Equity and Liabilities	**126,387,400**	**123,139,200**	**87,752,600**	**9,048,700**

Balance Sheet - Second Account, as of 31 December 2020 (expressed in USD & SDR) after profit distribution

	2020 USD	2019 USD	2020 SDR	2019 SDR
ASSETS				
Cash and Cash equivalents				
Cash in bank	4,727,200	5,474,600	3,282,200	3,959,000
Time Deposits	0	0	0	0
	4,727,200	**5,474,600**	**3,282,200**	**3,959,000**
Other Receivables				
Accrued Income on Investments	1,097,700	1,042,800	762,100	754,100
Receivable from Dutch Trust Fund	375,000	0	260,400	0
Other Receivables	36,300	4,000	25,200	2,900
	1,509,000	**1,046,800**	**1,047,700**	**757,000**
Investments				
Debt Securities	71,431,300	70,541,400	49,595,800	51,012,300
Participation in Investment Funds	1,233,800	779,200	856,600	563,500
	72,665,100	**71,320,600**	**50,452,400**	**51,575,800**
Promissory Notes	**5,885,800**	**5,413,100**	**4,086,600**	**3,914,500**
Amounts Receivable From Members				
Amounts Receivable From Members	376,500	346,300	261,400	250,400
Provision For Overdue Members Capital Subscription	-376,500	-346,300	-261,400	-250,400
	0	**0**	**0**	**0**
Loans				
Loan Receivable	13,036,400	11,338,900	9,051,400	8,199,800
Provision for Overdue Loan	-3,183,000	-2,327,100	-2,210,000	-1,682,900
	9,853,400	**9,011,800**	**6,841,400**	**6,516,900**
Total Assets	**94,640,500**	**92,266,900**	**65,710,300**	**66,723,200**
LIABILITIES AND EQUITY				
Liabilities				
Turkey Settlement	234,900	234,900	163,100	169,900
Belgium Settlement	383,300	352,500	266,100	254,900
Luxembourg Settlement	78,000	76,100	54,200	55,000
Payable to Dutch Ministry	917,600	667,600	637,100	482,800
Other Payables	1,538,200	1,486,900	1,068,000	1,075,300
	3,152,000	**2,818,000**	**2,188,500**	**2,037,900**
Capital Subscriptions and Accumulated Surplus				
Paid-in-Shares of Directly Contributed Capital	25,279,000	24,808,100	17,551,600	17,940,100
Accumulated Surplus	66,209,500	64,640,800	45,970,200	46,745,200
	91,488,500	**89,448,900**	**63,521,800**	**64,685,300**
Total Equity and Liabilities	**94,640,500**	**92,266,900**	**65,710,300**	**66,723,200**

Income Statement for the period 1 January to 31 December 2020 – First Account (expressed in USD & SDR)

	2020 USD	2019 USD	2020 SDR	2019 SDR
Income				
Net Income from Investments	1,784,400	1,841,000	1,280,900	1,337,400
Other Income	1,988,600	1,734,300	1,427,500	1,259,900
Unrealized (loss)/gain on participations in investment funds	-1,980,800	-44,300	-1,421,900	-32,200
Realized Exchange (loss)/gain on Operations	-3,900	0	-2,800	0
Unrealized Exchange (loss)/gain on translation of Balance Sheet items	1,966,200	-189,100	1,411,400	-137,400
Total Income	**3,754,500**	**3,341,900**	**2,695,100**	**2,427,700**
Expenses				
Staff Salaries & Benefits	2,630,700	2,458,700	1,888,400	1,786,100
Operational Expenses	295,700	304,400	212,300	221,100
Meeting Costs	100,900	184,400	72,400	134,000
Premises Costs	217,400	226,400	156,100	164,500
Legal and Due Diligence Facility	0	8,900	0	6,500
Total Expenses	**3,244,700**	**3,182,800**	**2,329,200**	**2,312,200**
NETT (LOSS)/PROFIT	**509,800**	**159,100**	**365,900**	**115,500**
Statement of Comprehensive Income				
(Loss)/Profit for the year	509,800	159,100	365,900	115,500
Items that will not be reclassified to profit and loss	2,830,800	-653,900	2,032,000	-475,000
Items that will be reclassified to profit and loss	3,900	0	2,800	0
Total comprehensive income for the year	**3,344,500**	**-494,800**	**2,400,700**	**-359,500**

Income Statement for the period 1 January to 31 December 2020 - Second Account (expressed in USD & SDR)

	2020 USD	2019 USD	2020 SDR	2019 SDR
Income				
Net Income from Investments	1,952,000	2,024,300	1,401,200	1,470,500
Income from Loans	770,500	624,200	553,100	453,400
Voluntary Contribution in cash	0	0	0	0
Contribution DTF I	875,000	200,000	628,100	145,300
Realized Exchange (loss)/gain on Operations	31,000	-10,600	22,300	-7,700
Unrealized (loss)/gain on Investment Funds	-186,300	-20,200	-133,700	-14,700
Unrealized Exchange (loss)/gain on translation of Balance Sheet items	510,700	-155,400	366,600	-112,900
Total Income	**3,952,900**	**2,662,300**	**2,837,600**	**1,933,900**
Expenses				
Project Payments	43,700	204,900	31,400	148,800
Administration Fee on Investment Portfolio	1,484,600	1,403,300	1,065,700	1,019,400
Provision for overdue loans	855,900	492,600	614,400	357,800
Total Expenses	**2,384,200**	**2,100,800**	**1,711,500**	**1,526,000**
NETT (LOSS)/PROFIT	**1,568,700**	**561,500**	**1,126,100**	**407,900**
Statement of Comprehensive Income				
(Loss)/Profit for the year	1,568,700	561,500	1,126,100	407,900
Items that will not be reclassified to profit and loss	470,900	-127,700	338,000	-92,800
Items that will be reclassified to profit and loss	0	0	0	0
Total comprehensive income for the year	**2,039,600**	**433,800**	**1,464,100**	**315,100**

Directly Contributed Capital, as at 31 December 2020 (USD)

	First Account			Second Account		
	Outstanding Contributions[1]	Payments		Outstanding Contributions[1]	Payments	
		Cash	Promissory Notes		Cash	Promissory Notes
Afghanistan	0	399,412	399,346	0	0	0
Algeria	0	862,744	0	0	0	0
Angola	0	61,786	0	0	339,823	444,985
Argentina	0	0	410,725	0	635,460	47,990
Bangladesh	154,414	95,062	0	0	308,154	380,329
Benin	5,325	344,491	380,329	0	0	0
Bhutan	0	3,424	3,803	0	338,969	376,526
Botswana	5,325	344,491	380,329	0	0	0
Brazil	0	1,692,815	0	0	701,208	0
Bulgaria	809,363	284,202	0	0	0	0
Burkina Faso	5,325	344,491	380,329	0	0	0
Burundi	0	34,239	38,033	0	308,154	342,296
Cameroon	0	990,853	0	0	0	0
Cape Verde	0	342,393	380,329	0	0	0
Central African Republic	10,649	346,588	380,329	0	0	0
Chad	15,974	364,254	380,329	0	0	0
China	0	3,807,113	4,225,459	0	0	0
Colombia	0	1,060,568	0	0	0	0
Comoros	0	342,393	380,329	0	0	0
Congo	1,122,476	0	0	0	0	0
Dem. Republic of Congo (Zaire)	0	1,213,098	0	0	0	0
Costa Rica	0	833,938	0	0	0	0
Côte d'Ivoire	49	1,273,830	0	0	0	0
Cuba	0	291,399	323,325	0	393,960	321,432
Denmark	0	599,933	435,097	0	718,430	0
Djibouti	0	388,206	380,329	0	0	0
Ecuador	0	126,968	0	0	699,028	0
Egypt	0	616,445	559,084	0	0	0
Equatorial Guinea	0	734,443	0	0	0	0
Eswatini (former Swaziland)	0	94,101	395,541	0	262,885	0
Ethiopia	42,597	187,975	190,165	0	171,197	190,165
Finland	0	586,004	650,363	0	154,611	28,118
Gabon	332,058	455,118	0	0	0	0
Gambia	10,649	346,588	380,329	0	0	0
Germany	0	5,954,753	6,541,664	0	657,485	106,052
Ghana	0	1,085,935	0	0	0	0
Greece	0	347,901	380,329	0	0	0
Guatemala	0	423,346	0	0	408,621	0
Guinea	26,623	13,911	3,803	0	338,969	376,526
Guinea-Bissau	0	342,393	380,329	0	0	0
Haiti	15,974	348,685	380,329	0	0	0
Honduras	41,836	37,758	0	376,526	339,823	0
India	0	370,828	406,952	0	560,088	98,721
Indonesia	0	449,328	125,509	0	579,573	146,342
Iraq	1	878,501	0	0	0	0
Ireland	0	3,455	3,803	0	615,094	113,350
Italy	0	2,558,455	2,837,257	0	612,520	124,917
Jamaica	0	48,056	53,246	0	612,816	136,697
Kenya	0	906,469	0	0	0	0
Dem. People's Republic of Korea	791,085	0	0	0	0	0
Republic of Korea	0	517,919	574,297	0	0	0
Kuwait	0	941,579	0	0	0	0
Lao People's Dem. Republic	0	387,130	384,133	0	0	0
Lesotho	0	342,393	380,329	0	0	0

Directly Contributed Capital, as at 31 December 2020 (USD)

	First Account			Second Account		
	Outstanding Contributions[1]	Payments		Outstanding Contributions[1]	Payments	
		Cash	Promissory Notes		Cash	Promissory Notes
Madagascar	0	48.209	0	0	703.374	0
Malawi	15.974	348.685	0	0	0	380.329
Malaysia	0	832.788	943.217	0	0	0
Maldives	0	34.239	0	0	308.154	380.329
Mali	15.974	40.531	38.033	0	308.154	342.296
Mauritania	42.597	395.774	380.329	0	0	0
Mexico	0	170.697	0	0	770.650	164.044
Morocco	0	471.279	3.803	0	375.021	140.413
Mozambique	0	439.549	358.689	0	0	0
Myanmar	21.298	342.665	383.372	0	0	0
Nepal	5.325	310.251	342.296	0	34.239	38.033
Netherlands	0	752.209	1.635.416	0	730.118	0
Nicaragua	0	98.166	0	0	653.459	0
Niger	5.325	344.491	0	0	0	380.329
Nigeria	0	124.171	133.115	0	624.220	102.649
Norway	0	347.901	391.739	0	608.489	107.726
Pakistan	0	871.363	0	0	0	0
Papua New Guinea	0	120.151	0	0	699.703	0
Peru	0	1.074.903	0	0	0	0
Philippines	0	614.978	0	0	785.857	0
Portugal	0	171.346	0	0	447.097	112.065
Russian Federation	7.093.142	6.368.048	0	0	0	0
Rwanda	15.974	348.685	380.329	0	0	0
Samoa	0	342.393	380.329	0	0	0
Sao Tome and Principe	0	734.443	0	0	0	0
Saudi Arabia	0	360.373	399.346	0	0	0
Senegal	0	959.157	0	0	0	0
Sierra Leone	15.974	348.685	380.329	0	0	0
Singapore	0	227.143	254.821	0	411.896	67.331
Somalia	385.654	344.491	0	0	0	0
Spain	0	2.547.890	0	0	619.883	0
Sri Lanka	0	422.309	471.608	0	0	0
Sudan	127.791	290.011	266.231	0	102.718	114.099
Sweden	0	874.180	1.004.069	0	640.618	108.685
Syrian Arab Republic	0	916.910	0	0	0	0
United Republic of Tanzania	69.220	198.462	190.165	0	171.197	190.165
Thailand	0	485.578	521.051	0	0	0
Togo	0	763.530	0	0	0	0
Trinidad & Tobago	0	680.870	0	0	0	0
Tunisia	0	959.840	0	0	0	0
Uganda	95.843	380.145	380.329	0	0	0
United Arab Emirates	1.100.681	0	0	0	0	0
United Kingdom	0	3.166.031	3.009.120	0	664.193	0
Venezuela	0	878.775	0	0	0	0
Yemen	10.649	688.981	760.659	0	0	0
Zambia	205.789	912.100	0	0	0	0
Zimbabwe	0	725.106	0	0	0	0
TOTAL	12.616.930	68.306.642	36.514.282	376.526	19.415.954	5.862.943

[1] As stated in Schedule B of the Agreement Establishing the Common Fund for Commodities, Members in the category of least developed countries as defined by the United Nations shall pay only 30% of the number of shares exceeding 100, over a period of three years. The remaining 70% (of shares exceeding 100) shall be paid as and when decided by the Executive Board. This remaining 70% is also included in the Outstanding Contributions.

Voluntary Contributions, as at 31 December 2020 (USD)

Country	Currency	Pledge (3rd 5YAP) USD[1]	Payments Cash up to 31 Dec, 2019 USD	Payments Cash 2020 USD	Payments Total 31 Dec, 2020 USD	Payments Total 31 Dec, 2020 SDR
Austria[3]	USD	2,000,000	2,000,000	0	2,000,000	1,388,629
Belgium[3]	EUR	3,000,000	3,235,542	0	3,235,542	2,246,483
Cameroon	USD	0	7,994	0	7,994	5,550
China	USD	2,000,000	2,000,000	0	2,000,000	1,388,629
Denmark	DKR	2,420,751	794,987	0	794,987	551,971
Ecuador	USD	0	45,311	0	45,311	31,460
Finland	USD	2,000,000	2,011,089	0	2,011,089	1,396,328
France[3]	USD	15,000,000	2,385,648	0	2,385,648	1,656,389
Germany	USD	22,549,790	22,549,790	0	22,549,790	15,656,640
India	USD	5,000,000	5,000,000	0	5,000,000	3,471,571
Indonesia	USD	1,000,000	1,000,201	0	1,000,201	694,454
Ireland	USD	250,000	250,000	0	250,000	173,579
Italy	USD	15,000,000	14,999,999	0	14,999,999	10,414,713
Japan[3]	USD	27,000,000	32,231,940	0	32,231,940	22,379,096
Luxembourg[3]	USD	150,000	149,989	0	149,989	104,140
Madagascar	USD	8,643	8,616	0	8,616	5,982
Malaysia	USD	1,000,000	999,922	0	999,922	694,260
Netherlands	USD	17,000,000	19,560,207	0	19,560,207	13,580,931
Nigeria	USD	150,000	150,000	0	150,000	104,147
Norway	USD	22,490,000	22,446,462	0	22,446,462	15,584,899
OPEC Fund (Second Account)	USD	45,400,000	28,376,867	0	28,376,867	19,702,463
OPEC Fund (First Account)	USD	1,000,000	873,133	0	873,133	606,229
Papua New Guinea	USD	0	70,055	0	70,055	48,640
Republic of Korea	USD	300,000	300,000	0	300,000	208,294
Singapore	USD	250,000	250,000	0	250,000	173,579
Sweden	USD	2,345,996	2,345,996	0	2,345,996	1,628,859
Switzerland[3]	USD	6,000,000	3,000,000	0	3,000,000	2,082,943
Thailand	USD	1,000,000	1,000,000	0	1,000,000	694,314
United Kingdom[2]	STG	5,745,269	7,399,909	0	7,399,909	5,137,863
		200,060,449	**175,443,658**	**0**	**175,443,658**	**121,813,035**

[1] *Amounts pledges have been converted to USD equivalent using the IMF rates of 31/12/19*

[2] *Payment of MOU of GBP 4,270,000 received considered as contribution under Article 18,1,(e)*

[3] *Not a member of CFC*

2020 Administrative Budget, Summary

Item	Approved Administrative Budget 2020 USD	Approved Administrative Budget 2020 EUR
Staff Costs	2.593.800	2.315.800
Operational Costs	571.500	510.200
Meeting Costs	206.300	184.200
Contingency	11.200	10.000
TOTAL	**3.382.800**	**3.020.200**

To: the Governing Council of the Common Fund for Commodities

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REPORT OF THE INDEPENDENT AUDITOR ON THE ABBREVIATED FINANCIAL REPORTS

Our opinion

The summary financial statements 2020 (hereafter: 'the abbreviated financial reports') of the First Account and Second Account of the Common Fund for Commodities, based in Amsterdam, is derived from the audited financial statements 2020 of the First Account and Second Account of the Common Fund for Commodities.

In our opinion the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements 2020 of the First Account and Second Account of the Common Fund for Commodities.

Abbreviated financial reports

The abbreviated financial reports do not contain all the disclosures required by the International Financial Reporting Standards. Reading the abbreviated financial reports and our report thereon, therefore, is not a substitute for reading the audited financial statements of the First Account and Second Account of the Common Fund for Commodities and our auditor's report thereon. The abbreviated financial reports and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our auditor's report on those financial statements of June 25, 2021.

The audited financial statements and our auditor's report thereon

We expressed an unmodified audit opinion on the audited financial statements 2020 of the First Account and Second Account of the Common Fund for Commodities in our auditor's report of June 25, 2021.

Responsibilities of management board for the summary financial statements

Management is responsible for the preparation of the abbreviated financial reports in accordance with the accounting policies as applied in the 2020 financial statements of the First Account and Second Account of the Common Fund for Commodities.

Our responsibilities

Our responsibility is to express an opinion on whether the abbreviated financial reports are consistent, in all material respects, with the audited financial statements based on our procedures, which we conducted in accordance with Dutch law, including the Dutch Standard 810, "Engagements to report on summary financial statements".

Amsterdam, June 25, 2021

Grant Thornton Accountants and Adviseurs B.V.

Drs. P.N. van Vuure RA

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Photo: Maize field, Los Limones, Nicaragua, ©FAO/Saul Palma

Photo: Maize, Mahailuppallama, Sri Lanka. ©FAO/Lekha Edirisinghe

ANNEX I

Governors and Alternate Governors as of 31 December 2020

Chairperson of the Governing Council during 2020:

H.E. Mr. Mario J. Agustín Oyarzábal (Argentina)

Vice-Chairpersons during 2020:

Africa: Ms. Josephine Opili (Kenya)
Asia and Pacific: Ms. Lolita B. Capco (Philippines)
China: Mr. Guosheng Zhang
Latin America and Caribbean: H.E. Mr. Mario J. Agustín Oyarzábal (Argentina)
OECD: Ms. Anna Tofftén (Sweden)
Russian Federation: Mr. Anton Tsvetov

Country	Governor	Alternate Governor
Afghanistan	c/o H.E. Mr. Mohammed Asif Rahimi	-
Algeria	H.E. Mr. Lounes Magramane	Ms. Wahiba Boutibane
Angola	H.E. Maria I. Resende Encoge	Mr. Adelino Naquarta Sepalanga Domingos
Argentina	H.E. Mr. Mario Javier Agustín Oyarzábal	Ms. Eva Gonzalez
Bangladesh	Mr. Md. Jafar Uddin	Ambassador
Benin	H.E. Mr. Zacharie Richard Akplogan	Mr. Stephane Beria
Bhutan	H.E. Mr. Tenzin R. Wangchuk	Mr. Sonam Gyaltshen
Botswana	H.E. Mr. Samuel Otsile Outlule	Mr. Jimmy Rule Opelo
Brazil	Mr. Alexandre Peña Ghisleni	Mr. Pedro Escosteguy Cardoso
Bulgaria	Mr. Petar Dimitrov	-
Burkina Faso	H.E. Ms. Jacqueline Marie Zaba-Nikiema	Mr. Christian Somda
Burundi	Mr. Immaculée Ndabaneze	Ms. Gentille Gahinyuza
Cabo Verde	Minister for Foreign Affairs	-
Cameroon	Mr. Luc Magloire Mbarga Atangana	Ambassador
Central African Republic	c/o Ministre Chargé du Développement du Monde Rural	c/o H.E. Mr. Daniel Emery Dede
Chad	c/o Ministre du Commerce; de l'Industrie et de l'Artisanat	Mr. Daouda Tabanda
China	Ms. Liang Hong	Mr. Guosheng Zhang
Colombia	Mr. Juan José Páez Pinzón	Ms. Jenny Sharine Bowie Wilches
Comoros	c/o Secrétaire Général du Ministère	-
Congo	Mr. François Bossolo	-
Costa Rica	Ms. Anna Maria Oduber Elliott	Ms. Eliana Villalobos Cárdenas
Côte d'Ivoire	Mr. Kobenan Kouassi Adjoumani	Mr. Aly Toure
Cuba	Mr. Carlos Fidel Martín Rodríguez	H.E. Ms. Soraya E. Álvarez Nuñez
Democratic People's Republic of Korea	c/o Mr. Kim Myong Hyok	c/o Mr. Sok Jong Myong
Democratic Republic of the Congo	c/o Ms. Thérèse Tshibola-tshia-Kadiebue	-
Denmark	Ministry of Foreign Affairs	-

Country	Governor	Alternate Governor
Djibouti	Ministry of Trade and Industry	-
Ecuador	H.E. Mr. Andrés Terán Parral	Mr. Carlos Alarcón Armendáriz
Egypt	H.E. Mr. Hatem Elsayed Mohamed Kamaleldin	Ms. Amany Fahmy
Equatorial Guinea	c/o H.E. Mr. Làzaro Ekua Avomo	c/o Director General de Comercio
Eswatini	Mr. Andreas M. Hlophe	-
Ethiopia	H.E. Mr. Million Samuel Gebre	Mr. Tsegab Kebebew Daka
Finland	Mr. Mika Vehnämäki	-
Gabon	Mr. Fidèle Mengue M'engouang	Mr. Bertrand Rubens Matteya
Gambia	H.E. Ms. Teneng Mba Jaiteh	Mr. Hassan Jallow
Germany	Ms. Andrea Jünemann	Mr. José Schulz
Ghana	Hon. Alan Kyerematen	Ambassador
Greece	Mr. Evangelos Dairetzis	Ms. Eleni Karagianni
Guatemala	H.E. Mr. Eduardo Sperisen Yurt	Ms. Debora Maria Cumes Mariscal
Guinea	Mr. Emile Yombouno	Mr. Housseine Bangoura
Guinea-Bissau	c/o H.E. Mr. Apolinario Mendes de Carvalho	-
Haiti	Mr. Hervey Day	H.E. Mr. Pierre André Dunbar
Honduras	Mr. Mauricio Guevara Pinto	Mr. David Ernesto Wainwright
India	Mr. Diwakar Nath Misra	Ambassador
Indonesia	Mr. Febrian A. Ruddyard	Ms. Dian Lestari
Iraq	Mr. Kadhim M. Jawad Al-Hasani	Mr. Munther Abdulameer Asad
Ireland	H.E. Mr. Kevin Kelly	-
Italy	Mr. Lucio Loiero	Mr. Davide Colombo
Jamaica	The Honourable Audley Shaw	H.E. Ms. Cheryl Spencer
Kenya	H.E. Mr. Lawrence N. Lenayapa	Ms. Josephine Opili
Kuwait	H.E. Mr. Abdul Rahman Al-Otaibi	-
Laos	Mr. Buavanh Vilavong	H.E. Mr. Phoukhong Sisoulath
Lesotho	The Honourable Maphono Khaketla	Ambassador
Madagascar	Mr. Jean-Omer Beriziky	Mr. Eric Ratsimbazafy
Malawi	H.E. Mr. Tedson Aubrey Kalebe	Mr. Mike Jamu Mwanyula
Malaysia	Mr. Ravi Muthayah	Mr. S. Letchumanan Shanmugam
Maldives	c/o Mr. Abdul Samad Abdulla	Mr. Abdulla Salih
Mali	H.E. Mr. Mamadou Mandjou Berthe	Ms. Aissata Traore Gaye
Mauritania	Mr. Mohamed Ould Hitt	Mr. Mohamed Moctar Alaoui
Mexico	Mr. Arturo Herrera Gutiérrez	Mr. Marcelo Ebrard Casaubón
Morocco	H.E. Mr. Abdelouahab Bellouki	Mr. Mohamed Abdennasser Achachi
Mozambique	Ms. Cerina Banú Mussá	Mr. Joao José Macaringue
Myanmar	Mr. Than Myint	Mr. U. Min Min
Nepal	H.E. Mr. Lok Bahadur Thapa	Mr. Sudhir Bhattarai
Netherlands	Ms. Eva Oskam	Mr. Thierry van Helden
Nicaragua	Mr. Orlando Solórzano Delgadillo	H.E. Mr. Carlos J. Argüello Gómez
Niger	c/o Cadre de la Direction du Commerce Extérieur	-
Nigeria	Mr. Nasir Sani-Gwarzo	H.E. Mr. Oji N. Ngofa
Norway	Ms. Torun Dramdal	Mr. Inge Hausken Thygesen
Pakistan	H.E. Mr. Shujjat Ali Rathore	Mr. Rao Rizwan-ul-Haq
Papua New Guinea	Mr. William Dihm	Ambassador
Peru	H.E. Ms. Marisol F. Agüero Colunga	Ms. Francis Natalie Chávez Aco
Philippines	Ambassador	Ms. Lolita B. Capco
Portugal	Mr. João Leão	Mr. José Carlos Azevedo Pereira
Republic of Korea	Mr. Namki Hong	Mr. Juyeol Lee
Russian Federation	Mr. Anton Tsvetov	Mr. Mikhail Golubkov
Rwanda	Mr. Michael M. Sebera	Mr. Antoine Kajangwe
Samoa	c/o Deputy Prime Minister	-
Sao Tome and Principe	Minister for Foreign Affairs	c/o H.E. Ms. Maria d'Assunçao de Barros Amaral Aguiar
Saudi Arabia	Mr. Ahmad S. Alteraifi	Mr. Saeid M. Alkahtani

Country	Governor	Alternate Governor
Senegal	H.E. Mr. Momar Gueye	Mr. Joseph Bentaux
Sierra Leone	Mr. James Vibbi	Mr. Charles Mereweather-Thompson
Singapore	H.E. Mr. Hung Seng Tan	-
Somalia	c/o H.E. Ms. Faduma Abdullahi Mohamud	-
Spain	Mr. Oscar Vía Ozalla	Ms. Mara Pidal Ladrón de Guevara
Sri Lanka	Mr. Ananda Dharmapriya	Ambassador
Sudan	Ambassador	c/o Agricultural Office
Sweden	Ms. Anna Tofftén	-
Syrian Arab Republic	Deputy Minister of Economy and Trade	-
Thailand	Mr. Pisan Pongsapitch	Mr. Rapibhat Chandarasrivongs
Togo	H.E. Mr. Kokou Nayo M'Béou	Mr. Kodjovi Védomé Afokpa
Trinidad & Tobago	Senator the Honourable Clarence Rambharat	Ms. Susan Shurland
Tunisia	H.E. Ms. Elyes Ghariani	Ms. Faten Bahri
Uganda	Assistant Commissioner	H.E. Ms. Mirjam Blaak Sow
United Arab Emirates	H.E. Ms. Hissa Abdulla Ahmed Alotaiba	-
United Kingdom of Great Britain and Northern Ireland	Ms. Liz Fajber	-
United Republic of Tanzania	Prof. Riziki S. Shemdoe	H.E. Ms. Irene F.M. Kasyanju
Venezuela	Mr. Alexander Yánez Deleuze	H.E. Ms. Haifa Aissami Madah
Yemen	H.E. Ms. Sahar Mohammed Abduljabbar Ghanem	Mr. Abdahmed Saleh Mohammed Yaffai
Zambia	H.E. Ms. Esther Munalula Nkandku	Mr. Musenge Mukuma
Zimbabwe	Amb. James Manzou	Ambassador
Andean Community	c/o Mr. Jorge Hernando Pedraza, Secretaria General	-
African Union (AU)	Directorate of Rural Economy and Agriculture	Directorate for Trade and Industry
Caribbean Community (CARICOM)	Amb. Irwin LaRocque	Ms. Desiree Field-Ridley
Common Market for Eastern and Southern Africa (COMESA)	Ms. Chileshe Kapwepwe	Mr. E.A. Mohammed
East African Community (EAC)	Hon. Dr. Peter Mutuku Mathuki	Director for Trade
Economic Community of West African States (ECOWAS)	c/o Mr. Jean-Claude Kassi Brou	-
European Union (EU)	Mr. Regis Meritan	Mr. Michel de Knoop
Southern African Development Community (SADC)	c/o Ms. Stergomena Lawrence Tax	-
West African Economic and Monetary Union (WAEMU/UEMOA)	c/o Mr. Abdoulaye Diop	-

Photo: Maize field, Les Cayes, Haiti. ©FAO/Giuseppe Bizzarri

ANNEX II

Member States, Institutional Members and Votes as of 31 December 2020

Photo: Rice field Bac Ha, Vietnam. ©FAO/Aris Mihich

Country	Region	No. of votes	LDC
Afghanistan	Asia	357	X
Algeria	Africa	395	
Angola	Africa	391	X
Argentina	LAC	496	
Bangladesh	Asia	426	X
Benin	Africa	347	X
Bhutan	Asia	343	X
Botswana	Africa	347	
Brazil	LAC	1,024	
Bulgaria	Europe	417	
Burkina Faso	Africa	347	X
Burundi	Africa	343	X
Cameroon	Africa	389	
Cabo Verde	Africa	343	
Central African Republic	Africa	349	X
Chad	Africa	351	X
China	Asia	3,000	
Colombia	LAC	490	
Comoros	Africa	343	X
Congo	Africa	351	
Costa Rica	LAC	393	
Côte d'Ivoire	Africa	476	
Cuba	LAC	584	
Democratic People's Rep. of Korea	Asia	355	
Democratic Rep. of the Congo	Africa	476	X
Denmark	Europe	643	
Djibouti	Africa	343	X
Ecuador	LAC	391	
Egypt	Africa	476	
Equatorial Guinea	Africa	347	
Eswatini	Africa	355	
Ethiopia	Africa	366	X
Finland	Europe	535	
Gabon	Africa	368	
Gambia	Africa	349	X
Germany	Europe	4,362	
Ghana	Africa	426	
Greece	Europe	309	
Guatemala	LAC	401	

Country	Region	No. of votes	LDC
Guinea	Africa	357	X
Guinea-Bissau	Africa	343	X
Haiti	LAC	353	X
Honduras	LAC	372	
India	Asia	621	
Indonesia	Asia	575	
Iraq	Asia	376	
Ireland	Europe	309	
Italy	Europe	2,065	
Jamaica	LAC	380	
Kenya	Africa	387	
Kuwait	Asia	351	
Lao People's Dem. Rep.	Asia	345	X
Lesotho	Africa	343	X
Madagascar	Africa	360	X
Malawi	Africa	351	X
Malaysia	Asia	768	
Maldives	Asia	343	
Mali	Africa	351	X
Mauritania	Africa	366	X
Mexico	LAC	469	
Morocco	Africa	449	
Mozambique	Africa	360	X
Myanmar	Asia	355	X
Nepal	Asia	345	X
Netherlands	Europe	1,086	
Nicaragua	LAC	382	
Niger	Africa	347	X
Nigeria	Africa	440	
Norway	Europe	549	
Pakistan	Asia	407	
Papua New Guinea	Asia	389	
Peru	LAC	445	
Philippines	Asia	580	
Portugal	Europe	309	
Republic of Korea	Asia	490	
Russian Federation	Europe	4,257	
Rwanda	Africa	351	X
Samoa	Asia	343	
Sao Tome and Principe	Africa	345	X
Saudi Arabia	Asia	357	
Senegal	Africa	382	X
Sierra Leone	Africa	351	X
Singapore	Asia	441	
Somalia	Africa	347	X
Spain	Europe	1,126	
Sri Lanka	Asia	413	
Sudan	Africa	413	X
Sweden	Europe	929	
Syria	Asia	382	
Thailand	Asia	449	
Togo	Africa	358	X
Trinidad & Tobago	LAC	353	
Tunisia	Africa	380	

Country	Region	No. of votes	LDC
Uganda	Africa	395	X
United Arab Emirates	Asia	347	
United Kingdom of Great Britain and Northern Ireland	Europe	2,550	
United Republic of Tanzania	Africa	380	X
Venezuela	LAC	401	
Yemen	Asia	544	X
Zambia	Africa	505	X
Zimbabwe	Africa	343	
EC	Europe	0	
AU	Africa	0	
COMESA	Africa	0	
EAC	Africa	0	
CAN	LAC	0	
CARICOM	LAC	0	
SADC	Africa	0	
ECOWAS	Africa	0	
WAEMU/UEMOA	Africa	0	
TOTAL		**57,364**	

LDC: Least Developed Country
LAC: Latin America and the Caribbean Countries

Institutional Members of the Common Fund for Commodities

African Union (AU) - Addis Ababa, Ethiopia
Andean Community (CAN) - Lima, Peru
Caribbean Community (CARICOM) - Greater Georgetown, Guyana
Common Market for Eastern & Southern Africa (COMESA) - Lusaka, Zambia
East African Community (EAC) - Arusha, Tanzania
Economic Community of West African States (ECOWAS) - Abuja, Nigeria
European Union (EU) - Brussels, Belgium
South African Development Community (SADC) - Gaborone, Botswana
West African Economic & Monetary Union (WAEMU/UEMOA) - Ouagadougou, Burkina Faso

Designated International Commodity Bodies (ICBs)

1 International Cocoa Organization (ICCO)
2 International Coffee Organization (ICO)
3 International Copper Study Group (ICSG)
4 International Cotton Advisory Committee (ICAC)
5 International Grains Council (IGC)
6 International Lead and Zinc Study Group (ILZSG)
7 International Bamboo and Rattan Organisation (INBAR)
8 International Nickel Study Group (INSG)
9 International Olive Council (IOC)
10 International Rubber Study Group (IRSG)
11 International Sugar Organization (ISO)
12 International Tropical Timber Organization (ITTO)
13 FAO - Intergovernmental Sub-Group on Bananas
14 FAO - Intergovernmental Sub-Group on Tropical Fruits
15 FAO - Intergovernmental Group on Citrus Fruit
16 FAO - Intergovernmental Sub-Committee on Fish Trade
17 FAO - Intergovernmental Group on Grains
18 FAO - Intergovernmental Group on Hard Fibres
19 FAO - Intergovernmental Group on Meat and Dairy Products
20 FAO - Intergovernmental Sub-Group on Hides and Skins
21 FAO - Intergovernmental Group on Oils, Oilseeds and Fats
22 FAO - Intergovernmental Group on Rice
23 FAO - Intergovernmental Group on Tea

Institutions with memoranda of understanding

The Common Fund for Commodities has concluded Memoranda of Understanding with the following institutions:

1. African Development Bank (AfDB)/African Development Fund
2. African Export-Import Bank (AFEXIM)
3. Arab Organization for Agricultural Development (AOAD)
4. Authority for Integrated Development of the Liptako-Gourma Region (ALG)/L'Autorité de Developpement Integré de la Region du Liptako-Gourma
5. Food and Agricultural Organization of the United Nations (FAO)
6. Grupo de Paises Latino Americanos y del Caribe Export Adores de Azucar (GEPLACEA)
7. Inter-American Institute for Cooperation on Agriculture (IICA)
8. International Atomic Energy Agency (IAEA)
9. Islamic Centre for Development of Trade (ICDT)
10. OXFAM
11. Sistema Economico Latino Americano (SELA)
12. United Nations Conference on Trade and Development (UNCTAD)
13. United Nations Convention to Combat Desertification (UNCCD)
14. United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)
15. United Nations Economic and Social Commission for Latin America and the Caribbean (ECLAC)
16. United Nations Human Settlements Programme (UN-HABITAT)
17. United Nations Industrial Development Organization (UNIDO)
18. United States Agency for International Development (USAID)
19. West African Economic and Monetary Union (WAEMU)/Union Economique et Monétaire Ouest Africaine (UEMOA)

Abbreviations

Photo: Cocoa pods. Adobe stock

AAF-SME	Africa Agriculture SME Fund
AATIF	Africa Agriculture Trade and Investment Fund
ABP	Anchor Borrowers Program
ACE	Agricultural Commodity Exchange
ACP	African, Caribbean and Pacific
AECID	Spanish Agency for International Development Cooperation
AFC	Agronomika Finance Corporation
AFD	Agence Française de Développement
AfDB	African Development Bank
AFSF	Africa Food Security Fund
AGSMEIS	Agri-Business Small and Medium Enterprises Investment Scheme
ATAF	Moringa Agroforestry Technical Assistance Fund
AU	African Union
BDS	Business Development Services
BMZ	German Ministry for Development Cooperation and Economic Development
CAF	Latin American Development Bank
CARDI	Caribbean Agricultural Research and Development Institute
CDDCs	Commodity Dependent Developing Countries
CFC	Common Fund for Commodities
CFGBV	Community Forest Group BV
COMIFAC	Central African Forests Commission
COVID	Coronavirus Disease
CSAF	Council on Smallholder Agricultural Finance:
CRIG	Cocoa Research Institute of Ghana
DIB	Development Impact Bond
DRC	Democratic Republic of Congo
DTF	Dutch Trust Fund
EAFCA	African Fine Coffee Association
EC	European Commission
EcoE II	EcoEnterprises Partners II L.P.
ECOSOC	United Nations Economic and Social Council
ECOWAS	Economic Community of West African States
EDB	Sri Lanka Export Development Board
EFTA	Equity For Tanzania Ltd.
EIB	European Investment Bank
ESG	Environmental, Social and Governance
EU	European Union
EUCORD	European Development Co-operative
FACTS	Financial Access Commerce and Trade Services
FANEI	First Account Net Earnings Initiative
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
FMO	The Netherlands Entrepreneurial Development Bank

FSC	Forest Stewardship Council
FSP	Financial Service Provider
FTESA	Food Trade East and Southern Africa
GAIN	Global Alliance for Improved Nutrition
GI	Geographical Indication
GIIN	Global Impact Investing Network
GIZ	Deutsche Gesellschaft Für Internationale Zusammenarbeit
IADB	Interamerican Development Bank
IAG	Inter-Agency Working Group
ICAC	International Cotton Advisory Committee
ICBR	International Centre for Bamboo and Rattan
ICBs	International Commodity Bodies
ICCO	International Cocoa Organization
ICO	International Coffee Organization
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFDC	International Fertilizer Development Center
IJSG	International Jute Study Group
ILO	International Labour Organisation
INBAR	International Bamboo and Rattan Organization
INFOFISH	Centre for Marketing Information and Advisory Services for Fishery Products in Asia and Pacific
IOOC	International Olive Oil Council
ISO	International Sugar Organization
ITTO	International Tropical Timber Organization
IZA	International Zinc Association
KIT	Royal Tropical Institute
LA	Loan Agreement
LDC	Least Developed Country
LLDC's	Land Locked Developing Countries
MD	Managing Director
MDG	Millennium Development Goal
MEDF	Malawi Enterprise Development Fund
MMA	MatchMaker Associates
NEI	Natural Extracts Industries Limited
NGO	Non-Governmental Organization
NMB	National Microfinance Bank
OFID	OPEC Fund for International Development
PPP	Public Private Partnership
SDG	Sustainable Development Goal
SIF	SME Impact Fund
SMEs	Small and medium sized enterprises
SSA	Sub Saharan Africa
SSF	Schmidt Family Foundation
TA	Technical Assistance
TAF	Technical Assistance Facility
TAHA	Tanzania Horticultural Association
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECA	UN Economic Commission for Africa
UNIDO	United Nations Industrial Development Organization
UN-OHRLLS	United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States
VECO	Vredeseilanden Country Office
VPoA	Vienna Programme of Action
WHO	World Health Organization

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common fund for commodities

Mission & Vision Statement

Mission

"To contribute to poverty alleviation by strengthening the income-generating capacity of commodity producers and mitigating vulnerability to their economic well being"

Vision

"To strengthen and diversify the commodity sector in developing countries and transform it to be a major contributor to poverty alleviation and sustained economic growth and development."