Annual Report **2015**

Common Fund for Commodities

Cover photos:
Above: **Gawaye Grape Farm Project, Dodoma, Tanzania.** Photo: ©FAO
Below: **Raki Diop washes beans at Bassirou Gueye's shop in Dakar, Senegal.** Photo: ©Sebastian Liste/NOOR for FAO


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Foreword

The Annual Report of the Common Fund for Commodities highlights work done during 2015. The report contains a summary of major initiatives undertaken by the Fund to expand the demand for commodities, including Regular and Fast Track projects approved by type of financing, and a brief summary of projects under implementation and completed during the year. In this report you can see CFC supported commodity projects in different locations in Africa, Asia and Latin America, covering a range of commodities from bamboo and rattan to meats and dairy to tropical fruits and zinc.

For us, 2015 has been an eventful year, with consolidation of activities initiated under the new revised "Call for Proposals", and further progress in the response to increase the impact of projects implemented by the Fund.

We at the Common Fund are happy that the Member countries reconfirmed their commitments to the Fund to enable CFC to fulfil the mission prevailing in the international development paradigm. The Members noted that considerable progress has been made, since the 80s, in the international understanding of the relationship between production, processing and trade of commodities, and the impact of social, economic and environmental aspects in development. They were glad that more efforts had been made to expand activities of the Fund to cover grant, loan and equity -related projects. It would not have been possible to achieve implementation of these new initiatives without the unstinting support of the Member countries and of the OPEC Fund for International Development (OFID), even in these most testing of times.

Rapid changes in income, price and demand in the world have distorted and decreased the demand for commodities. This has led to a mixed demand for many commodities including a decline in the South-South trade with a direct impact on finances, production, employment, and technology. In view of these changes, the Common Fund adjusted and adapted to the new realities in development cooperation to meet the new expectations of its Members, particularly in the LDCs.

During the year, the CFC continued to concentrate on project implementation, its core business. The CFC approved nine regular projects and an additional five Fast Track projects. The projects are now being selected to improve the quality of the CFC portfolio in the context of the mission and vision of the CFC, supplemented with sustainable development of the commodity sector. The CFC's support to the approved projects, including Fast Track projects, stood at USD 11.27 out of the total cost of USD 33.29 million.

Photo: CFC

Parvindar Singh,
Managing Director

Regarding policy advocacy matters, the Common Fund participated in several high-level events, in line with the Fund's mandate to articulate the need for an open and flexible strategy for the new role for commodities, as a pillar of sustainable global growth and development cooperation.

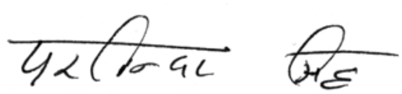
This has increased the Fund's competitiveness and ensured a larger role in economic and environmental development. The support of our development partners has diversified the production and exports structures and enhanced productivity and competitiveness of the member States in order to take full advantage of the multilateral trading system.

This year we also have special reports on the position and approaches of the CFC with regard to (i) Impact Investment in the growth of small and medium Agri-Business enterprises in Tanzania, (ii) Water harvesting and agricultural transformation in Nicaragua, and (iii) Impact Measurement.

With another productive year behind us, the CFC can now set its sights on Agenda 2030 and the SDGs, and in particular the aspirational "global Goals":

(i) End poverty in all its forms everywhere (Goal 1);
(ii) End hunger, achieve food security and improved nutrition and promote sustainable agriculture (Goal 2);
(iii) Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (Goal 8); and
(iv) Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation (Goal 9);

The CFC remains committed to making a concrete and identifiable contribution to sustainable development.
In this, the Fund looks forward to a fruitful co-operation with international organisations, ICBs, other development partners and civil society.



Parvindar Singh

Photo: ©Sebastian Liste/NOOR for FAO

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CFC at a glance

Establishment and Membership

The Common Fund for Commodities (CFC) is an autonomous intergovernmental financial institution established 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 became effective in 1989. The first commodity development project was approved in 1991.

The Common Fund for Commodities forms a partnership of 102 Member States plus ten institutional members. Membership of the Fund is open to all States 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.

Objectives, Main Activities and Structure

The Common Fund's mandate is to enhance the socio-economic development of commodity producers and contribute to the development of society as a whole. In line with its market-oriented approach, the Fund concentrates on commodity development projects financed from its resources. These resources consist of voluntary contributions, capital subscriptions by Member Countries transferred to the Second Account and interest earned. In partnership with other development institutions, the private sector and civil society, the Fund endeavours to achieve overall efficiency in and impact on commodity development.

The CFC's aim is to realize 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 and information dissemination, and
(vii) build effective and cost efficient collaboration between producers, industry, governments, civil society organisations and other stakeholders for commodity based development.

CFC interventions use value chain approach to identify chain participants and to pinpoint opportunities and obstacles in specific commodity value chains thereby developing viable solutions. Value chain analysis leads to identification of opportunities for value chain development.

The CFC supported interventions cover all aspects of the value chain from production to consumption i.e. from "field to the fork". The CFC supports commodity based activities along the entire commodity value chain which extend across local, national, regional and international markets. Specifically targeted areas are:

- Production, productivity and quality improvements
- Processing and value addition
- Product differentiation
- Diversification
- Marketing
- Technology transfer and up gradation
- Introduction of measures to minimise the physical marketing and trading risks
- Facilitation of trade finance
- Risk Management

Financing Instruments

The CFC finance is mainly in form of loans. Support in form of equity, quasi equity, lines of credit and guarantees can be considered on exceptional basis. Limited amount of grants may be provided, e.g. to support specific new activities or support the loan based projects through activities such as capacity building, technical assistance etc.

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.

Unlocking The Commodity Development Potential

The CFC main objectives is to "Promote the development of the commodity sector and 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."

To further its objectives, the Fund exercises, inter ilia, the following functions:

(i) To mobilize resources and to finance measures and actions in the field of commodities as hereinafter provided;

(ii) To establish partnerships to encourage synergies through co-operation and implementation of commodity development activities;

(iii) To operate as a service provider; and

(iv) To disseminate knowledge and to provide information on new and innovative approaches in the field of commodities.

The CFC provides a range of financial instruments for the support of activities in the field of commodity development, including agriculture, minerals and metals in Developing Countries that, besides giving a sound financial return, also provide for a measurable social and environmental return. The CFC supported activities promote the development of the commodity sector in CFC member countries and contribute to sustainable development in the following aspects:

(i) Social: Create employment (particularly for youth and women), provide sustained increase in household incomes, reduce poverty, and enhance food security.

(ii) Economic: Enhance production and productivity, achieve higher local value addition; improve competitiveness of producers, producer organisations and small and medium sized industries, support the financial sector development.

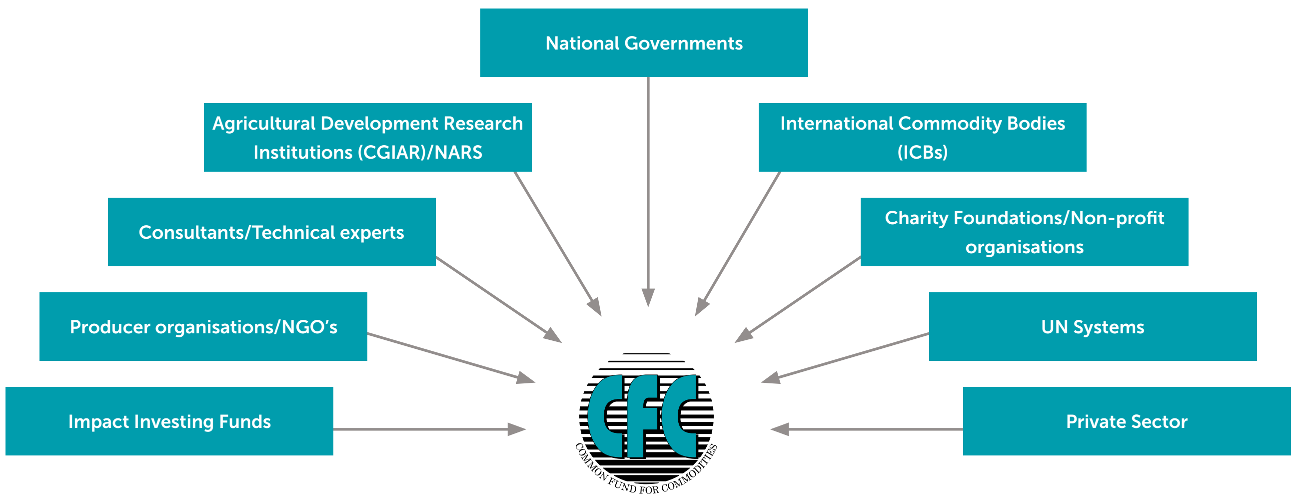
(iii) Environmental: Enhance production taking into account the environment and its long term possibilities for the same, or increased use of productive resources while maintaining or reducing the impact on the environment.

Partner Institutions

The CFC partners 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 services to small business operators, SMEs, cooperatives, producer organisations,
- 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 work programmes,
- share CFCs values, including internationally recognized principles concerning human rights, labour, the environment and anti-corruption as reflected in the United Nations Global Compact, 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

The CFC Partnership Network



Feature Articles

Photo:

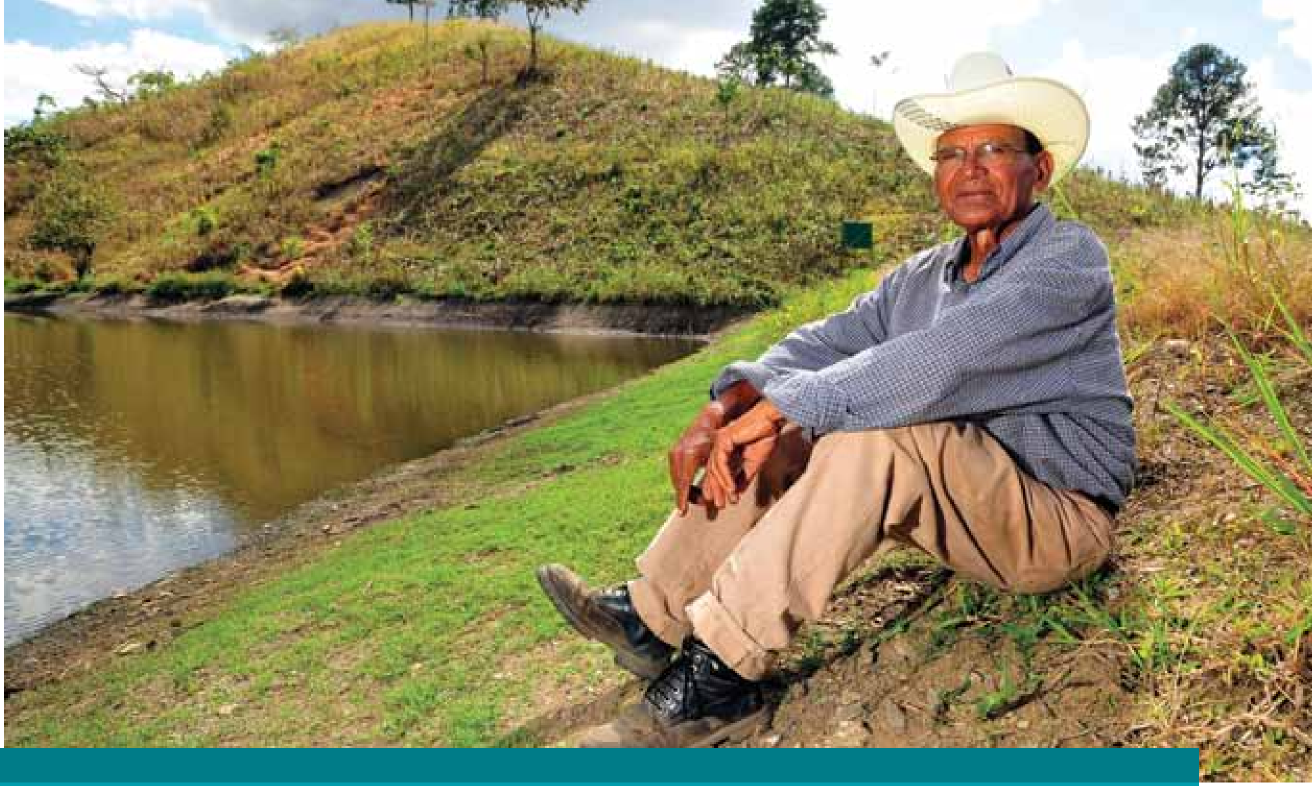


Photo: Neil Palmer (CIAT)

Water harvesting and agricultural transformation in Nicaragua

The green shoots of an agricultural revolution have appeared in Nicaragua. A CFC funded pilot project introducing water harvesting technology to small farmers has opened new opportunities and is transforming smallholder farming systems.

Nicaragua derives its name from 'Nicarao', the name of the Nahuatl-speaking tribe which once inhabited the shores of Lago de Nicaragua, and 'agua', meaning water. Although the country is blessed with large lakes, most smallholders suffer from water scarcity during the long dry season, and more recently periodic droughts during the rainy season. When the rains finally break, the arid landscape turns vibrant green and smallholder farmers work their lands, more or less as they have done for generations. The rainy season delivers considerable volumes of water, but much of this is lost as runoff, especially during downpours. If only these rains could be 'harvested', so that farmers may irrigate their lands and farm productively in the dry season, and use supplemental irrigation during the rainy season.

As far back as 2008, CFC embarked on a journey to pilot water harvesting in Costa Rica, Mexico and Nicaragua, and demonstrate its potential for transforming agricultural systems. The award winning project[1] was supported by the International Center for Tropical Agriculture (CIAT) and implemented by Fondo Latinoamericano para Arroz de Riego (FLAR), in partnership with local municipal governments. The project was championed by Dr. Edward Pulver[2], Santiago Jaramillo[3] and Sara Moreira at FLAR[4].

[1] The project was among the winners of a contest organized by FONTAGRO (an alliance of Latin American and Caribbean countries supporting agricultural research) for successful experiences of innovation in family farming adaptation to climate change.
[2] Technical Coordinator and Agricultural Scientist at FLAR.
[3] Technical Advisor and Water Harvesting Specialist at FLAR.
[4] Sara Moreira, Administrative Assistant. Also, Gonzalo Zorrilla acted as Project Manager.

The project was established as a pilot and aimed to introduce, demonstrate and disseminate the 'proof of concept' of water harvesting in different climatic conditions and scales. Originally intended to focus on rice, a major source of cash income for farmers throughout Latin America, the project quickly broadened its focus to include maize, beans, vegetables and fodder, in recognition of smallholder's mixed cropping systems.

In 2016 the project sites were revisited, across Nicaragua, to see how the pilot beneficiaries have consolidated their new knowledge and experimented with the opportunities that water harvesting and irrigation offered. It also looked at how others are attempting to harness and replicate the technology, and what the prospects are for sustainability.

Water is the key

In agriculture, water is the key to everything. Archaeological ruins in the Middle East and the Americas demonstrated productive and extensive agricultural systems based upon rainfall catchment technology. More recently, southern Brazil and Uruguay have been leaders in developing cost efficient on-farm water catchments, contributing to the 'Green Revolution'. According to Dr Pulver, experiences in these countries showed that water harvesting can be economically viable and environmentally sustainable.

However, in Central America, farmers, policymakers and the international donor community were unfamiliar with water harvesting technology and its potential to revolutionise small-scale agriculture. Simple water harvesting technology is potentially revolutionary for smallholders for several reasons.

"In recent years we have been suffering with poor rains as an effect of climate change and El Niño. Those farmers using water harvesting technology have done very well and we all recognise it. Water harvesting is a way forward."

First, access to sustainable irrigation eliminates the risk of crop failure or sub-optimal yields caused by late rains or unexpected droughts in the rainy season. Second, irrigation also permits an additional dry season crop. Dry season cropping is ideal because solar radiation is at its highest and most beneficial for photosynthesis, pest incidence is considerably lower, and market prices can be perhaps 30% higher. Third, irrigation opens the door for farmers to radically transform their traditional farming practices. Irrigation gives farmers the confidence to invest in quality inputs and use good agriculture practices, safe in the knowledge that their investments will yield an excellent return.

What is water harvesting in the CFC project?

The term 'water harvesting' has been used in all sorts of ways to describe methods of collecting rainwater. However, not all methods are equally effective or efficient.

Water harvesting in the CFC project should not be confused with roof water harvesting methods, which are far too limited to irrigate several hectares of food crops. Nor should it be confused with the excavation of large amounts of soil to create 'water pans', which may be useful for cattle drinking water but are uneconomic for irrigating hectares of crops. It also should not be equated with large-scale irrigation schemes, which involve the construction of dams on rivers, and which may pose environmental risks.

Rather, rainwater harvesting in the CFC project involves identifying promising watersheds and building small dams across gullies or natural depressions on a smallholder's land. This enables the harvesting of sufficient volumes of water to irrigate several hectares of farmland over a season. When possible, the resulting reservoir should be slightly elevated above a farmer's fields so that when an outlet valve is opened, gravity can deliver water to a farmer's fields via a small network of PVC pipes.

Eight reservoirs in different locations were visited around the country, from lowland rice fields, to arid lands near the border of Honduras. In each location, farmers welcomed the team with open arms, delighted to see the project team again and recount how their lives have changed.

Farmer Alexis Cáceres came in his Toyota pick-up truck, and showed the team around his farm, which he manages with his father and three brothers. *"When I first met him six years ago, he greeted us on a donkey, just look at him now!"*, remarked Mr Jaramillo. By Cáceres' own admission, taking part in the project was a real risk. But now the results are clear. *"Agreeing to construct the reservoir was the best decision I ever made"*. Mr Cáceres now irrigates nearly 16 hectares of land, and in doing so has tripled his maize yields and doubled his upland rice yields. He also successfully farms tilapia fish in his reservoir, and on occasion has sold water to his downstream neighbour who grows tobacco.

At the mayor's office in Nueva Segovia the team was again warmly greeted, before settling back and reflecting on the project's beginnings. *"This was a bold idea"*, an assistant to the mayor began, *"we were sceptical at first, and we weren't the only ones. However, in recent years we have been suffering with poor rains as an effect of climate change and El Niño. Those farmers using water harvesting technology have done very well and we all recognise it. Water harvesting is a way forward."*

Constructing a water reservoir

Water reservoirs can be easily constructed and last a lifetime with minimal maintenance. There are a few things to look for in a potential site to ensure that it will fill with water. An ideal site is located in a natural depression or gully between two slopes, requiring only a dam across the slopes to create a reservoir. To maximise efficiency, the sites are identified where the potential volume of captured water would be ten times the volume of soil movement required to construct a dam and level out the reservoir floor.

Soil movement for dam construction typically costs USD 2-3/m^3, although in Nicaragua a lack of appropriate equipment for moving soil (scrapers), and compacting soil (rollers) brought the cost up to USD 4m^3. However, it is possible that appropriate equipment will become available once the idea of water harvesting is expanded, thereby reducing costs. In total, the cost of a reservoir can vary from around USD 5,000 to USD 20,000, depending upon the size of the dam and the amount of soil movement required.

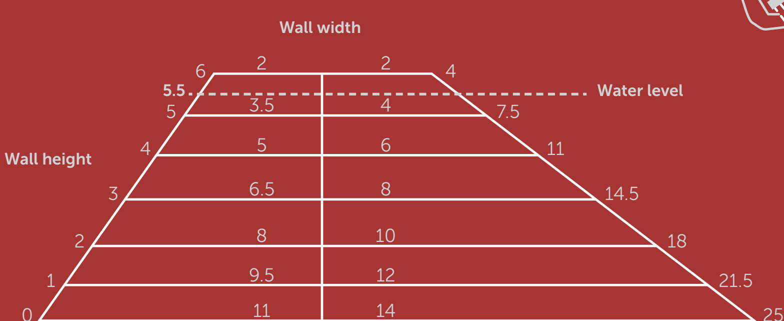
Certainly, this is a relatively large investment for a smallholder. However the cost of construction should be considered across the full lifetime of the reservoir, the alternative cost of pumping ground water (which can be up to USD 500 per hectare per season), and the considerable returns farmers will realise through higher yields. Water harvesting reduces the cost of a m^3 of water to less than USD 0.02/m^3, when the initial costs are depreciated over ten years. The project team estimates from their analysis that farmers can easily pay the initial construction costs within five years.

Most farmers use their water reservoir for gravity irrigation, supplying water to their fields via pipes. This means that reservoirs must be slightly elevated relative to the fields to be irrigated. Reinforced outlet pipes are then embedded in concrete beneath the dam. To irrigate, the farmer simply needs to open a valve on the other side of the dam, releasing the harvested water through a network of PVC pipes. In the case of lowland rice irrigation, farmers may opt to pump water from their reservoir, circulating it through their fields and back into the reservoir. Even this method can be around ten times cheaper than pumping ground water, whilst greatly reducing chemical runoff.

Rainfall patterns should be assessed to estimate potential flows into the reservoir. However, even areas with low annual rainfall can still fill a reservoir, provided there are several intense downpours in the rainy season and other factors are favourable. For example, soils should have moderately low infiltration rates between 1 and 4 mm per hour, which is fairly common for lands used for crop production. Sandy or gravely soils with high infiltration rates are unsuitable for water harvesting. Another variable is vegetation in the surrounding watershed which plays a significant role in the volumes of surface runoff. Surrounding pastures and cultivated lands have fairly high runoff rates, and are excellent for filling reservoirs. In contrast, land densely covered with bush or forest have reduced runoff.

The construction of on-farm reservoirs is not high end technology, but it is an innovation that requires proper technical oversight to maximise potential and avoid expensive failures. Farmers intending to construct reservoirs in Nicaragua should apply for resource consent from the Ministry of Environmental and Natural Resources, Nicaragua. They should include safety features, such as an overflow outlet, and be of sufficient strength to withstand hurricanes and other freak weather events. A reservoir should never be located in sites where the rupture of the dam can cause damage to roads, houses or other structures.

Figure 1: Transverse profile of a reservoir wall



Photos: Neil Palmer (CIAT)

Santiago Jaramillo gives an on-site training on water harvesting technology to participants from around Nicaragua

Adapting to a changing climate

The mayor's assistant was not the only one who mentioned the changing climate. Farmers all shook their heads as they discussed how climate change is already acerbating a risky food production system in their regions.

During the last few years, farmers have experienced severe drought periods and rains have ceased earlier than they are accustomed to. Drought periods strike rural livelihoods directly, contributing to poverty and food insecurity. Everyone concurred that climate risks can be significantly reduced, or even eliminated, by transforming traditional rain fed production to irrigated, high production agricultural systems.

On current trends, this will be the hottest year ever recorded globally, with previous records also set in 2015 and 2014. In fact, fifteen of the sixteen warmest years have occurred in the twenty first century[5]. Water harvesting, as practiced in the CFC project, is a promising technology for climate change adaption.

Building partnerships for development

The project piqued the interest of the Nicaragua National Association of Rice Growers (ANAR)[6] because it aligned with their mandate to support the competitiveness of rice farmers. The CAFTA-DR Free Trade Agreement[7] has weakened the hand of associations and governments to impose tariffs and manage prices. Therefore, much more attention is now being given to developing and disseminating methods of boosting productivity to improve competitiveness. Water harvesting is one important innovation that can help Nicaraguan rice farmers realise their potential after decades of only marginal improvements in yields.

Historically, Nicaragua has been wary of private sector involvement, with the government preferring to manage resources itself. However, ANAR has helped to convince the government that institutions such as CFC, who support private sector development in agriculture, can be reliable financiers and partners in development. Having seen the results of the CFC project, and with vocal support from farmer associations and farmers themselves, the government has come to see water harvesting as an opportunity for the national agenda.

Technical support and closing the yield gap

It would be a big mistake to think that the construction of water reservoirs is the end of the story. Dr Pulver and Mr Jaramillo emphasise that water harvesting is about much more than the design and construction of quality reservoirs.

The *real* goal is to transform smallholder's entire approach to farming. Access to water, the biggest constraint of all, is a necessary but not sufficient factor for high productive agriculture. Technical assistance is an essential piece of the puzzle to achieve consistently high yields.

[5] See http://www.ncdc.noaa.gov/sotc/summary-info/global/201605
[6] Asociacion Nicaraguense de Arroceros (ANAR), see http://anar.com.ni/
[7] Dominican Republic–Central America Free Trade Agreement.

On the team's journey from farm to farm, Dr Pulver frequently made reference to the 'yield gap'. *"There is little reason why Nicaraguan farmers cannot achieve yields similar to their American counterparts by using water harvesting and irrigation, improved genotypes and appropriate agricultural practices."*

Some supporting actors favour taking an incremental approach to improving yields, say, through the development of new varieties. However, the project team's approach was to impart knowledge on a full set of improved practices, because the combination of practices magnifies their effect on yields. During the project, the team focused their technical assistance on using sound agronomic practices that include the following:

(i) Irrigation via water harvesting: Water is linked to all other production issues. It allows farmers to be flexible on their planting dates, ensures that investments in quality seed and fertiliser will yield strong returns no matter the rainfall, and acts as a weed control for rice. Training in basic irrigation systems is vital, as irrigation is new to most smallholders. A frequent issue in the pilot was the over-irrigation of some crops.

(ii) Aligning planting dates to optimal solar radiation: Cereals have higher yield potential when planting dates are aligned to optimal solar radiation. With water harvesting, dry season farming is possible thanks to irrigation from the reservoir. Potential yields are higher in the dry season by 1-2 tonnes per hectare because of the increase in photosynthesis driven by higher solar radiation. For beans, planting at the end of the rainy season is optimal because of rising temperatures during the dry season.

(iii) Understanding the underlying biological system: Many farmers were found to be spraying pesticides too early and too often, affecting natural biological controls, such as spiders and insects, in the fields. Instead, farmers should use quality seeds which are treated with systemic insecticide to protect the plant in its first 40 days.

(iv) Use of high quality seeds of improved varieties planted at optimal densities for high yield: The project introduced high yielding maize hybrids, which can be planted in a much higher density. Previously farmers were planting around 35,000 plants per hectare, but the project team increased this to 110,000 plants per hectare.

(v) Practicing early weed control: Weed control should be based on the stage of weed development, not the stage of crop development. Early weed control avoids situations where weeds compete with the crop for nutrients.

(vi) Balanced nutrition applied at rates for high yield: Farmers should adjust the amount of nitrogen fertiliser they add in relation to the available solar radiation and the desired yield. For example, in the dry season where solar radiation is higher, more nitrogen is required.

At each site, the project team reiterated the importance of technical support in the project. *"There is an absolute need to accompany water harvesting technology with improved crop management," said Pulver. "If farmers continue with traditional crop management practices under irrigation then large yield improvements may not be realised, and this could make the water reservoir uneconomical to construct"*.

A project assessment found that yields on beneficiary's farms had been boosted significantly, along with household incomes[8]. Traditional maize practices typically yield 2-3 tonnes per hectare in Nicaragua, but farmers in the CFC pilot are now yielding up to ten tonnes per hectare by utilising irrigation and applying the full set of improved practices. For rice, traditional practices yield around four tonnes per hectare, or even lower for those farming upland rice, lacking adequate water management. However, with perfect water control and best practices, the project can claim yields up to eight tonnes per hectare.

The challenges of technical support

Training smallholders is never as easy as giving a few simple explanations. *"Many farmers think they already know, because it's how they've always done it,"* explained Pulver, *"but they don't, they need to be shown and then monitored, so that the changes we introduce are adopted."* The project team made it a condition that participating farmers had to be willing to work with the team and apply the improved practices according to how they were taught. Without this understanding, the 'model farmer' system cannot work.

David Zamora was one of the poorest farmers in the pilot, farming basic food crops on about 3.5 hectares of land. In the dry season, he told us, he had to buy maize for his family and struggled to afford enough feed to keep his three cows alive. The project team chose to work with Zamora in the pilot to prove that the technology could be grasped by anyone.

"I had never heard of it before", conceded Zamora, *"I was ignorant of water harvesting and these new practices."* Initially the training and sensitisation went badly. He doubted the plan would work, and took quite some convincing by the project team. *"I just couldn't envisage it, and how it would work. The project team told me one thing, and my family thought*

[8] Pulver, E., Jaramillo, S., Moreira, S., Zorrilla, G. (2013). *Transformation of Upland to Irrigated Agriculture through the use of Water Harvesting in Cost Rica, Mexico and Nicaragua.* Project completion report, October 2009 - November 2012. CFC, FLAR, CIAT.

I was being foolish." Projects come and go in these parts, and Zamora feared he would be left with nothing but an empty hole on this land. A personal discussion with the project team opened his eyes. He realised he was barely eking out a living on his land and age was catching up with him. Zamora gave the project a chance.

"We had several arguments!", Pulver and Zamora joked, now reminiscing as friends. Farmers have their pride, and some of the training ran counter to the practices of generations of farmers in the area. Zamora said he had never received technical assistance before, but that it was all worth it in the end. The concepts have sunk in, and he has been applying them ever since. No longer does he have to buy maize in the dry season to feed his family, he receives fantastic prices for his maize and beans, and he has expanded his cattle herd. His cooperative provided a loan for him to be able to purchase quality seed and fertiliser, which he was able to repay in his first season, and he has never needed a loan again.

On the road again

It had been four years since Victor Beltran had seen the project team and he was eager to show the team his progress. Up near the Honduran border rainfall is lower than in the other areas visited. As he gave us a tour around his eight hectares, his farm looked to be in good shape.

"Before in the dry season there was nothing – it was so dry. This technology has totally changed the way we produce our crops." Beltran's reservoir has made him almost famous in the district, and he has become somewhat of a tour guide to interested visitors from all over Nicaragua, and as far afield as Honduras. Beltran's message was that farmers can do very well with water harvesting – but only if they follow the team's guidelines on improved methods. Applying traditional practices with water harvesting will not yield the results they desire.

When asked if there was anything he wished he had done differently, Beltran thought for a long time. *"It's a difficult question"*, he said, *"because the project has changed completely the way that I think as a farmer. When the dry season comes, other farmers are under stress and are not sleeping well. I sleep very well!"* His advice to other farmers like him is to keep an open mind to change – it can be very lucrative.

"Before in the dry season there was nothing – it was so dry. This technology has totally changed the way we produce our crops."

Alfonso Hanon's farm is the largest in the pilot project and located in Malacatoya, a major irrigated rice growing region of the country. Hanon's involvement in the project helped to demonstrate that water harvesting technology is scalable, applicable to larger and more sophisticated farms, and can also be applied in relatively flat areas. Previously, Hanon pumped ground water at a cost of around USD 500 per hectare, per season. But by damming a natural depression on his land and pumping from the reservoir, he has reduced his pumping costs to USD 50 per hectare. All the more impressive is that his runoff, containing chemical residues, is now being recycled via his water reservoir and back onto his fields, rather than being released downstream.

Photos: Neil Palmer (CIAT)

A gully fed by a large watershed area can be dammed to create a water reservoir

Water harvesting and irrigation eliminates drought risk, and offers the opportunity for an additional season of dry season cropping

Table 1: Movement of soil for the dam wall

Cuts (m)	Width (m)	Length (m)	Area (m^2)	Average water surface area (m^2)	Height (m)	Partial volume (per cut) (m^3)	Total volume (m^3)
0	25	7	175.00	87.50			
1	21.5	55.8	1199.70	687.35	1	687.35	687.35
2	18	65.1	1171.80	1185.75	1	1185.75	1873.10
3	14.5	74.1	1074.45	1123.13	1	1123.13	2996.23
4	11	81.4	895.40	984.93	1	984.93	3981.15
5	7.5	89	667.50	781.45	1	781.45	4762.60
6	4	95.9	383.60	525.55	1	525.55	5288.15
						Compacted	**6346**

Table 2: Volume of water accumulated

Cuts (m)	Area (m^2)	Average water surface area (m^2)	Height (m)	Partial volume (per cut) (m^3)	Total volume (m^3)
0	2,500	1,250	0		
1	4,600	3,550	1	3,550	3,550
2	5,677	5,138.5	1	5,138.5	8,688.5
3	14,678	10,177.5	1	10,177.5	18,866
4	24,900	19,789	1	19,789	38,655
5	32,720	28,810	1	28,810	67,465
5.5	35,300	34,010	0.5	17,005	84,470
				Total	**87,643**

Efficiency index (Total water volume / total soil moved)
13.8

Replication and scaling up

Farmers in the CFC pilot told the team that they are totally convinced about water harvesting technology. Numerous field days have been held and thousands of farmers and supporting actors have now seen the pilot project in action. The next obvious step is greater replication to achieve impact at scale. The project team feel that replication should still involve the construction of reservoirs at the individual farm level. This ensures the whole system is properly managed and maintained, because individual farmers have a vested interest. Attempting to share a water reservoir between farmers is likely to result in conflict due to the amount of water a reservoir can hold.

Around Somoto region the team came across numerous recent attempts at replicating water reservoirs, either by private farmers, or with the support of other organisations. On the one hand this was very encouraging – it shows that people are being sensitised to the potential benefits of water harvesting and are willing to invest. On the other hand, the team noted a few obvious concerns. Some of the replicated water reservoirs appeared not to have made best use of watershed areas, and some had reverted to inefficiently digging large holes. A number of these reservoirs appeared not to have had sufficient soil compaction, and there were concerns around their structural integrity in the event of a hurricane. However, the team also heard that an organisation had taken up the challenge of constructing a number of reservoirs that the CFC pilot couldn't fund.

Drawing lessons

Overall, the CFC pilot has been a great success. The team's return visit to the pilot site areas found that the prospect for long-term sustainability is excellent. The pilot has transformed agricultural systems, changed mind sets and delivered observable livelihood changes to beneficiary households.

There are many lessons that have been learned through the CFC pilot, and FLAR is ready to provide knowledge support to local government, national ministries and other supporting actors who are interested in bringing water harvesting to thousands of hectares of smallholder farmland.

Overall, the CFC pilot has been a great success. The team's return visit to the pilot site areas found that the prospect for long-term sustainability is excellent.

Farmers in the pilot were quick to pick up the concept of water harvesting and now know what to look for in a good site.

The project has sensitised many actors, including the government and international NGOs, even though the concept still appears to be lacking a champion to bring it to scale. Experiences in Brazil suggest that leadership is required at national level to drive the concept forward. The combination of technical considerations, safety regulations and permits, and cost-sharing suggest that public-private partnerships could be the way forward.

The main lesson is the importance of the technical training component. While physical infrastructure often appears more visible and impressive, it must be remembered that the real goal of water harvesting is agricultural transformation. The CFC pilot has provided a blueprint for developing sustainable water harvesting and irrigation systems, and it is an opportunity that must be harnessed.

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Acknowledgements: Edward Pulver, Technical Coordinator CFC-FLAR and Santiago Jaramillo, Technical Advisor CFC-FLAR

Photo page 11: Farmer Joaquin Gonzalez at his family's water reservoir

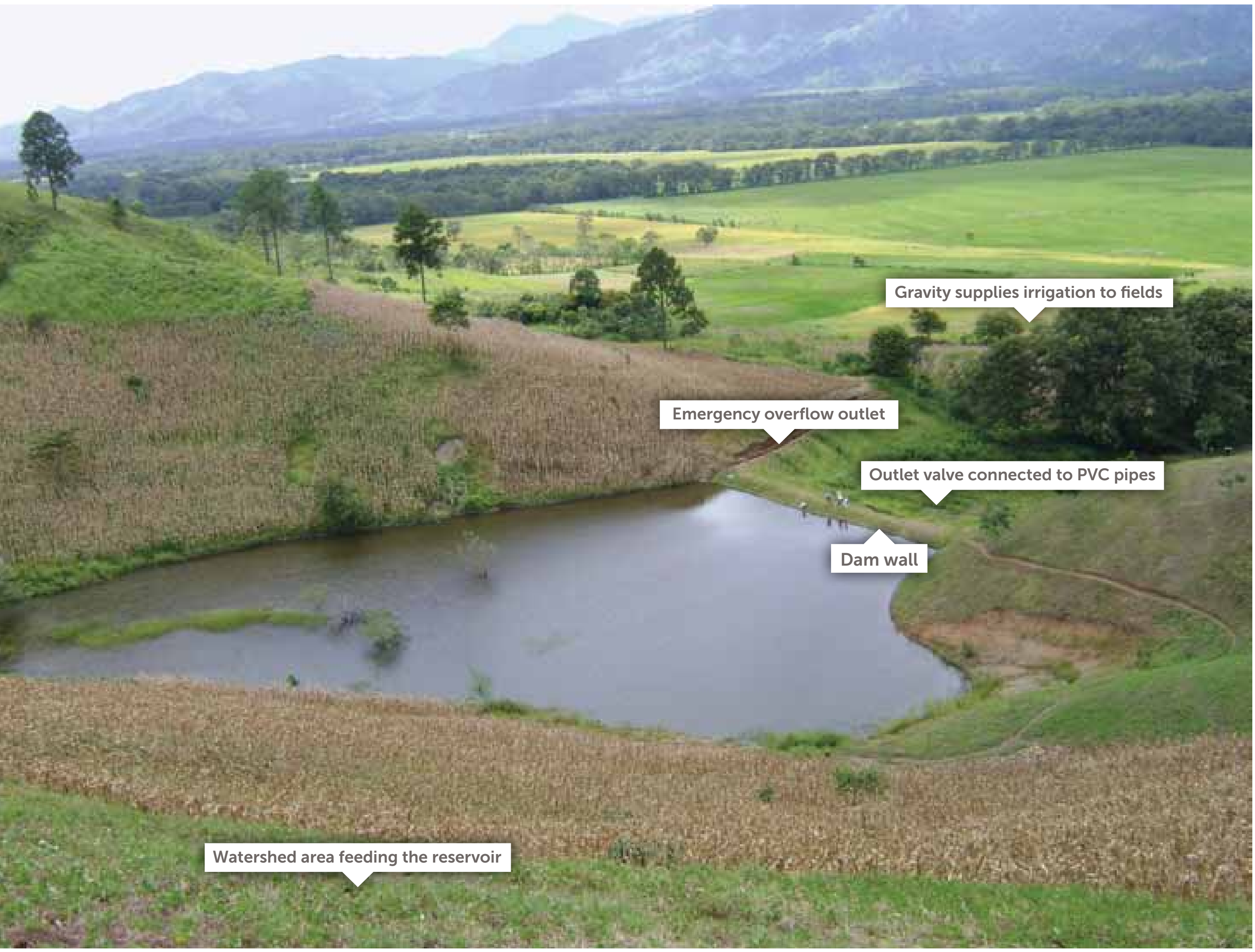


Photo: Neil Palmer (CIAT)

Photo: Match Maker Group

Impact Investment in small and medium agri-business enterprises in **Tanzania**

The journey of the **Match Maker Group** to **finance growth** of agri-business **SMEs**

Impact investment is the talk of the town in agricultural development, and at times, presented as if it is the next silver bullet for agricultural development, promising to accelerate growth. Whilst it will not be the solution to all agricultural development problems, it is clearly a fast developing additional financing stream which complements the reducing grant funding for agricultural development.

Whereas the enthusiasm for impact investment in agricultural development is high, amongst development organisations, as well as private investors, the portfolio of actual investments is developing at a slower pace. The question of how to reach emerging small and medium enterprises (SMEs) and provide them with the opportunity to grow and develop, is particularly challenging.

Since 2010, the Match Maker Group has gained experience financing SMEs in agri-business, funded through impact investors. Rather than joining the chorus and debating impact investment, they have designed the SME Impact Fund (SIF), convinced investors to back it, and invest the fund by offering finance to SMEs in agri-business in Tanzania.

CFC involvement in the SME Impact Fund allows us to learn from their experience and insights into effective SME financing.

CFC COMMON FUND FOR COMMODITIES

KIT

Match Maker Fund Management

Background

Support to SMEs is not a new approach to promoting rural development. The ideas underlying the SIF, date back to the mid 1980's. Attention started to be paid to the business development and financial service requirements of SMEs. There was at that time however, the conviction that a functional separation between financial services and business development services (BDS), should be maintained. This often resulted in a mismatch of services as a result of the lack of coordination and collaboration between different providers. Therefore, where coordination and collaboration was forced, more successful support could be provided to SMEs.

In the late '80s and early '90s, revolving funds were set-up and managed by development programs to facilitate access to finance for difficult-to-fund target groups, in particular, farmers. However, many of these funds turned out to be 'depleting' rather than 'revolving' funds due to a combination of factors including: government tendency of commodity price setting, high inflation, lack of a repayment culture and inadequate enforcement mechanisms.

There was a boom in micro finance in the early and mid '90s, which revolutionized access to short term credit for marginal, micro and small enterprises. It did however leave a financing gap of small enterprises needing a combination facilities for the medium term to support their cash flow. Furthermore, the larger credit requirements of medium sized enterprises were not served by the micro-credit revolution. Typical trading activities benefitted most from micro finance.

Since the mid '90s, the involvement of development organisations and the government in facilitating access to finance for SMEs has increased, albeit with generally limited success, high transaction costs and hence low efficiency and no sustainability. What remains is a 'missing middle' – a gap in access by SMEs to relevant, timely and comprehensive financial services (Figure 1).

A result is the continuing frustration of growth of promising enterprises and a low competitiveness of emerging enterprises compared to established enterprises. In general, this contributes to the underperformance of agri-business enterprises as drivers of agricultural value chains.

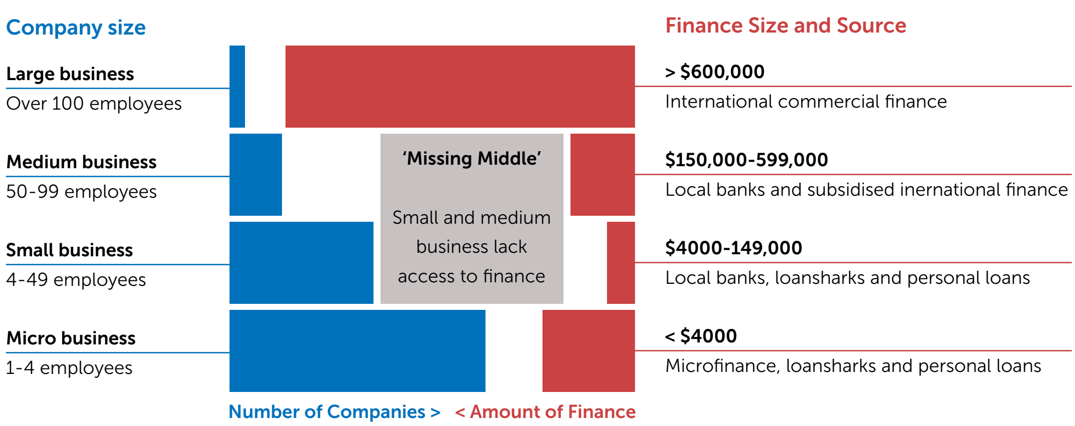
In 1994 Henri van der Land and Peniel Uliwa, founders of the Match Maker Group, collaborated in a project which deliberately integrated business development support (BDS) expertise, financial expertise and a financial facility for SMEs with insufficient collateral to access a guarantee fund. This integration of services was however an exception.

Out of frustration with the poor effectiveness of projects and programs aiming to support agricultural SMEs, as well as eagerness to realise impact, Henri and Peniel initiated their own SME support facility. The facility would integrate BDS with a financing system. As a result the SME Impact Fund was born in 2010, although it would take another 3 years to obtain the required investments. Commitment of the Catholic Organization for Relief and Development Aid (CORDAID) as anchor investor, led to a breakthrough with regard to convincing more institutional investors. The involvement of the key new partner from the financial world with a strong network of family offices resulted in bringing on board private impact investors.

SME impact fund set-up and implementation mechanism

The SME impact fund (SIF) is not an equity investor in SMEs, but provides loans and semi-equity with (fixed) interest to SMEs. For contributors to the impact fund however, it is an investment with a return depending on the success of the fund. The SIF is a closed fund with a lifespan of 9 years and a possible extension of 2 years. Three institutional and 10 private investors have invested in the fund, with an initial projected return of 6%, depending on the success of the credit portfolio.

Figure 1: The 'Missing Middle' in agri-business finance



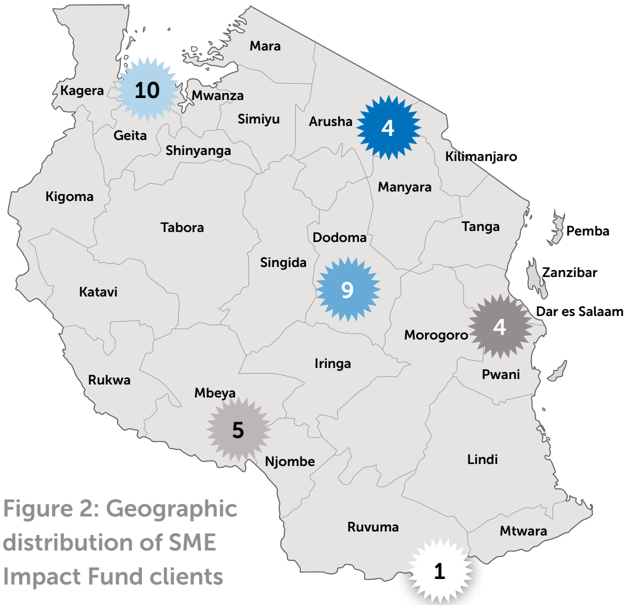
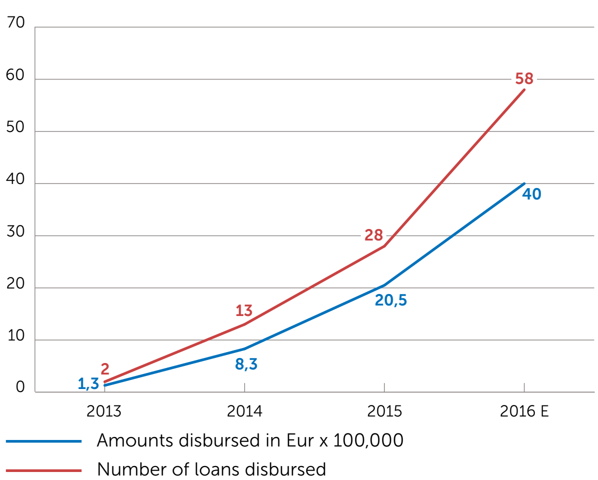


Figure 2: Geographic distribution of SME Impact Fund clients

The fund is targeting SMEs throughout Tanzania (Figure 2), mainly in agricultural processing. The ticket size is Euro 50,000 – 500,000 for a period of 9 months to 5 years. The fund is small, currently amounting to Euro 4 million with the ambition to grow to Euro 7 million in 2017. Since mid-2013, 50 loans have been disbursed to date, totalling Euro 3.2 million (Figure 3). The current outstanding portfolio is slightly over Euro 1.7 million.

Figure 3: Cumulative SME Impact Fund portfolio development, 2013-2015, with projection for 2016



The fund is registered as a CV (tax transparent limited partnership) in the Netherlands and Match Maker Fund Management (MMFM), registered in Tanzania, have been contracted to manage it. MMFM is a sister company of Match Maker Associates, which provides business development and consultancy services. Together, the companies are branded as the Match Maker Group. The group has 22 employees, of which about 5 work on the fund management, and the rest for Match Maker Associates.

The SIF's strengths are:

- Integrated approach combining tailor made BDS with cash flow and character based finance.
- Clients of the fund receive tailored BDS funded through grants and a 10% own contribution.
- A low overhead, total fund management costs are Euro 300,000 annually.
- Low write offs, so far below 3%
- Very competent local external investment committee
- Highly committed and patient investors
- Highly focussed business. Turnover and profitability depend solely on lending to the right clients
- The risk of credit provision is relatively low compared to providing equity.
- Fund business model is sound and likely to result in the first net returns by 2016.

The SIF's challenges are:

- Operating from one central office makes client monitoring more difficult, due to the long distances and mediocre road infrastructure.
- No upside for the fund management company as the management fee is capped.
- Up scaling of the portfolio requires investments in improved management and monitoring systems, inhibited by lack of resources.
- Complex and continuous evolution of business context and climate requires significant attention to mitigate risk exposure for investors.
- The fund is small, making institutional impact investors hesitant as the returns and ticket sizes are relatively low.

The SIF experiences to date

The fund has been successful in building a portfolio with a low expected and real-life loan write offs. The Fund is learning from difficulties it meets with a number of its investments (see case study Boxes 2-5), and the proportion of cases in which actual write-offs have occurred is minimal, accounting for only 3%.

Screening of business cases

Viability assessment of the business case is the relatively easy part of fund management. This can be done in a relatively objective manner and the fund, supported by the BDS advisors, harbours the expertise required to assess local agri-business propositions in Tanzania. What is much harder, is the assessment of the entrepreneur's skills, commitment, professionalism and ethics. These are highly subjective matters which are not easily measured. The character, competence and integrity of the entrepreneur will determine whether or not the loan is successfully reimbursed.

Such factors are so important because ultimately, the fund has a limited leverage over an entrepreneur who is willingly defaulting. Although 100% collateral is requested, the recovery of a loan from a defaulting client is costly, cumbersome and time consuming. Part of the loan can be repaid from the selling of goods put up as collateral, but this will never yield the full value. The problem is further aggravated by the prevailing and changing nature of the judiciary system in Tanzania.

Overall, there is a strong disincentive for the fund to get into conflict with clients and proceed with debt collection or the forced selling of pledged collateral to recover a loan. The transaction costs in both time and capital are high, the outcome of the process unsure and highly unlikely to cover a reasonable proportion of the costs. This puts the greatest emphasis on character assessment of the entrepreneur in the process of loan consideration by the Fund.

Keeping costs low

The fund management fee is fixed at Euro 300,000 annually. This puts a healthy challenge on the fund to remain effective and focussed. The main expenses are staff costs associated with the assessment of business cases and regular follow-ups with clients. This continuous support proves to be fundamental in managing the risks of the loan portfolio on behalf of the investors. Regular personal contact is required to witness business progression, and maintain a personal relationship with the client. Considering the fund has chosen a country-wide mandate, road travel consumes much of staff time. In addition, it is a substantial direct cost even though the fund does not have its own fleet of cars and uses long distance buses and local transport.

At the current portfolio size the fund management fee is tight, and problems may arise once the ambition to grow to a larger total volume of loans is realized. However, it is expected that annual staff costs can be maintained at 4% of the committed capital, once the fund reaches its predicted potential of Euro 7 to 8 million.

Projected return on investment was too optimistic

Although generally speaking the fund is operating well, the initially projected 6% annual return on investment is not likely to be achieved. This estimate has since been reduced to a more realistic 3%. The fund start-up time, and the prudence observed in accepting business cases implies that the portfolio grows slowly. The risk of under investment is not so much caused by the number of loans disbursed –2 loans from July 2013, 10 loans in 2014, 17 loans in 2015 and 30 loans in 2016 – but more by the ticket size of the loans currently standing at Euro 80,000 on average. It was anticipated that repeat borrowers would absorb much larger loans but due to economic contractions this is not happening yet.

Fortunately the investors are committed to the success of the fund, and are not only considering the financial return on investment, but also the social return in the form of a positive impact on poverty.

Main loan default risks

From analysing experiences of the firm over the past 4 years, a number of main risks may result in loan default clearly stand out. For each of these risks, case studies are provided (see boxes 2-5). The outlined cases are real clients of the fund. To comply with the confidentiality clause in the contract between SIF and its clients, the cases are anonymised.

(i) Risk 1: The entrepreneur is not genuinely interested or motivated in paying back the loan (Box 2)
(ii) Risk 2: The entrepreneur is over-invested and overstretched. This does not allow for mitigating economic shocks to the business (Box 3)
(iii) The entrepreneur does not invest the resources in the proposed business, but is venturing into (a diversity of) other directions which were not assessed for their promise to deliver (Box 4)
(iv) The entrepreneur is managing the business opportunity poorly, resulting in poor performance and the inability to pay back the loan (Box 5)

Box 1: Process and criteria to access a loan from the SIF

Process:

1. *Pro-active search for leads by MMFM investment officers through visits, networking, partner institutions and existing clients*
2. *Explain opportunity to potential client and detail required information*
3. *Wait for the potential client to provide requested information*
4. *Preparation of a full business plan and financial projections*
5. *Analysis of the financial situation of the company and entrepreneur*
6. *Verification of the business case by the appraisal team*
7. *Drafting of the loan proposal by the investment officer*
8. *Decision by the internal investment committee*
9. *Decision by the external investment committee*

Eligibility criteria:

1. *Euro 50,000-500,000 loan*
2. *9 months – 5 years*
3. *100% collateral*
4. *Registered Active Limited Liability Company*
5. *Current annual returns available*
6. *Minimum 2 years company track-record*
7. *Verifiable turnover of minimum 250 million Tanzanian shillings (TZS) (approx. Euro 100,000)*
8. *Preferably work directly with smallholder producers to assure strong supply base*

Box 2: A good business case, but an entrepreneur with limited motivation to repay the loan

Company

A maize processor in the Kagera region. The business is well established and possesses modern maize milling and packaging equipment with a capacity of 20 t of maize per day. The main product of the business is pure maize flour for food consumption, packed in 5kg, 10kg and 25kg polythene bags. The business was managed full time by the entrepreneur and employed an additional 6 permanent employees.

Loan

The company secured working capital credit from SIF to procure maize during harvest time for processing into maize flour.
Loan size: TZS 100,000,000
Disbursed December 2015.

What happened

The entrepreneur only repaid a single instalment. Despite several monitoring visits to resolve the matter, reminder letters and demand notices, no satisfactory response proposing a repayment strategy was received. The case was handed over to debt collectors and the fund lawyers for recovery of the loan.

The recovery procedure has been cumbersome. Some of the properties (equipment and building) that was pledged to the fund, have been liquidated and about 50% of the outstanding debt was recovered. However, the case is still pending in court. The entrepreneur is not being cooperative and has never fulfilled any of the promises made regarding repayment, nor was he responsive to the attempts of the fund to discuss a settlement. This is interpreted by the fund as a signal that the entrepreneur had no intention to repay the loan from the beginning.

The case causes added damage as a result of judicial processes, which require costly legal support and requires substantial time investment by MMFM staff. The lawyers and debt collectors require supervision, follow-up and support to assure they provide quality service. Due to the complexities and delays in the judiciary system, legal processes are long and the outcome is often uncertain. In theory, these costs are charged to the borrower if he is found liable, but actual payment is unlikely.

Mitigation to minimise chances of such cases in future

The technical screening procedures were in itself right, but have been strengthened with additional verification steps. The entrepreneur did not mention that he already had procured maize on credit from farmers so the working capital loan was largely used to offset the debts, not to buy new stocks. The lesson learnt in this instance is place more attention on KYC (Know Your Customer), and a deeper character check is important at the initial assessment stage. The firm has now engaged with the Credit Reference Bureau to gather relevant credit history of the potential borrowers. Furthermore cases can be rejected based on the 'gut-feeling' of a member of the assessment team alone.

Photo: Match Maker Group

Maize flour mill

Risk mitigation strategies of the fund, developed based on experience

Business development support

Each client receives extensive, tailor made business development support by advisors with an accounting and business commerce background. These services are provided directly by the staff of the Match Maker Associates. Business development support to clients is not included in the loan costs, but funded mainly through grants. The clients pay a 10% contribution to the costs of the support services received. The Match Maker Group has been able to assure access to the resources required to provide these services. Business service provision through independent service providers was tried, but did not yield the desired results.

Screening process

There is a well-articulated screening process, during which an in depth analysis of the entrepreneur's monetary situation is carried out. A purpose made financial model is used to provide insight into the expected profitability and cash flow needs of a potential business. The collateral is expertly valued and assessed. The business case itself is evaluated by the appraisal team. Once the internal investment committee approves a proposal, the dossier is studied by the external investment committee before the loan is approved. Also, a credit reference check is undertaken by one of the credit reference firms in Tanzania. This is a rather recent phenomena, and with more financial institutions, especially banks, but also micro finance institutions submitting data, the reference becomes more meaningful.

Bananas freshly harvested for delivery to a beer factory

Photo: Match Maker Group

Box 3: Case of an entrepreneur running into (temporary) difficulties as a result of unforeseen shock and a lack of buffer to respond to it

Company

A banana wine producer in the Arusha Region. The business is managed fill time by the owner who was a banker for over 22 years.

Loan

An investment loan was secured to improve production and product distribution and strengthen working capital through the acquisition of two trucks and delivery plastic crates.
Loan size: TZS 240,000,000
Disbursed February 2015

What happened

A substantial sugar shortage resulted in a spike in prices. The wholesale price for 1 bag of 50 kg has risen from TZS 80,000/= up to TZS 180,000/=. Sugar constitutes the main cost of the business's production, accounting for almost 60% of the total production costs. As a result, the production of the banana wine was no longer profitable and production stopped.

An attempt to substitute sugar in the process by industrial ethanol changed the product taste substantially and the product had to be pulled from the market. In addition, it effected the company's reputation and led to a dip in sales. As a result, the business registered a direct loss of over TZS 87.2 million.

The fund, together with the entrepreneur re-examined the business. This involved developing new financial projections and ensuring that proper record keeping and cash flow updates were being carried out. The company was closely monitored and the following measures were recommended for approval by the investment committee members:

(i) An extension of the loan grace period by 3 months, during which the business only paid accrued interests over the principal amount.
(ii) An additional loan amounting to TZS 40 million as a working capital to restore normal cash flow.
(iii) Elongation of the repayment tenure to 41 months, resulting in the reduction of the monthly pay back instalments.

Mitigation to minimise chances of such cases in future

The fund has introduced a cash flow monitoring tool to be filled and submitted by clients; this tool acts an early warning system. The fund has also introduced right to access internet bank statements, in order to monitor online transactions and turnovers of the borrowers. In addition, the BDS advisor team has introduced financial management courses, which all clients are invited to attend. The content of the course includes cash flow, inventory and loan management, accounts receivable and payable management, record keeping and proper internal controls.

Photo: Match Maker Group

Labelling banana beer bottles before distribution

In addition to the production of an objective dossier by the appraisal team, the fund also allows the experience and personal intuition of professional staff regarding the entrepreneur to play a role in decision making. The decision is not entirely based on emotion, but is triggered by behavior such as delays in submitting bank statements, 'forgetting' to mention a loan with another financial institution, the use of multiple names for his/her company, or other indicators of a lack of full transparency and disclosure. In case of doubt by any one of the team members, a dossier is rejected, without further hard evidence, even if there is no obvious flaw in the business case.

Build-up credit relation with clients over time

As a rule, all clients start with a small short loan for the minimum size of US$50,000. This is a low-risk method to build a relationship and get to know the entrepreneur. Entrepreneurs with a demonstrated implementation, reporting and pay-back discipline are eligible to longer term loans for higher amounts.

Early warning system and flexibility and support in crisis

The right to view entrepreneur's bank statements has been made a condition for the provision of credit. This serves as an early warning system for the fund to assess whether an entrepreneur is likely to default. This enable the fund to intervene in a timely manner and support the client with mitigation plans.

Box 4: Case of an entrepreneur running into difficulties as a result of investing part of the resources into other ventures

Company

A sunflower oil processor based in Kondoa, Central Tanzania.

Loan

The company secured a working capital loan envisioned to be repaid in 15 months, inclusive three months grace period.
Loan size: TSH 150,000,000
Disbursed May 2015.

Several months after disbursement of the loan, the business experienced difficulties in repayment. Analysis by the MMFM team raised the strong conviction that the entrepreneur had invested part of the fund into the construction of a hotel. As a result, the sunflower business did not reach its full potential resulting in defaulting on the loan repayment. The hotel was also not yet accruing adequate income. Additionally, it is believed that creating such an establishment divided attention of the entrepreneur in terms of focus and resulted in neglect of the core business. Currently the sunflower processing enterprise is dysfunctional as a result of a lack of working capital, which was supposed to be boosted by the provided credit. However, the entrepreneur insists that the failure of the core business is due to a lack of sunflower seeds as a result of poor harvests experienced in the area during 2015/2016 season.

Photo: Match Maker Group

The entrepreneur demonstrated willingness to repay the outstanding monthly instalments. By 31st July 2016 TZS 100,881,000/= had been repaid. A loan restructuring is being discussed to reduce monthly instalments and extend the payback period by two years. The restructuring proposal has been shared to the Investment Committee for approval.

Mitigation to minimise chances of such cases in future

Disbursement of funds in instalments and the verification of fund usage before a subsequent instalment, has been made standard practice. Also, where feasible – particularly for capital investment – payments are made directly to the account of the supplier in favour of the borrower. Payments to supplier are made after verification of the correct delivery of machinery/equipment.

Box 5: Case of a good and promising business, but poor management by the entrepreneur

Company
A maize flour processor based in the Dodoma region.

Loan
The company secured a working capital loan from the SIF.
Amount: TZS 150 million + 400 million + 100 million
First loan disbursed in December 2013, second loan disbursed August 2014 and re-scheduling / topping up in June 2015.

What happened
This was the first client of the fund. At the time, the processing company had support by several development partners to upgrade production facilities for market expansion and business growth. Through United States Agency for International Development, the company secured a grant of TZS 143.9 million to procure an integrated modern maize flour processing machine with a capacity of 50 t per 12 hours, which was installed in a new premises in 2014.

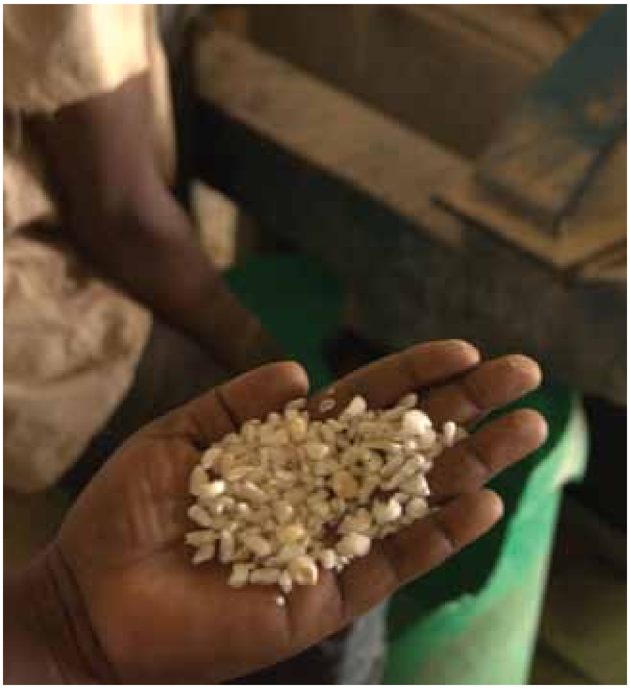
Once the first working capital loan was paid back, a next TZS 300 million working capital facility was provided to procure maize in late 2014. As a result of its increased processing capacity and quality of produce, the company could attract large buyers such as Tanzania Breweries Limited (TBL) and the World Food Programme (WFP). The business approached the fund for an additional TZS 500 million, of which the fund approved and disbursed a top up loan of TZS 100 in 2015.

The entrepreneur failed however to grow the management capacity at par with the rapid growth of the business and started committing produce too much for too many clients. Management did not increase in capacity with the growth of the company, and the advice to employ professional staff rather than relying solely on family members was ignored. The entrepreneur lost respect and contracts from buyers, and major cash flow constraints resulted in regular defaulting on the monthly repayment to the fund.

The fund had to intervene to avoid writing off on the loan:
- a *An overall re-assessment of the business was made which involved construction of a new financial projection model, assessment of the securities and evaluation of the entire business performance. Advice on financial management and a growth strategy of the business was provided.*
- b *The fund provided a cash flow tracking instrument to the business and weekly updates are submitted to the fund. However, the entrepreneur was reluctant to do so.*
- c *The fund tried to improve the entrepreneur's inadequate business management skills by offering an interim financial controller through BDS support, with the entrepreneur required to cover part of the cost. Unfortunately, this offer was rejected.*

Mitigation to minimise chances of such cases in future
The fund has introduced a cash flow monitoring tool to be completed and submitted by clients. This tool acts to alert the fund about any worrying cash flow trends of the entrepreneurs. The fund has also introduced viewing internet banking statements in order to monitor online transactions and turnover of the borrowers. Additionally, through the BDS advisors, financial management courses for entrepreneurs have been introduced.

Photo: Match Maker Group



Raw material for maize flour production

The fund sees it as essential to identify difficulties as soon as possible so that the situation can be assessed and a proposal of how to deal with payback, discussed. A flexible and fitting response to repayment difficulties as a result of the temporary unforeseen setbacks to the business, is in the benefit of the entrepreneur as well as the fund.

Currently a financial administration and monitoring system is being developed which will allow for real-time monitoring of the accounts of the clients from a distance. It will assist the clients with financial administration, while providing the fund with full insight into the financial situation of the enterprise.

Author: Peter Gildemacher, Henri van der Land, Patrick Mujuni, Robert Lukumay, Peniel Uliwa & Allert Mentink

Photo: CFC

Measuring what matters The pathway to success in **impact investment**

The growth in private sector contributions to sustainable development, through investment, expertise and innovation, has led to calls for improved tracking and measurement of social and environmental impact. The CFC follows these developments closely and seeks to incorporate good impact measurement practices into its project appraisal and implementation process.

The Common Fund for Commodities (CFC) aims to enhance the socio-economic development of commodity producers and other value chains actors through its market oriented approach, thereby contributing to the development of society as a whole. To maximize the effectiveness of its operations, CFC has begun expanding the proportion of its support to small and medium enterprises (SMEs) in the form of loans, 'returnable grants', equity, quasi equity, lines of credit and guarantees[1].

The Fund concentrates its support on SMEs because they are major drivers of economic growth, diversification and employment creation. SMEs play an important role in formalizing an economy through their value chain linkages with producers, suppliers, distributors, retailers, and other service providers.

By supporting SME growth in developing countries, the CFC realizes its role as a catalyst of commodity driven development. While traditional investors see a complex risk environment and high management and transaction costs, the CFC sees the prevailing opportunities for development. Drawing on its capacity and experience, the Fund willingly accepts and manages a degree of risk when there is a good chance that a viable investment can also yield a social or environmental impact.

In the sector, financing arrangements which generate social or environmental returns, in addition to a financial return, have become widely known as 'impact investments'[2].

[1] See http://common-fund.org/about-us/five-year-action-plans/
[2] See GIIN. (2015). *Introducing the Impact Investing Benchmark.*

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Harnessing the power of private capital with impact investments

Long before the term 'impact investment' was coined, it was recognized that financial capital could do more than just generate a financial return for shareholders. The maxim 'doing well by doing good' has been mainstreamed through the concept of Corporate Social Responsibility. More recently, the field of impact investment has emerged as a recognised investment class, and while still at a relatively early stage, it is poised for growth[3].

Impact investment has attracted the attention of leaders in finance, philanthropy, business, and government as it harnesses the efficiency and discipline of private capital markets to address some of society's pressing issues[4].

The growth in the impact investment sector seems to be building from two sides. On one side, existing players in the conventional investment landscape are increasingly interested in using their investments to encourage positive social and environmental change. On the other, actors in the development landscape have recognized the importance of private sector financing for development, and are further encouraged to look to returnable forms of financing as aid budgets increasingly come under pressure.

The central role of impact measurement

Growth in the impact investment sector has brought calls for improved *impact measurement*, in order to demonstrate progress towards the achievement of social and environmental objectives.

The development sector experienced similar calls in the early 2000s. Commitments to increase funding for the Millennium Development Goals were contingent on aid being used as effectively as possible. The Aid Effectiveness agenda[5] led to more frequent and rigorous evaluations, thereby improving accountability, programme and organizational learning, and better informing policymakers about what works, in which contexts, and why.

The impact investment sector has duly recognized that *impact measurement* is central to legitimizing the practice of impact investing. Increasingly, investors want to have more detailed social and environmental performance data so they can scrutinise it as they do financial data. This enables investors to have a better understanding of social returns on investment and re-allocate investment capital accordingly.

Across a portfolio, impact measurement facilitates learning, enabling investment decisions to be better tuned towards achieving impact. Furthermore, companies who are able to demonstrate that their business has a broader impact may also be more successful in attracting investment capital. All in all, increased transparency and accountability is expected to contribute to the mobilization of greater capital investments, further growing the impact investment sector.

In search of a pathway to impact

But what is impact anyway? In the development sector, the most common definition of impact is *"positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended"*[6]. This means that impact measurement must attempt to capture the extent to which an intervention has had an additional impact, compared with what might have occurred regardless.

Figure 1: Impact chain model

	Input	Activity	Output	Outcome	Impact
Definition	Resources that are deployed in service of a certain (set of) activities	Actions, or tasks, that are performed in support of specific impact objectives	Tangible, immediate practices, products and services that result from the activities that are undertaken	Changes, or effects, on individuals or the environment that follow from the delivery of products and services	Changes, or effects, on society or the environment that follow from outcomes that have been achieved
Illustrative Example	Investments to an impact organization (e.g., in a microfinance institution)	Actions by an impact organization to attract clients (e.g., campaigns)	Number of clients served by an impact organization (e.g., loans extended)	Changes among clients (e.g., doubling of household income among MFI clients)	Changes in broader environment of the impact organization (e.g., less crime)
Illustrative Insight for Investors	Capital deployed (i.e., initial investment)	Activities undertaken to deliver on impact goals	Services rendered through impact capital provided	Income generated by beneficiaries due to impact capital	Impact on society due to impact capital

Source: Impact Measurement Working Group (2014)

[3] JP Morgan Report. (2010). *Impact Investments: An Emerging Asset Class.*, pg. 6.
[4] Social Impact Investment Taskforce. (2014). *Measuring Impact, Subject Paper of the Impact Measurement Working Group*. http://www.socialimpactinvestment.org/reports/Measuring%20Impact%20WG%20paper%20FINAL.pdf
[5] See http://www.oecd.org/dac/effectiveness/thehighlevelforaonaideffectivenessahistory.htm
[6] See Organisation for Economic Co-operation and Development – Development Assistance Committee. (2010). *Glossary of Key Terms in Evaluation and Results Based Management.*, p.24. https://www.oecd.org/dac/evaluation/2754804.pdf

The impact chain model is useful for illustrating different levels of results. It shows how *inputs* can be invested in certain *activities*, which are expected to result in immediate *outputs* (e.g. farmers trained). The output level is generally easy to measure, verify and attribute.

In turn, these outputs are expected to lead to broader *outcomes* (e.g. increased farm production) and hopefully in the long run, sustainable *impact* (e.g. increased profitability and improved livelihoods). Outcomes and impact are much more complex to measure than outputs, because one must establish causal attribution and demonstrate additionality[7].

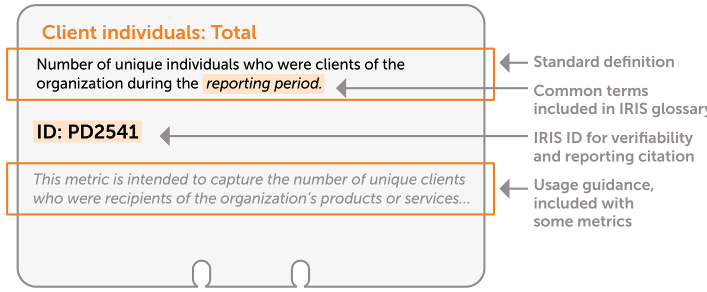
A short history of impact measurement

The impact investment sector has actively taken up the challenge of measuring social impact and has come a long way in the past ten years or so. Many impact investors began by developing their own metrics and tracked social and environmental performance on spreadsheets. These emergent practices are now beginning to coalesce into a set of good practices. Several online tools and platforms have been developed to bring increased consistency to impact measurement and reporting.

Acumen PULSE

One of the earliest efforts was a portfolio management system developed by Acumen Fund and a volunteer team of Google software developers. The general idea was to bring reporting and accountability into the impact investment sector, and to standardize the metrics that social investors track. From around 2006 onwards, the system began to attract wider interest in the sector and eventually evolved into the PULSE software. PULSE quickly gained in popularity, providing social investors with a tool to track the non-financial metrics of an investment in a similar way to how traditional, financial returns are tracked. The cloud-based software was provided free of charge to non-profits.

Figure 2: Example of an IRIS metric



Impact Reporting and Investment Standards (IRIS)

During the period when PULSE was being developed, the Global Impact Investing Network (GIIN) and several other foundations[8], teamed up to develop IRIS – the Impact Reporting and Investment Standards[9]. IRIS is essentially a catalogue of generally accepted performance metrics that impact investors can browse and choose from to describe the social, environmental and financial results of an investment or fund. Each metric is a presented with a standard definition, an ID for reporting citation, and usage guidance. In all, IRIS offers social investors 550 standardized metrics, enabling better data comparability within and across funds. IRIS metrics can be used in conjunction with a range of tools and resources that support an impact measurement practice.

B Labs, B Impact Assessment and B Analytics

B Labs is one such organisation building on earlier work to help businesses, investors, and institutions measure their social and environmental impact. The B Impact Assessment[10] draws on IRIS metrics and enables companies and funds to 'assess, compare and improve' their performance through an online self-assessment. The assessment questions are specific to the type of investment and reporting includes basic customisation to help companies chart out a roadmap of appropriate improvements.

Table 1: IRIS catalogue of metrics

Category	Description
Financial performance	Standard financial reporting metrics such as current assets and financial liabilities
Operational performance	Metrics to assess investees' governance policies, employment practices, and the social and environmental impact of their day-to-day business activities
Product performance	Metrics that describe and quantify the social and environmental benefits of the products, services, and unique processes offered by your investees
Sector performance	Metrics that describe and quantify impact in particular social and environmental sectors, including agriculture, financial services, and healthcare
Social and environmental performance	Metrics that describe and quantify progress towards specific impact objectives such as employment generation or sustainable land use

[7] Additionality is the extent to which something happens as a result of an intervention that would not have occurred in the absence of the intervention. See, for example, English Partnerships. (2008). *Additionality Guide, Third Edition; A standard approach to assessing the additional impact*

[8] These included Rockefeller Foundation, PricewaterhouseCoopers, Deloitte, GIIN, Hitachi and B Labs

[9] See iris.thegiin.com

[10] See http://bimpactassessment.net/

B Labs has also incorporated PULSE into its B Analytics platform and has added additional features[11]. The platform enables companies and funds to benchmark their assessment score against thousands of other businesses in a range of categories. Investees can then track their social and environmental progress through time. B Labs has also launched the Global Impact Investing Rating System (GIIRS)[12], which uses a ratings approach to assess the social and environmental impact of companies and funds, similar to financial credit risk ratings.

Social Value (SV) and Social Return on Investment (SROI)

Parallel to these efforts, Social Value[13] (SV) has developed a principles-based method for measuring extra-financial value. While PULSE, IRIS and B Labs have strived to improve measurement and reporting at the output level, SV has tried to get closer to measuring the real differences that investments make in the lives of stakeholders, and society more broadly. Taking a slightly different approach, Social Return on Investment (SROI) tries to measure change in ways that are relevant to the people or organizations that experience them. It does this by working with stakeholders to assign monetary values to benefits. This enables a ratio of benefits to costs to be calculated. For example, a ratio of 3:1 indicates that an investment of 1 Euro delivers 3 Euros of social value. While the method is sometimes critiqued for reducing benefits down to monetary units, proponents note that this is just a useful way to convey value. SV is supported by a large network of over 700 members, and continues to iterate and evolve with the industry. Because SV attempts to measure value all the way to the *impact* level, greater expertise, time and resources are required, compared with self-assessment tools that usually track output and a few outcome level metrics.

Photo: CFC

Reintroduction of good agricultural practices is making a measurable impact on coffee quality and production volumes

And many other networks...

Many other networks have also contributed to social and environmental performance reporting. Among them, The Global Reporting Initiative promotes the use of sustainability reporting as a way for organizations to become more sustainable and contribute to sustainable development[14]. In the United States, the Sustainability Accounting Standards Board works to develop and disseminate sustainability accounting standards that help publicly-listed corporations disclose material for investors[15]. The European Venture Philanthropy Association is another who has developed a practical guide to measuring and managing impact[16].

Impact Measurement Working group (IMWG)

In 2013, international leaders, as part of the G8 summit in London, established the Social Impact Investment Taskforce with the aim of accelerating the development of impact investing around the world. The Taskforce recognized the critical role that measurement plays in demonstrating social and environmental impact, and established the Impact Measurement Working Group (IMWG) to facilitate the development of impact measurement across the impact investing marketplace[17]. In the view of the IMWG, impact measurement of impact investments will likely develop in four gradual stages:

- Emergence – the point when individual organizations develop their own practices
- Consensus – where best practices emerge and increasing alignment occurs across organizations
- Standardization – where standards for performance measurement and transparency gain traction
- Integration – where standards become part of a market's formal infrastructure

Most impact investment actors would agree that there is an emerging consensus around metrics, and good practices for tracking *activities* and *outputs*. The growth in use of online platforms such as B Analytics and GIIRS ratings show enthusiasm for better aligned reporting standards.

11 See http://b-analytics.net/
12 See http://b-analytics.net/giirs-ratings
13 See http://www.socialvalueuk.org
14 See http://globalreporting.org
15 See http://sasb.org
16 See http://evpa.eu.com/publication/guide-measuring-and-managing-impact-2015/
17 See http://www.socialimpactinvestment.org/reports/Measuring%20Impact%20WG%20paper%20FINAL.pdf

In search of standards and a common language

Many in the impact investment sector believe that impact measurement practices should be based on a standard for defining, measuring and comparing positive social and environmental impact. Without standards, the argument goes, there are significant barriers-to-scale. These include a fragmented market where each investor defines impact differently, high due diligence and transaction costs, limited investor understanding, and a weak policy environment due to a dearth of information[18].

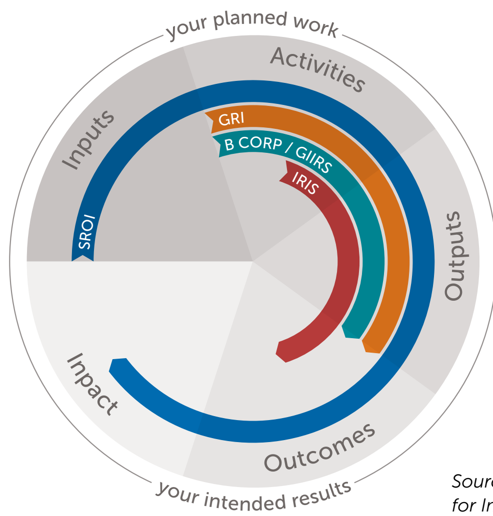
It is worth critiquing the extent to which standards are implementable or even desirable. At the *output* level, tools such as IRIS and B Analytics enable investors and investees to more easily track and benchmark social and environmental performance. This is probably the appropriate level for future development of measurement standards. Even at this level, the tracking of metrics can be immensely beneficial to both investors and investees. Far from being another compliance requirement, tracking performance allows a company to reflect seriously on its social and environmental impact, and benchmark and learn from others in the same sector. It also serves to remind to the investee that the investor is serious about social and environmental performance. As the saying goes, what is measured gets managed.

> *"Language matters – talking about* impact *when we only mean* output *can lead to the wrong impression about what was actually achieved, since outputs do not always lead to positive impacts."*

However, impact measurement at the *outcome and impact* level tends to be highly specific to each investment. There are many different investment categories, and within each category there are companies using investment capital in very different ways, leading to a wide array of possible impacts different stakeholder types. Trying to benchmark investments at the *impact* level is like comparing apples and oranges.

Much more care needs to be taken with *language* in this regard. All too often words like *impact, benefit, returns* and *value* are used interchangeably. Likewise, standards and ratings should take care when using terms such as 'gold standard'[19]. Language matters – talking about *impact* when we only mean *output* can lead to the wrong impression about what was actually achieved, since outputs do not always lead to positive impacts.

Figure 3 Impact measurement tools and methods, measuring outputs, outcomes and impact



Source: Mars Centre for Impact Investing

In general, impact investment funds rarely commission rigorous *impact* level assessments due to the costs and time involved. Impact investors should not fall for the illusion that impact can become cheap and easy to measure, if better tools were available.

It is worth considering how the development sector has dealt with similar issues. Well established guidelines have been developed, such as the DAC Guidelines and Reference Series Quality Standards for Development Evaluation[20]. Furthermore, are there are numerous guidance papers produced by members of the DAC Network on Development Evaluation, which discuss good practices and are also largely applicable for impact investment[21].

Evaluation guidelines in the development sector have not become universal requirements, and for good reason. It is well understood that an impact evaluation needs to be methodologically appropriate to the nature of the intervention, and evaluation questions need to follow the intervention's Theory of Change[22]. Furthermore, the available budget always has a large bearing on aspects such as methodology design and sample sizes. The same issues apply to impact investment.

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[18] See, for example, http://giirs.nonprofitsoapbox.com/about-giirs/how-giirs-works/

[19] For example, GIIRS ratings claim to be the 'gold standard' for impact measurement in impact investing. In impact evaluations, the 'gold standard' is typically associated with randomized control trials, although it is contested whether any method should make this claim.

[20] See https://www.oecd.org/development/evaluation/qualitystandards.pdf

[21] The OECD Development Assistance Committee develops a) guidelines and b) reference documents to inform and assist members in the conduct of their development co-operation programmes. See http://www.oecd.org/derec/guidelines.htm

[22] Typically, an impact evaluation draws on a 'Theory of Change' framework, which maps out the logic specific to a given intervention. The Theory of Change follows the impact chain logic, describing how certain inputs and activities result in specific outputs, which are expected to lead to certain outcomes and broader impacts. See http://www.theoryofchange.org/what-is-theory-of-change/

Towards a set of Impact measurement practices

The IMWG has pinpointed seven widely-accepted sets of activities that are fundamental to any impact measurement practice – goal setting, framework development and indicator selection, data collection and storage, validation, data analysis, data reporting and data driven management. Underlying these activities are four phases – Plan, Do, Assess and Review – which are undertaken by investors and investees together in order to generate intelligence that can further enhance impact measurement.

Source: IMWG. (2014). Measuring Impact - Subject paper of the Impact Measurement Working Group

Readiness to implement – a checklist

Sometimes lost in discussions around metrics, tools and standards is the fundamental issue of whether an impact measurement plan is implementable. Impact investors should ask themselves:

- What is the goal of the assessment? *(e.g. to report on outputs, outcomes or impact, strengthen decision making, influence policymaking, and/or deploy payment-for-success structures?)*
- What impact measurement requirements do external stakeholders have?
- What (budgetary) resources are available for impact measurement?
- Who will be responsible for various phases? *(e.g. methodology development, data collection, analysis, reporting)*
- What capacities do actors require to carry out their phase of the assessment?

Answering these questions should help an investor to better understand the trade-offs between impact measurement options.

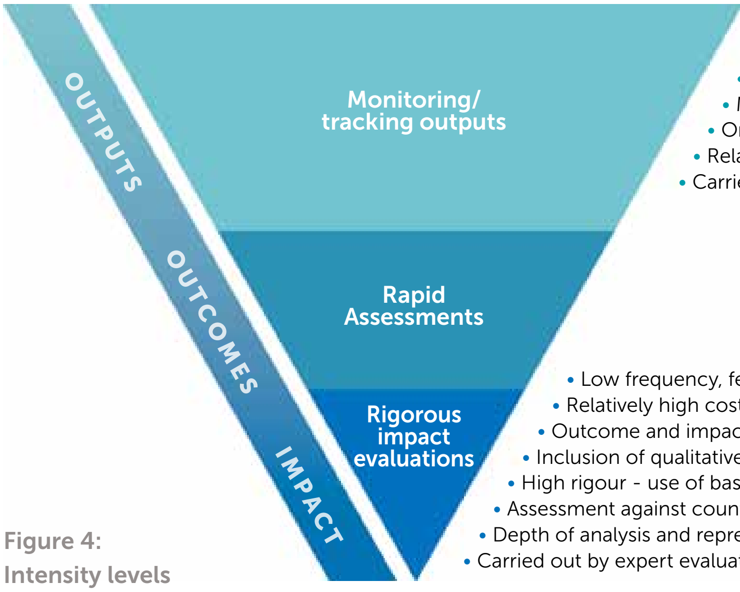
Intensity levels in impact measurement

The choice of impact measurement design will depend on a number of factors, including the level of rigour demanded, attribution considerations, available budget, level of independence and expertise required, and time constraints.

The monitoring of *activities* and *outputs* should be done with all investments. Many tools and guidelines are available to help investors and investees carry out self-assessments and produce reports. If required, these can later be independently verified. At this level, assessments are fast and cheap, and data on a pre-defined set of metrics make benchmarking with other funds and investments possible. The downside is that monitoring may be subject to bias, and data quality may fall short of expectations. Furthermore, positive assessments at the output level are not necessarily indicative of sustainable impact.

Rapid assessments are a mid-way option, and are useful for looking at processes of change from *output* through to the *impact* level. They may incorporate qualitative research methods (such as key informant interviews, or focus group discussions), and capture a limited set of quantitative data. Rapid assessments can usually present a reasonable picture of the outcome and impact scenario, and they are often sufficient for drawing recommendations based on the perceptions of a range of stakeholders. However, rapid studies typically lack statistical power to measure the extent of impact, and may have difficulty proving attribution and additionality.

A wise choice may be to subject a small sample of investments to a rigorous impact evaluation. Rigorous impact assessments can help answer higher level questions with confidence, and shed light on the validity of assumptions underlying an investment's 'theory of change'. For example, did the activities and outputs actually follow the expected pathway to impact? Did the investment have an impact on poor, middle income or wealthy beneficiaries? What evidence is there of the amount of impact actually realised?



- High frequency, all investments
- Low cost, short time to carry out
- Output level metrics (some outcome)
- Metrics applicable across a fund
- Online tools and methods useful (eg IRIS)
- Relatively low rigour, shallow analysis
- Carried out by investor or investee

- Low frequency, few investments
- Relatively high cost, longer time to carry out
- Outcome and impact level measurement
- Inclusion of qualitative methods to understand processes
- High rigour - use of baseline/endline, control group
- Assessment against counterfactual, demonstrating additionality
- Depth of analysis and representativity
- Carried out by expert evaluators

Figure 4:
Intensity levels

Rigorous impact evaluations can take several forms but must be carried out by independent experts. Quasi-experimental studies, with or without baselines, are considerably more robust, but are also more expensive. These studies require comparison with a control group to assess a counterfactual situation . Qualitative methods can complement large household surveys or other forms of quantitative data to help answer the 'how' and 'why' questions. Randomized control trials are seen by some as the gold standard of impact measurement. However, they require randomization of beneficiaries and non-beneficiaries, which, in the real world of business, is often not possible.

Tracking impact with CFC

CFC has applied its experience from earlier evaluation studies to identify a set of core indicators which are most relevant to the Fund's goals. To enhance transparency and facilitate learning, the CFC makes its evaluation reports and impact indicator frameworks available for all to see on its website.

Customised performance tracking sheets have been developed by the Fund and entrepreneurs are expected to utilise these to improve the monitoring of activities and outputs. *This is useful for accountability purposes, but also to ensure that the investee keeps social and environmental goals front of mind.*

CFC recognises the limited capacity of most of its investees to gather reliable data on its behalf. It is now in the process of working with investees to see how they can streamline the data collection process. At present, CFC is using its own system to track social and environmental metrics. Its core metrics align well with IRIS, and there is an opportunity for the Fund to integrate with online platforms in the future, should it wish.

CFC is working through some of the usual challenges in tracking performance, such as the reliability and accuracy of some metric data provided by investees. Some metrics appear simple, but can in fact be devilishly complex. For example measuring 'opportunity costs foregone', requires data collection and analysis with a sufficient number of beneficiary households. Likewise, 'net income per hectare' involves a calculation based all input and labour costs, yields and prices – data which requires quite some effort to collect and analyse.

Output tracking helps the Fund to know if it's on the right road. However, CFC recognises that independent evaluators are still necessary to assess whether it has arrived at its destination – long term impact. Due to the greater costs involved, only a small number of investments are independently assessed in-depth.

Table 2: CFC minimum metrics

Metric group	CFC minimum metrics
Beneficiaries	Total direct beneficiaries (male/female ratio) Total indirect beneficiaries
Production	Change in average land size dedicated to the commodity Change in total production Change in average yield
Income	Net income per hectare Average beneficiary income with project Average beneficiary income without project Opportunity cost (net value of alternative activities foregone by the household)
Firms and employment	Total firms or cooperatives assisted Number of additional jobs created Net income per job Ratio of firms/employees

Reflections and progress

Impact measurement is critical to the success and evolution of the impact investment sector. Without it, effective impact investing cannot occur.

Several tools and platforms have been developed, and thousands of companies and funds are now regularly tracking social and environmental performance metrics. The Impact investment community should however take care with the use of language - tracking social and environmental metrics is important and useful, but the reporting of output results should not be confused with demonstrating impact.

Investors need to consider their impact measurement practice in relation to various factors, including their objectives, desired level of rigour, and available resources. Done well, impact measurement can contribute to accountability and transparency, further encouraging growth in the sector. It can help investees to sharpen their focus on social and environmental change and help investors learn more about the characteristics of successful investments. It can even help policymakers reflect on whether returnable forms of financing can achieve impact comparable to grant based projects, and with the same types of beneficiary.

The sector has recently taken some big strides forward in 'measuring what matters' and it is exciting to see the challenge of impact measurement being taken up by a committed impact investment community. It is, after all, the pathway to success in impact investment.

Author: Roger Bymolt

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Photo: Joseph Initiative

Photo: ©FAO/Desmond Kwande

III

Report on progress of **projects under implementation**

This chapter focuses on progress of projects and highlights trends, patterns and constraints emerging during project implementation in 2015. 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.

Commitments, financing and disbursements

The new operational guidelines became effective on 1 January 2013, and from 2013 to 2015, the Fund approved 25 Regular projects plus a further 17 Fast Track projects, (a total of 42 projects), with an overall cost of USD 91.6 million, (excluding 4 Investment Funds, as their inclusion in joint projects greatly distorts presentation of projects supported/financed with CFC contributions with a total cost of USD 113.0 million therein). Of the total cost of USD 91.6 million, the Fund financed USD 24.1 million, (about 26%). The balance amount was paid as co-financing and/or counterpart contribution by the proponents under the new operational guidelines. The Fund financing comprises of USD 21.5 million in loans (89%) and USD 2.6 million in grants (11%). Excluded from the above, is a total of 12 projects (10 Regular and 2 Fast Track projects) which have either been suspended or withdrawn due to proponents being unable to fulfill the due diligence requirement or the proponent has decided not to continue with the project.

Under the old operational guidelines until, 31 December 2012, the Fund had approved 198 Regular plus a further 150 Fast Track projects, together 348 projects, with an overall cost of USD 602.9 million, of which the Fund financed USD 304.1 million (about 50%). The balance of project costs is co-financed by other institutions (USD 130.4 million or 22%) and by counterpart contributions in cash and/or in kind (USD 168.4 million or about 28%), provided either by the Project Executing Agencies, collaborating institutions, governments or International Commodity Bodies (ICBs). Common Fund financing of projects comprises USD 275.1 million in grants (90%) and USD 29.0 million (10%) in loans.

According to the Fund's audited statements, the direct project related disbursements in 2015 stood at USD 1.05 million as grant and USD 2.30 million as loan. In 2016 special efforts will be made to streamline the components of project 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.

As at 31 December 2015, 170 regular projects had been operationally completed. In several cases these projects were completed with some savings from the CFC grants originally approved by the Board. The savings are returned to the pool of Second Account resources or the First Account Net Earning Initiative once the project account is closed. A total of 59 regular projects are currently under implementation or are in various stages of start-up.

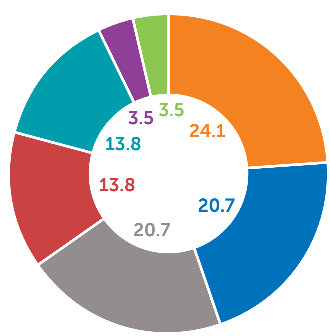
CFC-funded projects now cover over 40 commodities including abaca, arachis, bamboo & rattan, bananas, cashew, cassava, castor seeds, citrus, cocoa, coconut, coffee, coir, copper, cotton, fish, fonio, groundnuts, gum arabic, hides & skins, jute, lead, maize, meat and livestock, medicinal herbs and plants, 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.

Participation of Private Sector: Private companies contribute technical, commercial and financial inputs to CFC-funded projects. Moreover, in order to promote dissemination, replicability and sustainability of project results, within and across countries, representatives of relevant private companies are often invited to final review and evaluation workshops organised for most projects. Overall, more than 200 private firms have shared the results of the CFC projects through technology dissemination workshops, while over 100 private sector companies are directly participating or have participated in the implementation of approved projects. 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.

Type of CFC-supported Regular Projects

In 2015, project types were reclassified as a result of the new operational guidelines involving more public and private sector participation. The following is the new classification of projects:

Type	Number of Projects*	Percentage (%)
Production	7	24.1
Processing	6	20.7
Market Access / Extension	6	20.7
Finance	4	13.8
Partnership	4	13.8
Economic Development	1	3.5
Technical Assistance	1	3.5
Total	**29**	**100**



*Include 4 Investment Funds (the Partnership projects)

IV
Regular Projects
Approved in 2015

Loans

Zinc die-casting in India - CFC/2014/05/0062

Submitting Institution	***Karmic Alloys Kreations Private Ltd (KAKPL)***
Location	***Delhi, India***
Commodity	***Zinc***
Total Cost	***USD 3,600,000***
CFC Financing	***USD 1,500,000 (loan)***
Counterpart Contribution	***USD 2,100,000***

The borrower, Karmic Alloys Kreations Pvt limited (KAKPL) is a company created by the consolidation of DST Industries (Die-casting unit) and Lancers Engineers (electroplating unit) into one company in September 2015. To improve the efficiency of the zinc die-casting sector in India, enhancing its market competitiveness and increasing employment opportunities in the industry, the project will finance the setting up of a medium scale fully integrated Zinc Die-casting and Electroplating model facility at KAKPL for the design, casting, polishing, plating and final assembly of quality zinc die-castings.

Following project investment, KAKPL will be able to compete in national and international B2B markets in the builder's hardware and sanitary ware, thanks to higher product quality and production capacity, a wider product range and strengthened direct sale channels. The modern die-casting plant will be also utilized under the active supervision of the International Zinc Association (IZA) as training facility for the dissemination of best practices within India, with the aim of building a cluster of competitive zinc die-casting entrepreneurs capable to compete against imports in the small and medium volume segments of the Indian zinc die-casting market.

The project has undertaken the due diligence process in the second half of 2015. Subject to the successful outcome of the due diligence, the CFC expects to enter into the Loan Agreement (LA) with KAKPL in 2016 with the aim to start project operations right after the entry into force of the LA.

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

Submitting Institution	***COOPAC Holding Ltd.***
Location	***Congo DRC (LDC), Rwanda (LDC)***
Commodity	***Coffee***
Total Cost	***USD 3,931,880***
CFC Financing	***USD 1,650,000, of which USD 1,500,000 (loan USD 750,000 financed by OFID and USD 750,000 from the Dutch Trust Fund) and USD 150,000 as a returnable grant***
Counterpart Contribution	***COOPAC Holding Ltd. USD 87,220, Root Capital USD 2,194,660***

COOPAC Holding is the only organic coffee supplier in Rwanda. Working in Rwanda since 2001, COOPAC started in 2013 to work with small holders in Congo DRC and intends to upscale its activities in Congo. The loan will be used to construct 5 washing stations in Congo DRC and as working capital for sourcing coffee in Congo DRC and Rwanda and exporting this coffee.

The returnable grant will be used for training of farmers in best organic agricultural practices and to certify them according to the standards of Fair Trade, Rainforest Alliance and Organic. It is expected that the number of participating farmers in Congo will increase from 200 in 2015 to around 3,400 farmers (of which 40% female farmers) in 2021.

The upscaling is expected to result in a doubling of permanent staff from 63 to 130 in 2021 and seasonal staff from 1,000 to 2,090 in 2021.

The Due Diligence process was carried out in August 2015. The finalization of the loan agreement and the security arrangements is expected to be completed soon.

Leather Value Chain Financing, Zimbabwe - CFC-2015-06-0021

Submitting Institution	***Small and Medium Enterprises Development Corporation (SMEDCO)***
Location	***Zimbabwe***
Commodity	***Hides and Skins (Production, productivity and quality improvements)***
Total Cost	***USD 3,000,000***
CFC Financing	***1,500,000 (loan)***

SMEDCO is a Government owned development finance institution focusing on SME and cooperative development. One of SMEDCO's activities is to manage special purpose credit lines. With a CFC loan the project focuses on improving the access to finance for actors along the leather value chain in Zimbabwe. With the aim of strengthening the leather sector competitiveness through improved access to financing instruments, the project will co-fund the establishment of a revolving fund i.e. ''the Leather Fund", targeting small and medium sized enterprises (SMEs) and cooperatives in the leather industry in Zimbabwe. The intervention will seek to improve the value of Zimbabwean leather locally and exports by financing collection of skins and hides, tanning of raw hides before export and small scale manufacturing of leather products.

The project is currently undertaking the due diligence process. Subject to the successful outcome of the due diligence, the CFC expects to sign the Loan Agreement (LA) in 2016 or early 2017 with the aim to start project operations right after the entry into force of the LA.

Potato retail sales at lower cost - CFC/2015/06/0028

Submitting Institution	***Tulskaya Niva***
Location	***Russian Federation***
Commodity	***Potatoes (Other)***
Total Cost	***USD 1,512,000***
CFC Financing	***USD 600,000 (loan)***
Counterpart Contribution	***USD 912,000***

The project will introduce an innovative technology of retail sales of washed potatoes through dispensers using bulk shipment containers. This will reduce the cost of packaging and shipment and could potentially reduce losses due to the design of dispensers. The project will order the manufacturing of 540 dispensers, and will install them in supermarkets operated by major retail chains in Central Russia with a contract to supply washed potatoes in 200kg "octabin" packaging. It is expected that this will allow the company to sell potatoes at lower prices due to overall savings in the supply chain.

Once the technology and economics of potato sales through dispensers is tested and proven efficient, it can be offered to all retail partners as alternative to sales of pre-packaged potatoes. Most of project investment focus on the procurement and installation of potato dispensers and supporting supply chain facilities. The total project cost will be split between the CFC, bank finance (USD 600,000) and a loan from the company shareholders. The CFC financing is essential to enable private sector investment in this project.

The project will shorten the supply chain of potatoes and reduce the cost of potato packaging from 15% to under 7% of farmgate price. Reduced marketing cost will allow smallholder farmers to reach supermarket shelves directly with minimum intermediation; the same technology could be applied to retail sales of many other vegetables.

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 million is envisaged to be sourced from the OPEC Fund for International Development***
Co-financing	***Tolaro Global USD 464,637, other financiers USD 3,500,000***

Tolaro Global, a cashew company in Benin, started in 2011 with processing Raw Cashew Nuts into kernels for export to US and Europe. Tolaro anticipates further growth and wants to expand timely its processing capacity by upgrading the first factory and building a second factory, to be operational by 2022. The number of farmers to deliver to Tolaro global is expected to increase from 5,000 to 15,000 farmers. Offering these farmers a clear market is expected to stimulate the quantity and quality of cashew production. The number of jobs is expected to increase from 600 to 2,150 for cashew processing including steam generation system. There will be an increase from 30% to 100% re-use of cashew shells for the biomass steam generation system.
A Non-Binding Term Sheet has been discussed with the applicant. As one of the initial co-financiers has withdrawn from Benin, the outcome of the loan approval process for another main co-financier is awaited for conduct of the on-site due diligence.

Tea Supply chain Sri Lanka - CFC/2015/06/0041

Submitting Institution	***Asia Siyaka Commodities PLC***
Location	***Colombo, Sri Lanka***
Commodity	***Tea***
Total Cost	***USD 3, 820,000***
CFC Financing	***USD 1,500,000***
Counterpart Contribution	***USD 2,320,000***

The project promoter and potential CFC borrower is Asia Siyaka Commodities PLC, a privately-held company, licensed tea broker and market intermediary in the tea industry in Sri Lanka. Incorporated in 1999, currently holds a 14% market share and handles an average of 40 mln kg of tea annually. Turnover amounted to USD 4.2 mln in the year 2013/2014.

The project entails the construction of 85,000 square feet storage capacity on a leased land of 2 acre located in Hendala Wattala, (leasing will expire in 2048). The new warehouse will replace two rented facilities that Asia Siyaka is currently using to meet its customer demand.

The enlarged capacity will allow an increase in Asia Siyaka market share, who is the only player that also serves Regional plantation companies and private tea factories.

Asia Siyaka Commodities requested CFC a loan up to USD 1,500,000 to finance 40% of total project costs, while the remainder will be financed with debt (USD 1,170,000) and Asia Siyaka Commodities own funds (USD 1,150,000).

The project has an economic and social impact in terms of upgrading and improving the tea value chain in Sri Lanka by reducing the delivery time of tea sold at the Colombo Auction from 1.5 days to 1.5 hours and reducing the cash cycle on tea to 3 weeks. Moreover, by offering state-of-the-art warehousing services, the hygiene and safety of warehousing services will be significantly enhanced. In terms of job creation the project will create additional 36 jobs in Asia Siyaka.

The project is currently under appraisal and a non-binding term sheet is under negotiation with the potential borrower.

Artemisinin from Outgrower Farmers for its Use in Malaria Medication - CFC/2015/06/0065

Submitting Institution	***Bionexx SA***
Location	***Antananarivo, Madagascar***
Commodity	***Medicinal Plants***
Total Cost	***USD 3,444,000***
CFC Financing	***USD 1,491,000 (USD 1,000,000 financed by OFID)***
Co-financing	***USD 1,953,000***

Bionexx is a company based in Antananarivo, Madagascar, whose core business is in the extraction and purification of medicinal and aromatic plants. Its flagship product is the Artemisinin crystal, which is extracted from a plant called Artemisia Annua and utilized as the main active component of the Artemisinin-based Combination Therapy (ACT) against Plasmodium Falciparum Malaria. Bionexx introduced the cultivation of Artemisia from China to Madagascar in 2005 and began extraction in 2007 and purification in 2012, delivering commercial grade Artemisinin to leading international pharmaceutical companies such as Novartis. The pharmaceutical companies' main clients include UNICEF, WHO and other international organizations as well as local NGOs who distribute the medication in Africa, Asia and South America.

With a CFC loan of USD 1,491,000, Bionexx plans to gradually upscale its fully integrated Artemisinin crystal extraction business to reach the targeted annual output of 31 tons/year within a 6 year project life cycle. The project seeks to improve the quality of Artemisia plants, increasing yield and improving Artemisinin content in the leaves through improved farming techniques and plant breeding research. It aims as well at enhancing the purity of the Artemisinin extracted from the leaves through the utilization of the latest extraction and purification technologies.

The project will enable 25,000 targeted farmers to diversify and increase their income maintaining their traditional agricultural activities and protecting the bare land from wind and water erosion.

Furthermore, increasing the production volume of Artemisinin, the project will contribute towards making malaria medication more effective and affordable. The indirect economic impact of the project in terms of poverty reduction of the malaria effected people in Africa, who would benefit from an increased availability of the ATC in the market, has been estimated to reach USD 96,000,000 per annum. This amount has been estimated based on the Bionexx production reaching an annual 31 ton of Artemisinin, corresponding to an annual production of 61 Million ACT treatments.

Subject to the successful outcome of the due diligence, the CFC expects to sign the Loan Agreement (LA) with Bionexx in 2016. Project operations will commence right after the entry into force of the LA.

Ma's Tropical Food - CFC/2015/06/0071

Submitting Institution	***Ma' Tropical Food Processing ltd***
Location	***Sri Lanka***
Commodity	***Dairy products, dehydrated vegetables, kitchen oils, fruits , juices***
Total Cost	***USD 1,111,110***
CFC Financing	***USD 407,407***
Co-financing	***USD 703,703***

The project is about a new business entity in the north of Sri Lanka: North Lanka Family Food (Pvt.) Limited (NLFF), which will function as a fully owned subsidiary of MA'S Tropical Food Processing (Pvt.) Limited which is domiciled in Sri Lanka. It builds on a pilot operation, engaged in producing bottled sterilized milk exclusively marketed in the Northern Province. It is proposed that a multi-faceted medium sized processing plant be established in Iyakkachchi in the Kilinochchi District to produce a range of high quality food and beverage products for the domestic and exports markets. The processing facility will be complimented by a ten acre base model farm and a small conference and training facility with accommodation.

The facility will be located in Iyyakkachchi where it has a central location in the Northern region with good access to farmer communities. Water is an important factor in the food processing industry and the location earmarked for the facility has an abundance of water all the year round.

The key product line will be dairy products (+50% projected sales), followed by dehydrated vegetables and then by edible oils, fruit juice and grains. The dairy market in Sri Lanka is enjoying significant growth as rapid urbanization and as more health conscious and affluent consumers demand dairy based products such as liquid pasteurized milk, cheese, yogurt and ice cream. MA's wants to service this rising consumer demand with the intended dairy factory.

The commercial objectives are to gain 25% of the Northern region's dairy market, be the market leader in providing gourmet culinary oils and related foods in Sri Lanka, and be the number one supplier of dehydrated vegetables in Sri Lanka. By doing this, the company expects to provide a sustainable livelihood for farmers in the region by promoting good agricultural practices and traceable supply chain.

The non-binding term sheet was signed in November 2015.

Accelerating Lending to Food and Agri Sector in Eastern Africa - CFC/2015/07/0028

Submitting Institution	***Financial Access Capital Management BV***
Location	***Amsterdam, The Netherlands***
Commodity	***Agricultural commodities***
Total Cost	***USD 11,500,000***
CFC Financing	***USD 1,200,000***
Co-financing	***USD 10,300,000***

The project promoter and potential borrower is Financial Access Capital Management BV, an Amsterdam based company which provides supply chain finance in the agribusiness sector in emerging market economies. The project entails the set-up of a factoring business in Kenya and Uganda.

The CFC loan, for an amount up to USD 1,200,000, will be used to finance about 10% of the project costs, while the remainder will be financed by promoters (USD 1,000,000); a revolving facility from Advance Global Capital (USD 3,000,000); a loan from Dutch Good Growth Fund (USD 850,000); a grant from Dutch Good Growth Fund (USD 150,000); a zero interest loan and a grant from Africa Enterprise Challenge Fund (USD 300,000 respectively); an equity investment and a loan from ICCO (for an amount up to USD 250,000 respectively) and other financiers to be identified.

The project has an economic and social impact since it will enhance financial inclusion in the private sector by improving access to finance to SMEs. Factoring services are an innovative and alternative financing instrument in Kenya and Uganda, and will provide financing at a lower cost as compared to the common practice of borrowing funds from money lenders. It is estimated that a total of 120 suppliers and 120 distributors will participate to the Project in Kenya and Uganda.

In terms of job creation, the project will create additional 11 jobs in Uganda and 16 in Kenya. The project is under appraisal and a term sheet is under negotiation with the proponent.

V

Fast Track Projects

Approved in 2015

Preparation of Technical Dossier Geographical Indication (GI) for Ceylon Cinnamon in EU - CFC/2014/04/0006FT

Submitting Institution	***Sri Lanka Export Development Board (EDB)***
Location	***Colombo, Sri Lanka, and Brussels, Belgium***
Commodity	***Spices & Herbs***
Total Cost	***USD 113,500***
CFC Financing	***USD 60,000 (Grant)***
Co-financing	***US$ 53,500 (Cash and In-kind)***

Sri Lanka is the largest cinnamon exporter in the world. The export earnings from cinnamon in 2013 were about USD 130 million. Ceylon Cinnamon is only grown in Sri Lanka. The project will finance the preparation of a technical dossier required to obtain the registration of Geographical Indication (GI) for the Ceylon Cinnamon in EU. GI registration is expected to differentiate Ceylon Cinnamon in the EU market from other cinnamons of lower quality. It will act as a source of competitive advantage which will help increasing 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 increasing export earnings 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 specific national markets targeted by the Sri Lanka Export Development Board for the promotion of Ceylon Cinnamon within EU are Spain, France and Germany. The potential buyers are companies engaged in food ingredients, cosmetic & pharmaceutical industries. Furthermore, this project will provide an opportunity for effectively replicating the process for registration of Geographical Indication in other commodity sectors where GI can be a sustainable source of competitive advantage. Following the signature of the Project Implementation Agreement and the satisfaction of all the conditions for disbursement of the grant by EDB, project activities officially commenced in November 2015.

Upgrading Seaweeds Value Chain in The Philippines - CFC/2014/05/0101FT

Submitting Institution	***ICCO Cooperation/ Sentro ha Pagpauswag ha Panginabuhi Inc. (SPPI)***
Location	***Eastern Visayas Region, Northern Samar Province, Philippines***
Commodity	***Seaweed***
Total Cost	***USD 235,000***
CFC Financing	***USD 115,000 as a grant***

This project aims to promote seaweed as an alternative cash crop for poor households of farmers and fishermen on Sawar Island in the Philippines. There is a clear market demand for quality dried seaweed in the area. The Center for Local Economy Development and the social enterprise SPPI, will set up business units to promote seaweed production (seedlings, training) and marketing. This local social enterprise SPPI is supported by ICCO, a Dutch development cooperative. Part of the funds will be used to set up a Seaweed Revolving Fund, managed by ICCO, to provide loans to farmers and to SME enterprises in the seaweed value chain. The project became operational in mid-2015.

It is expected that 1.000 households will increase production by 50% and income by 25%. Projected net income from one seaweed production module is USD 90 per production cycle; on a year basis 3-5 seaweed production cycles are possible and farmers may upscale to two production modules. If seaweed production becomes an alternative source of income, it is expected that illegal fishing methods using chemicals will be stopped, which will have a positive environmental impact.

Increasing Sustainable Nutmeg Production for Smallholders - CFC/2014/05/0102FT

Submitting Institution	***ICCO Cooperation/Horti Chain Centre Indonesia (HCC)***
Location	***Galela North Halmahera and Patani, Central Halmahera, North Moluccas, Indonesia***
Commodity	***Nutmeg***
Total Cost	***USD 510,500***
CFC Financing	***USD 120,000 as a zero interest loan***

In 2012, the price for North Moluccas nutmeg was low due to contamination with aflatoxin. This project focuses on the production of aflatoxin free nutmeg by smallholder farmers in the North Moluccas with price premiums for sustainable and organically produced nutmeg.

As a result of this project, organic and aflatoxin free nutmeg production is expected to triple from 800 tons to 2,400 tons in 2 years' time. The number of participating farmers (of which 40% are female farmers) will increase up to 5,000 farmers. These famers are expected to increase their income by 10%. Partner trading companies are expected to increase their income by 10% and create 100 new jobs. The zero interest loan was channelled in August 2015 through ICCO Cooperation to the local trading company Agriproducts. The project is expected to be completed in 2017.

Ironbark Citrus Microfinance Laos - CFC-2015-06-0029FT

Submitting Institution	***Pty Ltd, Australia***
Location	***Vilabouly district, Savannakhet Province, Lao***
Commodity	***Citrus Fruit***
Total Cost	***USD 400,000***
CFC Financing	***USD 120,000***

Ironbark Citrus has registered a subsidiary in Lao, Ironbark (Lao) Sole Co. Ltd. The subsidiary is a social business which aims to assist fellow farmers to achieve a secure economic future for themselves and their families. This will be done through sharing the skills, knowledge and experience gained for the last 30 years of successful citrus farming, marketing and export in Australia. Ironbark Lao will assist the farmers to grow citrus fruit by providing trees, services and training. Ironbark Citrus will then market the farmer's fruit.

Ironbark is being supported during the establishment phase of the business of Ironbark (Lao) Sole by MMG LXML, a mining company that has been operating in the area since 2008. The goal for MMG LXML is to see the successful establishment of alternative businesses in the area prior to mine closure in 2021. MMG provides critical support in government negotiations, farmer engagement and cultural intelligence, who have extensive experience in these areas.

The request to CFC is to provide (co-) funding for a revolving fund that will be used to provide loans to farmers to cover their investments in seedlings and all farm inputs until their citrus harvest. Over the first three harvest seasons, the farmers will repay the loan to the fund. The fund is designed to revolve, allowing increasing numbers of farmers to join the program using repaid funds.

The funding will be sufficient to introduce 336 producers to citrus farming. The ultimate income effect for the farmers is significant; farmer income is projected to increase from currently USD 360 (exl. mining related income) to USD 2,000 by 2020.

The project is yet to begin due to delays from the proponent in setting up the legal structure and management team to run the loan facility.

Sustainable post-disaster reconstruction in Nepal - CFC/2015/06/0097FT

Submitting Institution	***International Network for Bamboo and Rattan (INBAR)***
Location	***Nepal***
Commodity	***Bamboo***
Total Cost	***USD 922,000***
CFC Financing	***Grant up-to USD 120,000***

The project aims at post-disaster reconstruction using bamboo, in the areas affected by the earthquake in Nepal. Bamboo is a largely cultivated commodity in Nepal.

The project aims at providing technical assistance and capacity building to (i) an existing commercial company producing bamboo construction products: Himalayan Bamboo, (ii) an existing company operating in the design for housing and public infrastructure, such as schools: ABARI. The purpose is to reduce the operating costs of the target companies, improve the bamboo value chain to ensure increased economic benefits to bamboo producers and security of supply of quality materials to companies. The project execution agency is the International Network for Bamboo and Rattan (INBAR). INBAR will provide technical assistance programme and will create linkages between the private sector, the government and small holder farmers.

The project outcomes will be the construction of 150 houses, 10 schools and one common facility center, training to 50 master artisans and trainers on building with bamboo in order to support immediate shelter and public services to disaster-affected communities, leveraging on local capacity to self-build.

CFC extended a grant of USD 120,000 to finance about 13% of the total project cost, while USD 22,000 has been financed by INBAR and the two companies that benefit from the technical assistance.

CFC has financed a similar project implemented by INBAR in Bhutan (conducted after the earthquake of 2009). The project highlighted the importance of bamboo as anti-seismic construction material, moreover if treated with chemicals, bamboo can last more than 25 years, and it's ideal for building components. Guidelines, technical assistance and capacity to design were identified as main area of development.

The project implementation will be completed by end 2016.

Honey Value Chain - CFC/2015/06/0084FT

Submitting Institution	***Honey Product Industries***
Location	***Malawi***
Commodity	***Honey***
Total Cost	***USD 257,000***
CFC Financing	***USD 120,000 (loan)***

The project aims at enhancing honey production in Northern Malawi. Honey Product Industries, the project promoter, is a small privately-held company incorporated in 2014 and currently employs 7 people. Its business model is based on inclusive growth by providing employment and business opportunities to young people willing to enter the honey production and processing sector. Honey Product Industries main product is liquid honey.

The project cost amounts to USD 257,000 and the project entails:

- Replacing traditional hives with modern hives that are more efficient and environmentally friendly
- Providing bee keeping kits
- Modernizing and expanding the honey filling line, up to 100,000 KG per year
- Employing additional 50 staff as honey aggregators and trainers.

The company will purchase the modern hives and bee keeping kits and will sell them to the small holder farmers contractually linked and participating to the project. The small holder farmers pay back the company in 18 months, via deduction from their monthly salary.

The project is estimated to benefit about 200 farmers and will generate an increase of their production from 6,000 to 27,000 Kg and generate an average annual income increase of about USD 370. Moreover, additional 50 jobs will be created.

The senior loan shall be disbursed following the due diligence and upon receipt of an unqualified audit opinion of the financial statement ending on March 2016 and will have a tenor of 4 years and an interest rate 10%.

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VI

Projects Approved Under the New Guidelines

(2013 onwards)

Grants

Identifying Growth Opportunities & Supporting Measures to Facilitate Investment in Value Chains in Landlocked Countries - CFC/ILZSG/267

Submitting Institution	***UN Office of the High Commissioner for LLDC's***
Location	***Global***
Commodity	***Various***
Total Cost	***USD 418,000***
CFC Financing	***USD 335,000***
Co-financing	***USD 83,000***

Project Description

The project brings the matter of commodity sector contribution in the international support programmes for sustained structural transformation of Land Locked Developing Countries (LLDC's).

Studies undertaken by UNCTAD, in preparation for the review, reveal the significance of commodity dependence in Landlocked Developing Countries (LLDC's). In a series of Ministerial and expert meetings, UNCTAD, CFC and UN-OHRLLS led the high-level —dialogue on commodities following the Second United Nations Conference on Landlocked Developing Countries held in Vienna, Austria in 2014. The working paper on "Turning Commodity Dependence into Sustainable and Inclusive Growth" in particular looked at the policies and strategies necessary to enhance the role of commodities in the development of LLDC's.

The study confirmed the importance of commodities in LLDC's, especially in terms of share of exports, Foreign Direct investment (FDI) and employment. For instance, the study found that from 2011 to 2013, more than half of all exports from 27 out of 32 LLDC's were primary commodities. Resource-based goods (i.e. primary goods and resource-based manufactures) accounted for some three-quarters of all exports from LLDC's as a group. These and other findings clearly indicate that the commodity sector provides an essential link between LLDC's and the global economy.

Current Status

Transforming commodity dependence in LLDC's into sustainable, inclusive and equitable economic growth requires action at the regional, national and international level. At the regional level, the study identified transit system improvement as the key priority. Nationally, LLDC's must link the export commodity sector with domestic sectors as part of their national development strategies. This includes, among other things, putting commodity issues at the heart of domestic development policies, facilitating investment flows to commodities sector, effective participation of LLDC's in regional and global value chains, promoting (non-) traditional exports and acquiring technologies that improve productivity. International support should include transfer of technology and related know-how, as well as forms of financing that encourage commodity diversification and value addition.

The outcomes of the project have been integrated into the inter-institutional preparatory process for the review of Almaty Programme and reflected in the Vienna Programme of Action (VPoA). Collaboration in follow-up on the recommendations of VPoA is envisioned with specialist institutions participating in the Inter-Agency Working Group (IAG) preparing the review. This includes UN-OHRLLS, UNCTAD, UNDP, UNECA, and the World Bank.

Chillies/Pineapple/Sugar

Commodity Branding - CFC/2012/01/0044

Submitting Institution	***Windward Strategic ltd.***
Location	***Malawi, Zimbabwe, Mozambique, India, other ACP countries***
Total Cost	***USD 1,600,000***
CFC Financing	***USD 475,000 (USD 230,000 financed by OFID)***
Co-financing	***USD 562,500 (Shell Foundation)***
Counterpart Contribution	***USD 562,500***

Project Description

The project will establish a portfolio of sustainable consumer brands across two commodity sectors for the benefit of commodity producers. For that, the CFC will provide funds to Windward Strategic Ltd. who will create value-adding consumer brands for the commodities i.e. sugar, pineapple, coffee and chillies which will then be commercially marketed under approved licensing agreements. The CFC investment will be limited to the sugar and pineapple value chain. Origin of the branded sugar will be mainly Mozambique and India with the target markets of USA and the European Union (EU). Pineapples will be sourced from Ghana for export to the EU. Windward will invest in intellectual property that adds value to primary commodities ("brands") and provide licenses to commercial partners with existing supply chains and product expertise.

A share of the added value from branding sugar and pineapple (targeted volume is around USD 6 million distributed over 10,000 farmers) will be channelled directly to small farmers and other involved labourers. Social benefits associated with the products will be one of the key brand messages. For sugar this share will be approximately 30% and for pineapples 50%. These figures will be externally audited by recognized and specialized auditors in order to maintain credibility of the brands.

The project is financially and technically supported by the Shell Foundation as part of their mission to establish sustainable enterprise-based solutions to development problems. While CFC funds will be provided as a grant, in return, a percentage of all incurred licensing fees will be returned to CFC covering at least four years period to fully recover the funds.

Current Status

The project is operational since November 2013 and development for sugar is very promising, since the project was successful to win one of the world's biggest sugar trader as a powerful commercial partner for distribution and marketing of the sugar brand that has in the meantime been developed. While the brand is currently being fine-tuned according to consumer research, it launched sales in late 2015. The sugar trader will pay a licensing fee for every ton of sugar marketed through the new brand and the licensing fee will be distributed between the sugar producing farmers, Windward and the CFC.

Efforts to create a pineapple brand, however, was discontinued due to a very difficult market environment prevailing due to ongoing price war of the two biggest global pineapple traders, and internal difficulties witnessed within the company (the initially selected pineapple producing partner company in Ghana). The Executive Board of the CFC, therefore, approved to reallocate the earmarked funds for pineapples towards the chilli brand development of the programme. The chili brand has been fully developed and the company Netrade has taken up the license and introduced it into the Zimbabwean market in February 2015. The CFC funds are being used to also enter the Malawi and South African market and to differentiate the brand with a broader product packaging range.

Loans

Cashew

Commodity Value Chain Finance Program - CFC/2013/03/0128

Submitting Institution	***Agence Communautaire pour le Financement de la MicroEnterprise (ACFIME)***
Location	***Burkina Faso (LDC)***
Total Cost	***USD 800,000***
CFC Financing	***USD 400,000 (financed by OFID)***

Project Description

The project aims to stimulate smallholder cashew production by expanding a micro-credit program with the CFC's support. The requesting organization ACFIME is a registered micro-finance institution operating in Burkina Faso. The ACFIME focuses on micro-credit for smallholder farmers and farmer groups, in particular women. As of 2012, about 80% of its 8,000 clients were women.

Current Status

Due to unexpected developments witnessed in the cashew market, ACFIME has requested to put this loan on hold till May 2016.

Coffee

Sustainable and Secure Smallholder Systems at Scale (4S@Scale) - CFC/2013/02/0041

Submitting Institution	***HIVOS, The Netherlands***
Location	***Kenya, Tanzania, Uganda***
Total Cost	***USD 20,820,000***
CFC Financing	***USD 1,500,000 (incl. USD 1,000,000 financed by OFID and USD 500,000 by the Dutch Trust Fund), USD 75,000 (as a grant to cover administrative and legal costs)***

Project Description

The purpose of this project is to create viable smallholder coffee farming systems, that will allow the coffee sector in East Africa to regain its vitality and offer long-term business opportunities for 2.4 million smallholder coffee farms and 16 million people dependent on the sector. Partners in this project are Ecom Agroindustrial Corporation (Ecom), Sustainable Management Systems Limited (SMS), Kawacom Uganda Limited (KUL), Tutunze Kahawa Limited (TKL) and the Kenya National Federation of Agricultural Producers (KENFAP). These partners have formalised their collaboration and contributions to the project in a MoU within the 4S@scale collaboration. The Dutch Ministry of Foreign Affairs will contribute with a grant of USD 7,100,000. Key activities are the incorporation of biogas into the whole farm system; diversification of incomes, in particular through dairy and horticulture; the provision of credit facilities; enhanced good agricultural practices including climate resilience; and women and youth targeted training and support.

Current Status

The CFC loan was approved in October 2013 for the introduction of biodigesters, targeting 22,000 households. The biodigester produces gas, for cooking and lighting, and slurry that can be used as fertilizer. At household level, fertilizer costs are reduced and food and cash crop production increases. Costs and time are saved when people no longer need to buy or collect charcoal and firewood for cooking and kerosene and candles for lighting. Cooking is convenient, fast and clean. Sanitation on the farm improves. At country level it leads to reduced deforestation, reduced greenhouse gas emissions, reduced indoor air pollution related health problems and therefore reduced public health costs, and reduced manure related pollution.

The first disbursement of the CFC loan was made in July 2015. By the end of 2015, the number of biogas digesters constructed was behind schedule because of a changed policy and prevailing business environment. On request of the project initiator, due to changes in implementation of project, the second disbursement of the loan was retracted.

Revival of the Robusta Coffee Chain, Madagascar - CFC/2014/04/0064

Submitting Institution	***Sangany Café***
Location	***Madagascar (LDC)***
Total Cost	***USD 2,336,000***
CFC Financing	***USD 1,078,000 (USD 0.5 million financed by OFID and USD 375,000 by the Dutch Trust Fund)***

Project Description

Sangany Café aims to improve Robusta coffee production and quality in Madagascar, targeting European and domestic markets for high-quality green, roasted and wet-processed coffee. The main activities include improving production, processing and marketing of Robusta coffee (inter)nationally. Projections of the project are based on a detailed analysis conducted in the field; product and market diversification; information provided by farmers cooperatives and micro-finance institution, making farmers access available to fair credit; use of improved technologies to increase coffee quality, enabling hulling machines to be used efficiently for both coffee and paddy.

Current Status

The loan agreement and security documents of the project are being finalised.

Maize

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

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

Project Description

The project aims to support Ugandan smallholder farmers to efficiently bulk and process maize to sell to regional wholesalers. Joseph Initiative Ltd. (JI) takes an integrated approach to trading, combining rural collection centers with village buying agents to collect maize in small quantities from remote farmers and making payments to them on the spot. This trading model provides a predictable market that incentivizes smallholders to improve quality and intensify production. Joseph Initiative's business model concentrates on 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. Inclusion of a large number of producers, increasing productivity and potentially reducing the current 40% post-harvest losses could lead to substantial improvement in Uganda's food security.

Current Status

The Loan from CFC was disbursed in December 2014 and funds have been invested in a new processing facility and are also being used for working capital which is crucial for a grain trading business. Some 16,000 smallholder famers are delivering maize to the company for processing. JI continues to grow and has taken the strategic equity investor DOB equity on board. DOB equity is a Dutch Impact Investing Fund and the philanthropic arm of the De Rijke Family (Kruidvat). This investor has also provided JI with additional working capital which enabled the company to become a major maize trader in Uganda and reach a turnover of close to USD 6 million in 2015.

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

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

Project Description

The Dutch development organisation, ICS, is active in the maize value chain in Western Kenya through two subsidiary companies i.e. Agrics Ltd and Nafics Ltd. Agrics Ltd sells high quality agricultural inputs to smallholder maize farmers, whilst Nafics Ltd. offers farmers professional storage capacity for their maize as well as guaranteed offtake. With CFC financing, ICS aims to upscale its maize trading business enlarging the supply network of smallholder maize farmers, enhancing their production, allowing farmers to sell their maize in close proximity to their farms and providing them with certified storage services.

Current Status

The loan agreement for implementation of the project has been signed by both parties.

Shea Nut

Reach Sustainability of Social Business Star-Shea Ltd. - CFC/2013/03/0129

Submitting Institution	***Star Shea Ltd.***
Location	***Ghana***
Total Cost	***USD 1,560,000***
CFC Financing	***USD 560,000 (financed by OFID)***

Project Description

The company StarShea Ltd was established as a social business in Ghana supporting sheanut producers by providing them with access to international markets for shea nuts and butter. Through its linkage with the StarShea network, the company reaches a supply base of more than 10,000 (mainly women) producers. The company procures quality shea nuts at premium prices and provides services for production and marketing. The company requested CFC support for the expansion of its program, both in scale and range of services.

The project will pursue three main lines of operations:

(i) expanding purchases of sheanuts from smallholder women. The company will use its working capital to offer better payment terms and buy sheanuts with a premium against low seasonal price.

(ii) buying sheanut butter produced at the village level, supplying it to social buyers with organic and/or Fair Trade certification where applicable, direct in unrefined form, or after refining in Europe.

(iii) implementation of centralized environmentally friendly sheanut processing unit. The processing of sheanuts into butter at a central location would improve quality and significantly reduce environmental pollution compared to smallholder processing.

Current Status

This project is not yet operational and efforts are being made to expedite finalization of all significant factors to implement the project.

Sisal

Mwelya Biogas Plant Tanga - Tanzania - CFC/2014/04/0038

Submitting Institution	***Katani Ltd, Tanzania***
Location	***Tanzania***
Total Cost	***USD 6,500,000***
CFC Financing	***USD 1,500,000 (USD 1 million financed by OFID and USD 500,000 by the Dutch Trust Fund)***

Project Description

The project entails the construction of two biogas plants in Mwelya sisal estate, in Tanga Tanzania for a total capacity of 1 MW. Katani Ltd (the "Promoter" or "Katani") is a privately owned company with head office in Tanga City. Katani currently operates sisal decortication factories in five estates in Tanga, Tanzania.

The proposed project is expected to have a significant development impact, both in terms of innovation and environment. The project is at an early stage of development; the project implementation plan is being discussed with the Promoter, as well as the conditionality to the CFC loan.

Current Status

The project is at an early stage of development, and some progress has been made to expedite consolidation of all effective factors. Katani is renegotiating the financing scheme. The Environmental and Social Impact assessment of the project has not been completed. The on-site due diligence of the project have been postponed to enable Katani to present a clearer picture of the implementation and its financing scheme. In case consolidated proposal covering all pertinent factors are not received Katani Ltd may be asked to submit a new project proposal with clearer implementation plan and feasible financing scheme.

Vegetables

Commercial Farm Development in Central and Northern Ethiopia - CFC/2012/01/0030

Submitting Institution	***Solagrow plc***
Location	***Ethiopia***
Total Cost	***USD 6,255,000***
CFC Financing	***USD 1,100,000 (USD 750,000 financed by the Dutch Trust Fund), USD 55,000 (as a grant to cover administrative and legal costs)***
Counterpart Contribution	***USD 5,155,000***

Project Description

Solagrow provides seed potatoes supplemented by seeds from other crops and mechanization services to organized outgrowers and other small farmers. In addition, the company produces quality food crops for local and for export markets on its own nucleus farms. For outgrowers collective marketing of produce is offered on a voluntary basis.

Solagrow's main shareholder is the Netherlands based Cornerstone Foundation. Important commercial partners include traditional established seed companies like HZPC, Popvriend seeds, Beyo Zaaden and van der Biltd Zaaden (Solagrow acts as sales agent and/or multiplies seeds on contract basis). Recently Heineken Ethiopia contracted Solagrow for supply of malting barley supply. Public partners include the Dutch Ministry of Foreign Affairs, Wageningen University and the Dutch Development Organization - SNV. The company works closely together with the Ethiopian Institute of Agricultural Research (IAR) for release of new Ethiopian potato varieties and introduction of new multiplication technologies.

The three nucleus farms will directly provide some 1600 new jobs for different education levels (from manual labour to MSc). The establishment of surrounding outgrower schemes will involve some 2,500 new farmers as outgrowers on around 3,000 ha of land who will benefit from quality input provision, mechanization services and access to markets. In addition, indirectly, Solagrow will offer its services in a 10,000 ha circle around each nucleus farm and reach another 8,300 farmers (24,900 with three farms).

The CFC funds will be used to equip Solagrow's recently allotted three additional nucleus farms with tractors, equipment for soil preparation, and irrigation facilities. Solagrow is currently managing 273 ha of farm land. The three additional nucleus farms will add 600 ha of farm land (total 873 ha). Around each nucleus farm, outgrowers on around another 1000 ha will be organized. Ultimate strategic goal is a countrywide network of nucleus farms. The investment seeks to trigger the creation of 1,500 jobs and connect 3,000 smallholder farmers as outgrowers to Solagow.

Current Status

The loan was disbursed in July 2015 after which Solagrow was able to procure additional machinery and equipment for expansion of its farming operations.

However, on 11 December 2015, as per information provided by the investee, Solagrow's farm for the production of seed potatoes at Haro Wenchi suffered from damages and was almost completely destroyed. The losses included machinery, stores and all of Solagrow's potato seed, which deprived Solagrow from potato planting in 2016. The direct losses of facilities are estimated to be around USD 290,000 while the indirect loss of net profit from foregone potato production is estimated to be an additional USD 720,000. This has, as per information made available, placed Solagrow in a very precarious liquidity position. However, Solagrow is expecting some compensation payments for the material losses incurred. The CFC is in close contact with Solagrow's management to elaborate a plan for the reestablishment of full farming operations.

Financing services

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

Submitting Institution	***MatchMaker Fund Management (MMFM)***
Location	***Burundi, Kenya, Malawi, Rwanda, Tanzania, Zambia***
Total Cost	***Euro 10,000,000***
CFC Financing	***USD 520,000 (Loan - First Account), 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 SMEs in agribusiness in East Africa. SIF provides financing as loans, from USD 65,000 to USD 650,000, with an average loan size of USD 200,000. Four main types of loans are available: (i) input finance; (ii) crop finance; (iii) farm investment; and (iv) company investment.

SIF provides financing for SME's in local currency, at commercial rates ranging between 18-20%pa, for a period up to 60 months. Essential features of the target company is: (i) 2-99 employees; (ii) currently operating in agricultural value chains; (iii) registered in East Africa; and (iv) have financial need within the SIF target product range. Collateral is not a precondition, in any case it is below 125%-140% required by banks.

The SIF successfully opened its lending operations upon reaching its initial size of Euro 4,000,000. The target size of the SIF is Euro 10 million and is expected to be reached within 3 years. The SIF expects to close 15-20 loans per year, with average size of Euro 200,000. The average lifespan of a loan is 24 months and repayments will be recycled for new loans.

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 will give SIF 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.

Current Status

SIF has disbursed 29 loans reaching the total loan portfolio size of over USD 2,500,000 with outreach to over 5,800 smallholder farmers. The SIF is continuing its fundraising efforts to reach the target size of Euro 10 million by 2016.

Micro Leasing

Micro Leasing in Commodity Value Chains (CFC/2012/01/0113)

Submitting Institution	***Equity For Tanzania Ltd. (EFTA)***
Location	***Tanzania***
Total Cost	***USD 290,000***
CFC Financing	***USD 145,000 (Loan), USD 7,250 (as a grant to cover administrative and legal costs)***
Co-financing	***USD 145,000 (CORDAID)***

Project Description
With the PEAK I Fund, Equity For Tanzania Ltd. (EFTA) will provide lease finance for small informal entrepreneurs and cooperatives in agricultural commodity value chains who seek to invest in processing equipment and machinery, irrigation facilities or other movable assets. This target group represents 95% of all Tanzanian businesses. Micro leasing is a new financial product in Tanzania and provides access to medium term finance for clients with little or no collateral. The CFC will provide investment capital for the PEAK I Fund which will exclusively provide finance for leases ranging between USD 2,000 and 10,000.

Current Status
The project implementation has been finalized. Further reports on execution of the project is awaited.

Equity

Flower Cultivation

Promotion Project for Standardized Flower Cultivation in Chongqing Flowers World - CFC/2013/02/0016

Submitting Institution	***Chongqing Sai-Ying-Si Industrial Co., LTD***
Location	***Chongqing***
Total Cost	***USD 3,430,000***
CFC Financing	***USD 1,000,000 (direct equity investment in a Chinese JVC) (USD 500,000 financed by OFID), USD 50,000 (as a grant provision to cover administrative and legal costs)***
Counterpart Contribution	***USD 2,430,000***

Project Description
The CFC will provide funds in the form of a long term senior loan up to USD 1,000,000 to Chongqing Sai-Ying Industrial Co. Ltd, a privately-held company incorporated under the laws of the People Republic of China.

The project financed by the CFC: "Intervention Project of Standardized Flowers Cultivation in Chongqing Flowers World aims at establishing (i) a technological promotion system for flowers cultivation including training facilities and technological promotion personnel; (ii) to build a standardized planting demonstration base and seedling nursery; (iii) to enhance the sales network, such as the physical marketplace and e-commerce platform.

Chongqing has been experiencing rapid urbanization and together with the construction of new buildings there is a need of creating green spaces. Moreover, the market and request for decorating plants and flowers is increasing.

The Flowers World Project specifies that a holographic industry chain is vertically built in the carrier of flower and plant transaction, including design and development, project construction, market platform, production base and farmer plantation; "Six Engines" are horizontally constructed, including entity trading market, virtual trading platform, import and export nursery stock transaction, green exhibition economy, gardening HQ economy and cultural creative industry. It builds the first eco-culture industrial incubation platform in China by link of Flowers Word market in the middle.

The flower industry in the only agricultural industry that is not subject to the agricultural quota restrictions.

Current Status
The project has a strong environmental impact since it promotes the development of green areas in the Chongqing municipalities and promotes a more conscious approach to the environment highlighting the importance of plants and trees not only for decoration purposes. A major significant impact from execution of the project is expected. The finalization of the project is underway.

Photo: Elanor Matheson/freeimages.com

Partnership

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

Submitting Institution	***AATIF***
Location	***Africa***
Total Cost	***USD 125,000,000 (current fund size)***
CFC Financing	***USD 2,000,000 (Equity – First Account)***
Co-financing	***Other main current investors are KfW and Deutsche Bank. The associated grant based Technical Assistance Facility is being financed by the German Ministry for Development Cooperation and Economic Development (BMZ)***

Project Description

AATIF, as an Impact Investing Fund, seeks to realize the potential of Africa's agricultural production, manufacturing, service provision and trade for the benefit of the poor. The Fund provides tailored financing directly to companies and indirectly via intermediary investment companies/financial institutions who are engaged in agricultural value chains. The CFC will invest in "Class C Shares" to capitalize the Fund and finance its investment activities. "Class C Shares" provide a risk buffer for private investors (who have invested in more senior Class B or A shares) as they bear first losses. The current total fund volume of AATIF stands at USD 125,000,000 available for investments with anticipation of further growth. Individual investments have a target range between USD 1, 000,000 and USD 15,000,000.

The investment fund is complemented through a Technical Assistance Facility that provides grant funding for projects to strengthen the developmental aspects of individual investments. This Technical Assistance Facility is managed under a service agreement by the CFC. Through its independent Social and Environmental Compliance Advisor from ILO, AATIF is committed to closely monitor the social and environmental impact of each investment.

Current Status

The Commitment Agreement to invest in "Class C Shares" was signed in November 2014. So far AATIF has provided debt finance for four direct investments (farming operations) and for three indirect investments (credit lines for regional banks that are expanding into agricultural retail lending sector). With implementation of identical investment, AATI has managed to make its first modest operational profit in 2014 and further considerations of activities are expected.

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

Submitting Institution	***Africa Agriculture SME Fund***
Location	***Africa***
Total Cost	***USD 36,000,000 (fund size)***
CFC Financing	***USD 2,000,000 (equity), USD 100,000 (as a grant to cover administrative and legal costs)***
Co-financing	***Other main investors are the Agence Française de Dévéloppement (AFD), PROPARCO, the Spanish Government (AECID), and the African Development Bank (AfDB)***

Project Description

The CFC will invest into the AAF-SME Fund that supports private sector companies that implement strategies to enhance and diversify food production and distribution in Africa by providing equity or quasi equity funding and strengthening their management. AAF-SME provides finance to enterprises active in the primary, secondary and tertiary sector along the agricultural value chains in Africa between USD 150,000 to 4,000,000. The fund is set up to invest in up to 10 individual investments.

AAF-SME will be complemented through a Technical Assistance Facility (TAF) that provides grant funding for complementary projects to strengthen the developmental aspects of individual investments with an emphasis on the establishment of outgrower schemes.

AAF-SME Fund is Africa's first equity fund with a focus solely on food producing and processing SME throughout the continent. SME's active in the African agricultural sector offer significant growth opportunities and have an important impact on economic development and job creation, and are therefore widely regarded as the key for the economic development of Africa. AAF-SME investments will demonstrate that (equity) investment in the African agricultural SME sector is a commercially viable proposition with associated manageable risks. AAF and AAF-SME are considered as a flag ship Impact Investing Funds in Africa. Success could lead to widespread recognition and replication.

The associated grant based Technical Assistance Facility is being financed by the European Union.

Current Status

The Fund has completed its investment phase and is now invested in 7 different agricultural SME's across Sub Saharan Africa (SSA) that focus on different value chain segments from mixed farming operations to organic fertilizer production. As expected, the currently witnessed transition phase from SME type companies towards transparent shareholder entities proves to be difficult for some AAF investees. However after restructuring and reorientation through AAF, the value results are expected to increase substantially.

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

Submitting Institution	***EcoEnterprises Partners II L.P. (EcoE II)***
Location	***Latin America***
Total Cost	***USD 27, 000, 000 (current fund size)***
CFC Financing	***USD 500,000 (equity), USD 25,000 (as a grant to cover administrative and legal costs)***
Co-financing	***Main other current investors are the Dutch Development Financial Institution (FMO), the Interamerican Development Bank (IADB) and the European Investment Bank (EIB)***

Project Description

EcoE II seeks to invest mezzanine capital in small companies with a proven business model at expansion stage which are active in the sustainable agriculture and forestry (products) sector. The targeted investee companies supply into a continuously growing market for organic food products and certified wood predominantly in the US (through main stream retail channels such as Walmart/Home Depot and similar dominant food retailers and home improvement stores). The CFC will provide funds to capitalize EcoE II and finance its investment activities.

Adding value to primary products that are cultivated and/or processed in an environmentally sustainable way can have a significant development impact when commercial viability can be proven for all value chain stakeholders. The vast and globally appreciated natural resource base of Latin America can be seen as a comparative advantage that presents a widely untapped opportunity for sustainable food and timber products out of the region. Currently, a similar fund focusing on sustainable food and timber production with a clear commercial focus does not exist.

The existing investment pipeline is an outcome of the most successful (predecessor) EcoE I Fund investments in start-up enterprises and informal businesses since the year 2000, which have in the meantime graduated into companies with a proven business model that are ready to expand. EcoE II seeks to consolidate the promising results of EcoE I and bring 12 to 15 successful individual investments to a level that will make enterprises interesting for purely commercial investors and banks. Investments will demonstrate that the sustainable use of natural resources is commercially viable and indeed can prove to be a competitive advantage. Success could lead to widespread recognition and replication by commercial funds and to a more receptive regional banking sector.

Current Status

EcoE II has invested in six companies, which are engaged in eco/organic niche products such as tea, juices and dried fruit from the Amazon. None of the companies is considered "at risk" and all are showing substantial growth in sales. EcoE II pipeline is substantial with a number of further imminent closings to expand investments.

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

Submitting Institution	***Moringa Agroforestry Fund S.C.R.***
Location	***Latin America/Africa***
Total Cost	***EUR 50,000,000 (current fund size)***
CFC Financing	***USD 1,500,000 (equity), USD 75,000 (as a grant to cover administrative and legal costs)***
Co-financing	***Main other current investors are FMO, PROPARCO, the Spanish Government (AECID) and the Latin American Development Bank (CAF)***

Project Description

The CFC will provide funds to the Moringa Agroforestry Fund (to be called Moringa) which seeks to invest in African and Latin American agroforestry projects that are able to commercially compete with deforestation drivers (like cattle ranching, crop farming and timber harvesting) while generating a clear positive impact on local populations and the environment.

Moringa will invest in manageable scale agroforestry projects (between 3-15,000 ha/project) which usually have an industrial nucleus (being the investee company of Moringa) and a wider circle of integrated smallholder farms/value chain partners in its vicinity. The fund seeks to invest in 12 to 15 individual project investments.

Land degradation and the necessity for further intensification of agricultural production on a sustainable basis are two key issues for development of many countries in Latin America and Africa. Commercially viable agroforestry systems enable intensified land use with diversified (risk mitigating) income streams, while at the same time rehabilitating or even improving degraded land. Marginal land is frequently occupied by the poorer strata of the population, which makes investment in commercial agroforestry systems a very powerful tool to alleviate poverty.

All Moringa investments are expected to have a demonstrable positive impact on the environment and the livelihoods of local populations. Through its investments, Moringa targets a total of 8,000 new jobs created with an income effect on 35,000 dependants. In addition, about 60,000 outgrowers are expected to be associated to commercial investments of Moringa, with a development impact on 340,000 dependants. As an indicator for environmental impact, Moringa targets to reforest at least 40,000 ha with 10 mln tons of carbon sequestrated. Impact will be monitored and measured through an internal E&S System Framework.

Moringa investments will be complemented through a Technical Assistance Facility (TAF) that will provide grant funding for projects to strengthen the developmental aspects of individual investments. The CFC has been asked to provide remunerated management services for this Facility and is currently developing an appropriate operation structure for TAF.

Current Status

Moringa has closed its first deal in the form of an equity investment in an existing coffee plantation in Nicaragua, with the goal of developing an agroforestry based outgrower scheme that will enable participating smallholder to continue to grow coffee despite the devastating coffee leaf rust fungus. A second investment is likely to be made in Tanzania in cooperation Lafarge, a French cement producer, who wants to source fast growing wood biomass for its energy consuming processing plant.

It is expected that further institutional investors will enter Moringa and substantially increase agroforestry projects.

Withdrawn

Revitalization of the Coffee Industry in Yemen - CFC/ICO/53

Submitting Institution ***International Coffee Organization (ICO)***
Locatio ***Yemen***
Commodity ***Coffee***
Total Cost ***USD 4,934,900***
CFC Financing ***USD 250,000 (Grant) (incl. USD 125,000 financed by OFID)***

Project Description
The goal of the project is to increase productivity and efficiency of the coffee supply chain in Yemen and by so doing revitalise this sector and improve incomes of coffee growers and other actors in the supply chain. This project will promote an integrated, more demand-responsive approach to the development of the coffee industry in Yemen concentrating on improving productivity at the farm level, improving quality of the coffee produced, promoting more efficient use of water, capacity building and enhancing transparency and connectivity at all stages of the coffee value chain. The project seeks to revitalize the coffee sector and in so doing, allow growers to gain better market access for their coffee, particularly to the higher prices generally offered by the speciality sector. The project aims to demonstrate that well-managed coffee farms offer growers and indeed all industry stakeholders the opportunity to earn a far greater income than that which can be derived from qat[1] production. The objectives will be achieved through a mix of tried and tested techniques as well as innovations using modern technology.

Current Status
The project has been withdrawn as no positive outcome could be concluded with involved partners.

[1] Qat (Khat) is a plant which is used as a soft drug principally in Kenya, Somalia and Yemen to reduce fatigue and assuage hunger. Long term abuse of the drug can result in serious health hazards.

Integrated Food Management System - Warehouse Inventory Credit through Commodity Exchange - CFC/2012/01/0237

Submitting Institution ***AMIS InterAg Ltd***
Location ***Malawi, Zambia***
Commodity ***Grains and other crops***
Total Cost ***USD 900,000***
CFC Financing ***USD 400,000 (Loan), USD 20,000 (as a grant provision to cover administrative and legal costs)***
Co-financing ***USD 500,000 from consortium partners***

Project Description
The project will connect together two segments of agricultural economy in East Africa, namely (i) smallholders farmers that live in regions beyond the electrical grid and cell phone service; and (ii) regional trading system gathered around agricultural commodity exchanges.

Target on selected rural grain collection and storage sites accessible to smallholder farmers but remote from main centres of activity. Upgrade and register the warehouse as delivery point on the commodity exchange and provide Information Computer Technology (ICT) facilities to connect to regional commodity exchange platform. This will draw smallholder farmers into the regional markets, providing transparent pricing and access to banking services and loans using their crop as collateral. Additional income from better prices and market information would allow warehouse to raise income through trading fees and storage services. Further income generating opportunities include marketing services and supply of goods and services required in rural areas.

Current Status
CFC financing for the project was approved in April 2013. Agricultural Commodity Exchange (ACE), the project proponent, postponed the signing of a loan agreement with the CFC pending the confirmation of co-financing commitments and corresponding adjustments in the original workplan.

The Executive Board, in its 59th Meeting in April 2015, agreed that the CFC financing commitment to this project may not be further required and may therefore be discontinued.

Photo: ©FAO/Amos Gumulira

The Taste of Nepal - Community Production and Processing of Nepalese Spices & Herbs - CFC/2013/02/0051

Submitting Institution	***Terwel BV***
Location	***Nepal***
Commodity	***Spices & Herbs***
Total Cost	***USD 763,000***
CFC Financing	***USD 363,000 (Loan) (incl. USD 250,000 financed by OFID), USD 10,890 (as a grant provision to cover administrative and legal costs)***

Project Description

With the proposed project, the Dutch company Terwel BV, together with its partner the Organic Village Nepal Ltd, intended to enlarge its existing supply system and up-scale the spices & herbs processing facility near Kathmandu, Nepal. This up-graded facility should meet the volume and quality standards requested by international wholesalers and industrial food producers, opening the doors of Asian and European markets to certified organic herb and spices grown and processed in Nepal.

Current Status

Following a series of attempts made to conclude agreements, the Loan Agreement (LA) between CFC and Terwel BV could not be signed as no agreement was reached regarding the security clause of the LA. In particular, Terwel BV did not meet the conditions to guarantee a balanced distribution of the capital risk and the investment costs of the project between the CFC and Terwel BV, as requested by the EB. The Executive Board of the CFC (Decision EB/LX/8) approved the introduction of a "Sunset Clause" to terminate projects not operational after two years since approval by the Board. In line with said clause, the CFC informed Terwel BV that the deadline for the finalization of the LA was 31 October 2015, than was extended to 30 December 2015. These terms expired without the concrete indication that Terwel BV has met the conditions. The CFC financial commitment for the project has been terminated.

Improvement of production of Paprika in Burkina Faso and Niger for processing and export - CFC/2013/02/0074

Submitting Institution	***National Coordination Unit for CFC projects in Burkina Faso***
Location	***Burkina Faso and Niger***
Commodity	***Vegetables (dried paprika powder and paprika oleoresin)***
Total Cost	***USD 4,410,000***
CFC Financing	***USD 250,000 (Grant)***
Co-financing	***Contribution from partners still to be communicated***

Project Description

The target products are Spice Grade Paprika Powder (SGPP) and Oleoresin of Paprika (ORP). Both are important value added products derived of paprika. The main products developed are obtained via the processing of dried paprika flakes into SGPP and/or ORP. Paprika ranks as the third most important spice traded globally. It is widely used in sausages, sauces, snacks, relishes, salad dressings, coating crumbs, soup mixes and processed cheese. Major importers are located in the EU, North America and Asia. In Niger the target market for the dried paprika powder (SGPP) will be Nigeria. Based on a strong demand from the Nigerian market, SOPOR MANGA will also export fresh paprika produced in Niger to Nigeria.

Current Status

Project was approved by EB in 2013. With the introduction of the sunset clause as stipulated by EB, the project has been terminated. No further reaction has been received from Burkina Faso.

Expansion of the Dairy Farm and Value Addition - CFC/2013/03/0038

Submitting Institution	***Mosse Melese Dairy Farm***
Location	***Ethiopia***
Commodity	***Dairy***
Total Cost	***USD 576,875***
CFC Financing	***USD 272,000***

Project Description

This project aims to meet the demand for dairy products in the region, especially from two universities near the farm which require hygienic, packaged milk and cheese for the students and staff. Proposed investments in processing, packing and labelling would add value by improving the hygiene, quality and range of the farm's products. Introducing improved cattle breeds would increase productivity and the farm's overall turnover. By implementing the project, the farm could serve the region's increasing demand for affordable, high quality dairy products and contribute to greater food security for the local population.

Current Status

This project has been discounted as such a project could not be supported due to lack of authorization of the same by the National Bank of Ethiopia (NBE).

Production & Export of Fresh Vegetables for European Market - CFC/2013/03/0073

Submitting Institution	***Durabilis/Koga Veg Agricultural Development Plc, Ethiopia***
Location	***Ethiopia***
Commodity	***Vegetables***
Total Cost	***USD 3,000,000***
CFC Financing	***USD 750,000 (Loan)***

Project Description

This project was developed for financing infrastructure and equipment to operationalize facilities for vegetable production and packaging for export to Europe and the Middle-East, thereby creating employment for 500 farm/plant workers and developing an out grower scheme with approx. 1,500 out growers.

Current Status

The project has been withdrawn by the proponent as they could not obtain necessary approval.

Milk Fractionation Process as Alternative to Use of Raw Milk - CFC/2013/03/0147

Submitting Institution	***Productos Naturales de la Sabana S.A. ALQUERÍA***
Location	***Colombia***
Commodity	***Dairy***
Project Cost	***USD 9,332,000***
CFC financing	***USD 1,500,000 (Loan)***

Project Description

With the aim to offer a market alternative to small scale milk producers, contributing at the same time to milk price stabilization and the modernization of the Colombian dairy sector, the project foresees the development of a milk fractionation plant, which uses membrane filtration technology (Ultrafiltration, Microfiltration and Reverse Osmosis) for the production of premium price dairy ingredients such as Milk Protein Concentrate (MPC) and Lactose by the Colombian dairy company Alquería S.A. The company will focus on a business to business marketing, targeting companies of food ingredients. The project is intended to play an important role in offering a market alternative for some 200 small scale milk producers in the region of Cesar, in Northern Columbia.

Current Status

This project has been withdrawn by the proponent due to prevailing operational and financial conditions.

Photo: ©FAO/Ezequiel Becerra

Photo: Mia P./freeimages.com

VII

Summary of

Ongoing Regular Projects 2015

Bamboo and Rattan

Development and Commoditization of the Pre-Fabricated Modular Bamboo Housing in Asia and Africa - CFC/INBAR/07

Submitting ICB	***International Network for Bamboo and Rattan (INBAR)***
Project Executing Agency	***The International Centre for Bamboo and Rattan (ICBR)***
Countries Directly Benefiting	***Nepal, Ethiopia, China***
Project Cost	***USD 2,617,930***
Common Fund for Commodities	***USD 1,884,630 (Grant) (USD 1,000,000 financed by OFID)***
Counterpart Contribution	***USD 733,300***

The project objectives are:
(i) to enhance the design and technology of pre-fabricated modular bamboo housing;
(ii) to establish pre-fabricated bamboo housing production centres in Asia (Nepal) and Africa (Ethiopia) by building local capacities and transferring the technology developed in China; to develop community-based production chains by developing linkages between community-owned pre-processing enterprises with processing centres.

The project aims at maximising the benefits to the poor, to build capacity of local communities to cultivate, manage, harvest and pre-process bamboo for the housing industry, and to promote bamboo in the housing market in Asia and Africa as a reliable and environmentally friendly building material.

The project provides technical and marketing support to rural communities involved with bamboo related income generating activities in Nepal and Ethiopia, on the production and assembly of pre-fabricated bamboo housing panels, by commercializing the technology developed through an INBAR project in China

The project is implemented by the International Centre for Bamboo and Rattan (ICBR) and supervised by the International Network for Bamboo and Rattan (INBAR). The project, started in February 2009.

In accordance with the approved work plan, bamboo species from both Nepal and Ethiopia have been sent to ICBR, the PEA in China, for strength and durability tests. A consultant was hired to carry out the study on bamboo house design, cost, and marketing channels and his conclusions reveal a promising market in two countries.

The project has created good enabling conditions for development of the bamboo sector in both countries – in Ethiopia a national committee for standardization of bamboo has been set up to promote sector development and the Ministry of Agriculture has now invested US$5.3 million on bamboo sustainable land management. In Nepal, the technology transferred under the project has already been adopted by the private sector and discussions are ongoing with Government authorities to use bamboo composite products in the reconstruction response to last year's earthquake.

Some policy challenges still remain in place that will need to be overcome to develop the sector fully, particularly in Nepal; at present, Nepal doesn't have streamlined transport permitting systems in place, which mean bamboo is taxed whenever it crosses a district. There is also no facility for contract farming, which leaves farmers often reliant on traders.

Further investments will be required to help scale up production. Both countries estimated that the market demand for bamboo products far outstrips the available production capacity.

In Ethiopia increased linkages between the project and national private sector companies producing bamboo products, such as flooring needs to be established. Currently, there are three medium-sized factories producing bamboo flooring that may be interested. For the Project implementation the equipment was brought from China, to both project countries (Ethiopia and Nepal).

In Nepal 2,000 households benefitted from the project in ten different districts, with an increase of their income of USD 1,000 per family per year. The main challenge of the project implementation in Nepal was the scattered bamboo production capacity.

The three processing centres established in Nepal belong to Unique Bamboo, with equipments from the CFC.

Due to the reported delay in project implementation, the PEA requested a one year extension of the deadline to complete the project activities.

South-South Initiative to Develop an Integrated Bamboo based-development Alternative in Latin America - CFC/INBAR/09

Submitting ICB	***International Network for Bamboo and Rattan (INBAR)***
	International Tropical Timber Organization (ITTO)
Project Executing Agency	***International Network for Bamboo and Rattan (INBAR)***
Countries Directly Benefiting	***Ecuador and Peru***
Project Cost	***USD 2,007,300***
Common Fund for Commodities	***USD 1,256,470 (Grant)***
Counterpart Contribution	***USD 750,830***

This project is a market driven initiative targeted for poverty reduction and designed to function effectively in a rapidly evolving market place. The project's primary investment justification is based on strong market assessment of current and medium term competitiveness which shows that poor communities which grow bamboo in the region are in potentially strong competitive positions against other global producers. It will support Ecuadorian and Peruvian smallholders to produce bamboo efficiently and competitively by training and field trials. The project will support businesses at all levels of the market chain by mobilizing start-ups, technology and management transfer, business services and information, international and domestic business facilitation, credit lines, trade fairs. Besides, it will support government at local and national levels to create Sector Enabling Environments for business and farmers through exchange visits, training of officials, support to national and local policy development.

The project is being implemented at pilot sites covering 6 provinces in Ecuador and 4 departments in Peru. The pilot demonstration sites are equipped with simple processing machines and technological training is provided to farmers, investment events are being organized and based on the project experience, the project team will make policy recommendations to the local and central governments.

The project is progressing well. Most activities were implemented directly by INBAR regional office in Ecuador. Five pilot sites in Ecuador and three in Peru finally have been identified and equipped with basic machinery, and training workshops were held on bamboo cultivation, harvesting and processing. A total of 168 workshops have been held, and about 3,703 people have been trained, of which 1,213 are women. A training manual and a document on bamboo construction were published and distributed. Four bamboo houses and three bamboo bus stops were built for demonstration purposes during workshops in Ecuador and Peru. New bamboo products were designed and presented. A partnership with the private sector was developed for designing of new production collections in each country. Four platforms were created to promote links between the private sectors processing companies and producers. The link between urban buyers and rural suppliers has been further developed. Moreover, in Ecuador a national bamboo brand has been developed in cooperation with the Ministry of Agriculture. Two round table meetings were organized in two countries to discuss social housing programs and the possible role of bamboo in them. The project completion date has been extended until April 2016.

Cocoa

Integrated Management of Cocoa Pest and Pathogens in Africa: Controlling Indigenous Pests and Diseases and Preventing the Introduction of Exogenous Ones - ICCO/43

Submitting ICB	***International Cocoa Organization (ICCO)***
Project Executing Agency	***The responsible PEA will be the Ghana Cocoa Board while the duties of the PEA will be performed by Cocoa Research Institute of Ghana (CRIG)***
Countries Directly Benefiting	***Cameroon, Côte d'Ivoire, Ghana, Nigeria and Togo***
Project Cost	***USD 3,121,073***
Common Fund for Commodities	***USD 1,232,102 (Grant) (USD 615,000 financed by OFID) to the CFC***
Counterpart Contribution	***USD 937,724 (cash), USD 275,205 (in kind)***
Co-financing	***USD 676,043 (from the Cocoa/Chocolate private industry)***

The project was approved in April 2012. This project concerns pest and disease management and prevention of major prevailing cocoa diseases which have the potential to destroy the entire cocoa economy in West and Central Africa.

In 2012 Africa produced about 70% of the world cocoa output, corresponding to 2.8 million tonnes out of a total of 4 million tonnes. The five countries participating in this project (Cameroon, Côte d'Ivoire, Ghana, Nigeria and Togo) represent 98% of the African cocoa production. These countries face the continuous challenge to protect their crop against indigenous and exogenous pests and diseases, which constitute one of the major constraints to farm yield maximization, which in turn calls for the implementation of an effective regional strategy on Integrated Pest Management (IPM). The overall goal of the project is to implement a coordinated capacity building program among the major African cocoa growing countries so as to mitigate the negative impact of pests and pathogens on the productivity of cocoa plantation and the quality of cocoa, which every year is estimated to produce an average loss of about 35% of the total marketable cocoa production. The project, implemented by the Ghana Cocoa Board through the Cocoa Research Institute of Ghana (CRIG), aims at improving the productivity of cocoa farms by reducing crop losses to indigenous cocoa pests and diseases through awareness-raising and capacity building on environmentally sustainable and cost effective IPM techniques. In addition, the project intend to strengthen in-country and regional capacity for improved pest surveillance for prevention, early detection, eradication and continued control of invasive exogenous pests and pathogens endemic to cocoa growing areas in Asia and South America.

The project has been launched on 15 April 2013 in Accra, Ghana and it is currently operational in all the five targeted countries. Though each country is at a different level of implementation of project

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activities, there are common approaches to implementation strategies. The project is operational in Cameroon and Ghana since the last quarter of 2013, while in Nigeria and Togo activities started in the first quarter of 2014 and Cote d'Ivoire was able to start activities in December 2014 due to administrative difficulties. For sake of harmonization of project implementation and planning among the 5 participating countries, it was agree to consider PY1 to be from January to December 2014.

An annual coordination meeting was held in Accra, Ghana, in February 2015. A fund raising meeting with the private sector financiers was held in May 2015 at ICCO headquarters in London to secure USD 70,000 from the Cocoa Research Association Ltd. (CRA), a UK-based non-profit scientific research association, supported by Mars Chocolate and Mondelez International. Project activities were also presented at the European Cocoa Association (ECA) Board meeting held in Bordeaux, France in September 2015.

Despite the initial problems caused by the delayed transfer of funds from the private sector, available financial resources permitted the effective implementation of project activities dealing with control of major indigenous pests and diseases (training, surveys and trials in demo plots) with emphasis on cocoa mirids, black pod and the cocoa swollen shoot virus disease (CSSVD). Ghana, Nigeria and Togo developed manuals, pamphlets and brochures on major pests and diseases to facilitate training of field staff, extension agents and farmers on the effective use of recommended plant protection products and equipment. The number of farmers trained on pests & diseases identification, orchard management (pruning, weeding) and demonstration of efficient pesticide application exceeded expectations, confirming the strong project ownership of the final beneficiaries. In particular, during the first two year of implementation, the project has achieved the following targets:

- 925 farmers trained on black pod disease prevention;
- 360 farmers trained on the identification of indigenous pests such as termites and stem borers;
- 865 trained on mirid identification;
- 600 trained on CSSVD awareness and control and 100 in use of barrier crops (oil palm & coconuts);
- 585 farmers trained on safe use of insecticides and pesticide + spraying machine calibration to avoid over dozing residue problems;
- 750 farmers trained on B. Thalassina identification;
- 245 farmers in Nigeria provided with cell phones and on Coco-Link platform to receive relevant info on IPM;
- Pilot plot demonstrations were set up for the awareness and dissemination of CSSVD tolerant varieties.

Capacity Building on Price Risk Management Strategy for Cocoa Smallholder Farmers in Africa - CFC/ICCO/44FA

Submitting ICB	***International Cocoa Organization (ICCO)***
Project Executing Agency	***TWIN Ltd. (UK)***
Countries Directly Benefiting	***Cameroon, Nigeria, Sierra Leone, Togo***
Project Cost	***USD 654,217***
Common Fund for Commodities	***USD 313,828 (Grant)***
Counterpart Contribution	***USD 125,580 (cash), USD 127,365 (in kind)***
Co-financing	***USD 52,647 (AFD), USD 34,797 (others)***

Commodity market volatility has increasingly become a challenge for governments of developing countries which have progressively withdrawn their price stabilization programmes from the agricultural sector as part of trade liberalization and reform programmes. However, while advanced economies can trade and mitigate their risks via financial markets, developing countries have been struggling to adopt similar strategies. The project will equip cocoa producers in West Africa with knowledge and skills necessary to implement a risk mitigation strategies with a mix of instruments to reduce the costs of volatility in the global cocoa markets.

The knowledge and instruments necessary to mitigate the effects of global price volatility are, generally, the greatest impediment. In their earlier activities, the CFC and ICCO concluded that local cocoa sector stakeholders needed adequate and practical training in the implementation of hedging transactions in the countries. Based on this understanding, the project would seek to (i) focus on segments of the value chain vulnerable to risk; and (ii) develop the local capacity to apply specially designed set of integrated risk mitigation techniques to improve the producer situation and the overall efficiency of the value chain. To understand the effects of price volatility, cocoa cooperatives will be trained to pay attention to factors affecting price formation and to take advantage of market information available in the country to form an adequate risk assessment in terms of its costs and the need for mitigation.

The project focuses on achieving more predictable incomes for cocoa farmers and, eventually, more sustainable long-term outlook for the cocoa sector in West Africa by working towards three objectives given below.

- As its first objective, the project has investigated and identified the impact of price volatility on cocoa producers and traders in Cameroon and Sierra Leone where detailed surveys have been carried out. Surveys were targeted at key stakeholders in the cocoa value chain, namely cocoa producers, producer organisations and exporters. In Sierra Leone, local cocoa traders were also surveyed given they are affected by price volatility.
- As its second objective, the project has completed a detailed analysis of price risk management strategies and instruments available to cocoa producers based on the survey results from Cameroon and Sierra Leone. The final assessment that draws on the two data sets, has been discussed with cocoa value chain stakeholders and potential users of the strategies during awareness raising workshops in Cameroon, Nigeria and Togo. The project implementation in Sierra Leone was hampered by the Ebola outbreak and the timing completion of the activities is under review.
- Based on the results of the review, training programmes and local experts have been prepared in Sierra Leone and Togo with training programmes rolled out in all four participating countries.

The project will monitor and examine the adoption of more effective risk management strategies in the cocoa sector as the result of its activities. The roll-out of the publications based on the experience of the project is planned during one of the major industry events in 2016.

Building Capacity in Coffee Certification and Verification for Specialty Coffee Farmers in Eastern Africa - CFC/ICO/45

Submitting ICB	***International Coffee Organization (ICO)***
Project Executing Agency	***African Fine Coffee Association (EAFCA)***
Countries Directly Benefiting	***Burundi, Ethiopia, Kenya, Malawi, Rwanda, Tanzania, Uganda, Zambia and Zimbabwe***
Project Cost	***USD 4,495,725***
Common Fund for Commodities	***USD 2,000,000 (Grant) (USD 1 million financed by OFID)***
Co-financing	***USD 1,500,000 (EU/AAACP Commodities Programme)***
Counterpart Contribution	***USD 995,725***

The rationale of the project is to build certification and verification capacity within the national institutions. Ultimately the purpose of the project is to increase the quality and quantity of certified/ verified coffee produced and processed within the AFCA region through training of master trainers, trainer of trainers, certifiers / verifiers (auditors) and farmers. The process of building capacity for good agricultural practices and sustainable production will lead to socially acceptable, environmentally friendly and economically successful coffee production among producers.

The project is tailored to enhance coffee productivity and quality in order to have viable access to premium markets upstream. The farmers trained in the project have their coffee certified with respect to the various certification schemes being applied in the project countries. To this end, a multiple certification approach is being employed to provide the beneficiary farmers with access to market options and better terms of trade. Multiple certification capabilities provide farmers with leverage to switch market options for better terms of trade. The concept does not emphasize better prices but market options. In addition existing new and emerging coffee sustainability initiatives will improve market efficiency, raise value addition in production and processing and ensure improved coordination between coffee producers and final coffee market. The overall outcome of the project led to significant impact on farmers (48,993 farmers), certifiers/ verifiers, and trainers. The significant achievements are:

(i) Building certification / verification training capacity within national coffee institutions: 45 Master trainers from nine countries were trained. These in turn trained 106 trainer-of-trainers in their respective countries. This enabled professionals in Eastern Africa region to assist farmers in certification and verification issues within the 9 national coffee institutions. Most of the professionals trained are staff from the national institutions. Therefore their expertise will be readily available to the coffee fraternity when required even after the completion of this project. The national coffee institutions across the region will keep this professional pool of experts active through integration of the skills learned from the project and their daily ability of assisting farmers in coffee sustainability matters.
(ii) Training of farmers to meet certification and verification standards: 6999 lead farmers were trained from 51 cooperatives translating into 48,993 farmers. As an outcome of this training all identified farmers adhere to GAP and GMP. Resulting attaining certification in Fair-trade, Utz, Organic and 4C. The improvement in GAP and GMP led to improved coffee yield and quality. Good coffee quality will attract better terms of trade and potentially better prices and improved returns on investment for farmers. Ultimately sustainability of coffee farmers was achieved.
(iii) Building capacity of professional certifiers / verifiers: Thirty-nine auditors were trained from nine countries in the project. Most of them are undertaking auditing activities in their countries thus contributing to the reduction in the cost of certification to the farmers. All targets set in the project implementation and coordination process were exceeded. Overall, there has been a reduction in certification prices where the auditors from the project have been utilized on account of non-utilization of more external auditors as was the case before the project inception in the year 2010. Reduction in certification costs entails that accessibility to certification costs by farmers was enhanced.

The implementation of project activities has been successful. The overall outcome is that the project has significant impact on farmers (48,993 farmers), certifiers / verifiers, and trainers. The project was closed with a stakeholders' meeting in November 2014 where the IT portal was launched. AFCA, as the project PEA, has established wider regional reach which will enhance receiving of feedback on the impact of the project even after the closure of the project.

Competitive Coffee Enterprises Programme (Guatemala and Jamaica) - CFC/ICO/46

Submitting ICB	***International Coffee Organization (ICO)***
Project Executing Agency	***National Coffee Association of Guatemala (ANACAFE)***
Countries Directly Benefiting	***Guatemala and Jamaica***
Project Cost	***USD 4,750,000***
Common Fund for Commodities	***USD 1,500,000 (Grant)***
Common Fund for Commodities	***USD 1,000,000 (Loan) (approved but not disbursed)***
Co-financing Loan	***USD 1,000,000 (Oikocredit) (approved but not disbursed)***
Counterpart Contribution	***USD 1,250,000***

The main objective of this project is to improve the competitiveness of small coffee producers in two selected regions in Guatemala (Fraijanes and Cobán) and two selected regions in Jamaica (the Central and Northern regions in the Non-Blue Mountain- Lowland). This objective will be achieved through improving quality and productivity as well as organizational and management capabilities. In addition to grant financing for capacity building, which is being pursued in both countries, the project also envisaged the provision of lines of credit through a combination of loans from CFC and the Dutch-based micro-finance institution Oikocredit. In Guatemala the loan funds would be made available to small holder coffee farmers through >>

collaboration with Banco Rural (Rural Bank) of Guatemala. Positive developments within the countries enabled provision of local loans as required. This resulted in both countries not effectively pursing the loan facility offered by the project. The identification of Cooperatives and Producer Organizations/Federations in Guatemala and Jamaica has been completed and activities related to institutional strengthening are underway in both countries utilising the proceeds of the CFC grant. Some project outputs are summarized below:

- 6,000 nursery plants were purchased in Jamaica further supporting coffee farmers in rehabilitating production in the project area;
- 221 members of beneficiary organizations, received a diploma as part of the "Effective Organizational Management and Youth Leadership Training";
- Coffee Leaf Rust control has been continuously addressed through the use of demonstration plots;
- In Jamaica, a special workshop was given addressing quality control; and
- Wet mills were rehabilitated;

The project ended in November 2014. The final project achievements are documented in the Project Completion Report which can be accessed at Final Project Completion Report at CFC website. Further information can be obtained from Anacafé's website www.anacafe.org. The loan repayment is being monitored on a continuous basis.

Sustainable Credit Guarantee Scheme to Promote Scaling up of Enhanced Coffee Processing Practices in Ethiopia and Rwanda - CFC/ICO/48

Submitting ICB	***International Coffee Organization (ICO)***
Project Executing Agency	***CABI and Rabobank International Advisory Services (RIAS)***
Countries Directly Benefiting	***Rwanda and Ethiopia***
Project Cost	***USD 8,013,240***
Common Fund for Commodities	***USD 1,240,210 (Grant) (600,000 USD financed by OFID)***
Common Fund for Commodities	***USD 2,000,000***
Co-financing Loan Guarantee	***USD 4,421,780 (Rabobank, Banque populaire du Rwanda, Oromia Bank)***
Counterpart Contribution	***USD 351,250***

The project seeks to design and implement a credit guarantee scheme to enable smallholder farmers to gain access to commercial loans necessary to purchase and install improved coffee processing equipment and to enable the cooperative societies to more effectively purchase and export the resulting high quality coffee produced through the improved processing practices. The project addresses the emerging challenges to sustainable production of high quality coffee by promoting good agronomic and processing practices. The accelerated flow of market information to all players in the coffee chain promotes good governance of the cooperatives. Primary beneficiaries are the farmers who benefit from technical and credit support to purchase inputs and farm equipment for coffee production. CABI coordinates grant based activities while Rabobank coordinates the loan operations and also provides co-financing. ILLYCafe is also expected to provide co-financing to the project. The local participating banks (Cooperative Bank of Oromia and the Banque Populaire du Rwanda) will benefit from capacity building in credit assessment and management. The cooperatives will also be able to export their coffee directly to the consuming markets.

The project is designed to address the limited access to finance through a 50/50 risk sharing arrangement between the banks and CFC to compensate for the lack of collateral at farm / cooperative level thereby increasing access to finance. The project addresses five components:

- Access to commercial loans by smallholder coffee farmers
- Scaling up and out improved coffee production and processing practices
- Strengthening of primary cooperatives and Unions in order to make them bankable
- Enhanced access to production and market information
- Project coordination, supervision and monitoring

The CFC provided collateral grant. The purpose of the collateral grant is to support a risk sharing solution between local lending banks, Rabo Rural Fund and CFC. The project aims at rendering coffee cooperatives bankable which implies offering the needed support to make them stronger and more professional and assist them in building a capitalization structure. Key project outputs/results are:

(i) The process of identifying the cooperatives in both Ethiopia and Rwanda is completed. This exercise was undertaken in a participatory manner based on criteria agreed between the key stakeholders in the project including the participating banks.
(ii) Capacity building of banks: Training of the bank officers in at the Cooperative Bank of Oromia (CBO) in Ethiopia and the Banque Populaire du Rwanda (BPR) has been completed and an evaluation report prepared.
(iii) Capacity building in agronomy-The agronomic training was consolidated in Ethiopia. This involved the Training of Trainers (ToT) in both the Oromia and the SNNP regions of Ethiopia. In total, 105 participants drawn from eight Zones and 11 Woredas of Oromia and SNNP were in attendance.

The project has improved the productivity and quality of the coffee produced by the farmers in Rwanda and Ethiopia. Farmer cooperatives that have remained active through the project have increased the volume of cherry produce ranging between 2% and 114%. The project has highlighted that a well organised and functioning market plays an important role in determining the financial performance of the farmers. While access to participating banks has been slow, there has been a significant increase in access to finance through the Cooperative Unions in Ethiopia.

The institutional environment in which the farmers are supported is managed in such a way that leaders of farmer cooperatives are able to share with other members and farmers what they have learnt to increase sustainability. In order to improve access to commercial banks it is felt that the guarantee scheme would encourage the banks to provide more credit to the farmer cooperatives.

The remaining period of the project (time and resources) focused on supporting access to finance arrangements that are promising such as credit through the Cooperative Unions for Ethiopia and the service providers for Rwanda. This will be a sustainable finance alternative for coffee farmers and cooperatives.

Rehabilitation of Coffee Farmers in the DR Congo - CFC/ICO/51

Submitting ICB	***International Coffee Organization (ICO)***
Project Executing Agency	***Vredeseilanden Country Office (VECO)***
Country Directly Benefiting	***Democratic Republic of Congo (DRC)***
Project Cost	***USD 1,611,447***
Common Fund for Commodities	***USD 1,368,990 (Grant) (USD 700,000 financed by OFID)***
Counterpart Contribution	***USD 242,457***

The overall goal of the project is to revive the coffee sector in the DRC and reduce the rural poverty at the national level. More specifically, the project seeks to improve sustainable livelihoods of coffee producers affected and/or displaced by war in three Eastern provinces of DRC (Orientale, North Kivu, and South Kivu) thus contributing to supporting their economic integration in their communities of origin through coffee farming. The project will serve as a model for resettlement of persons displaced by war through providing a sustainable income base which will contribute to overall economic gains for the country at large.

The establishment of mother gardens and seed gardens in collaboration with national research institutions will allow for the production of improved planting material (high yield and disease resistant) which will be disseminated through a network of local nurseries. Well-trained coffee extension services (Office National du Café (ONC)) will ensure that local coffee farmers are supported in the adoption of good agricultural practices which will lead to an increase in productivity. The project will support the creation of linkages between the various actors of the value chain so as to improve quality, marketing efficiency and coffee farm gate prices.

After commencement of implementation, the project is on track regarding coffee quality improvement through micro-washing stations and the organizing of coffee growers into specialized coffee cooperatives. Coffee tree nurseries are performing well, and action-research of local remedies against pest and diseases, done in partnership with INERA and UCG is ongoing.

The coffee productivity improvement component is running at a slower pace as farmer field schools (FFS) have to follow several steps to get well adopted. Famers are picking up again the habit of maintaining their coffee plots (weeding, mulching and intercropping of coffee with legumes, composting of pulp) and it's expected that will further improve the adoption of other good agricultural practices like pruning, soil fertility restoration, pest and disease identification and biological control via FFS.

The significant achievements of the project are:

Support to the sustainable increase of coffee productivity for smallholder coffee farmers: The total number of trained resident facilitators of Farmer Field Schools (FFS) has increased significantly to 59 persons. The work in FFS includes weeding, pruning, selective harvest of cherries, pests and disease prevention and management using local knowledge. Activities in nurseries are progressing well. Coffee growers already contribute funds (almost 255,000 $ as of now) and materials to build MWS (micro washing stations).

Improving farm gate coffee prices through quality improvement: During the 2015 fly season, CKK and COOKKANZ respectively produced 2 containers and 15 tons of K3 coffee. One container has been sold to Louis Dreyfus Commodities at 4200$/MT (quality bonus of 55ct/lb over NY prices). The MWS equipment purchased has served coffee growers grouped into MWS to go into all the steps of high quality centralized coffee treatment. Buyers are many (Louis Dreyfus Commodities, Atlas, Phusys International, LCoffee), offering higher prices every season to coops and buying intentions are expressed by even more buyers like Colruyt, Green Mountain, Coffee Lac, Counterculture, etc. who are ready to engage in long term partnerships.

Enhancing the efficiency of the value chain through better governance of the coffee sector: Efforts are underway on (i) how to fairly distribute revenue generated by taxation, especially among the province and the general direction of ONC; and (ii) reform of ONC as one the means to install a conducive coffee environment, profitable to each involved actor.

The project has so far concentrated a lot on quality improvement as an entry point which has allowed reaching a high quality level in a relatively short time span. During the fly season in 2015, cooperatives have tripled their production of 2014. With the intensification of the nurseries, the multiplication of FFS sessions and timely sourcing of working capital, the production increase will be very significant in the years to come.

The project has made significant progress and indicators linked to marketing successes resulting from considerable quality improvement in the MWS are very promising. New challenges related to enhancing capabilities of cooperatives to meet booming demands are rising. Access to bigger volumes of affordable credit for the cooperatives is now becoming critical and the securing of certification as a protection against price volatility has become a necessity. VECO increases its efforts to support the coops in mobilising working capital and additional funding for up-scaling and certification.

Cotton

Development of National Cotton Classing Systems in Kenya and Mozambique - CFC/ICAC/44

Submitting ICB	***International Cotton Advisory Committee (ICAC)***
Project Executing Agency	***Wakefield Inspection Services Ltd.***
Project Cost	***USD 3,051,430***
Common Fund for Commodities	***USD 1,160,000 (Grant) (USD 580,000 financed by OFID)***
Counterpart Contribution	***USD 1,891,430***

The project aims to provide support to the initiative taken by Kenya and Mozambique to develop a 100% bale classing scheme. Such a comprehensive classing scheme will provide all cotton producers (roughly estimated at 30,000 in Kenya and some 250,000 in Mozambique) with an objective description of the quality of their produce and will thus enable them to link their cotton to international standards and prices, resulting in better negotiation positions when selling the cotton.

Instrument-based cotton classing is the market-enforced future of cotton classification. The two project countries have initiated investment in the classification instruments and in the required physical and technical supporting infrastructure. The project will ultimately result in both countries having set-up effective classing structures, including the required staff training and organizational aspects of 100% bale testing. The proposed project has a direct link with the earlier funded project Commercial Standardization of Instrument Testing of Cotton (CFC/ICAC/33). The "Regional Technical Centre", established in Dar es Salaam, will provide major technical expertise and backstopping to the testing centers which will become operational in both countries within the framework of the proposed project.

The project effectively started in March 2012. Effective start-up of foreseen activities was delayed due to the less advanced stage of finalization of operational physical infrastructure. This has to a certain extent gradually been overcome, but its impact still remains. While regional and international expertise development moved satisfactorily, the institutional embedment of the project proved more difficult. Progress during 2014 was satisfactory, be it that delays have been encountered in establishing the required database systems and management structures to secure continuous sample delivery and provision of feedback to the ginners/traders. Recently it appears also as if the reduced levels of cotton production in Kenya will provide a major hurdle to ensuring that the foreseen cotton testing structure can operate on a sound cost-recovery basis. In Mozambique, problems focus more on the remaining cumbersome progress in establishing the operational laboratories which should form the basis of an operational system. Current reportings indicate that progress is being made on developing financially sound operating models to enable the running of the systems in both countries on a sound cost-recovery basis and that these models will be industry-wide accepted. Whereas the technical and knowledge components of the national testing systems now have reached a reasonably completed status, final efforts in the coming year will be focused on ensuring finalization of the formal incorporation of the classification procedures and mandatory participation in national legislation.

Fish

Promotion of Processing and Marketing of Freshwater Fish Products: Bangladesh, India, Indonesia, Pakistan and Sri Lanka - CFC/FSCFT/29

Submitting ICB	***FAO Sub Committee on Fish Trade***
Project Executing Agency	***Centre for Marketing Information and Advisory Services for Fishery Products in Asia and Pacific (INFOFISH)***
Countries Directly Benefiting	***Bangladesh, India, Indonesia, Pakistan and Sri Lanka***
Project Cost	***USD 1,498,331.00***
Common Fund for Commodities	***USD 901,574.00 (Grant) (USD 450,000 financed by OFID)***
Counterpart Contribution	***USD 596,757.00***

The project is designed to encourage sustainable utilization of freshwater fish resources in the five target countries through appropriate product/market diversification strategies, taking into account the food security and wellbeing of the populations as a whole and the inland communities in the five target countries (Bangladesh, India, Indonesia, Pakistan and Sri Lanka).

The project provides support for both export and domestic marketing of freshwater fish and their products from the Asia-Pacific Region in a sustainable manner. Technical assistance will be available to facilitate market development through, and ensuring quality of freshwater fish products marketed. Small and medium scale operators received support from the project for the production and marketing of freshwater fishery products for export and domestic markets. Activities range from training in innovative packaging and presentation to primary fish handling after unloading, value added fishery products production, training on quality and safety, trade promotion events, trade matching missions, investment promotion events and final dissemination workshops. Experiences learned from the project will be replicated by other private companies and in other countries.

The project brings direct benefits to fishermen, fish farmers and processors in the five participating countries. With the incorporation of a strong dissemination component in the project, other countries in the region were be able to learn from most of the project outcomes. The project was approved in July 2010 and the Project Agreement was subsequently signed in March 2011.

In India, Indonesia and Bangladesh, the project activities have been progressing well. In Sri Lanka, identification of participating farms was completed, however in Sri Lanka and Pakistan project progresses have been extremely limited. In 2013 the techno-economic study of selected value added products that were conducted were disseminated during workshops and dedicated meeting held in 2014. An extension of the project implementation deadline is under consideration, since the project activities are not yet completed.

Grains/Roots and Tubers

Sorghum Value Chain Development, East Africa - CFC/FIGG/46

Submitting ICB	***FAO Intergovernmental Sub-Group on Grains***
Project Executing Agency	***European Development Co-operative (EUCORD)***
Countries Directly Benefiting	***Tanzania, Uganda, Kenya***
Project Cost	***USD 4,044,667***
Common Fund for Commodities	***USD 1,000,000 (Grant) (USD 500,000 financed by OFID)***
Counterpart Contributions	***USD 1,661,667***
Co-financing	***USD 1,383,000***

Main goal of the project is to improve the level of food security and living standards of sorghum farmers in Eastern Africa by a quantitative and qualitative increase in sorghum production and the simultaneous provision of a sustainable market. Among other activities, a Public Private Partnership (PPP) will be initiated in order to substantially enhance the sorghum supply chain from primary producers to large scale agro-industrial processors. The strategic goal of the private sector partner East African Breweries Ltd. (EABL) is to substitute a considerable amount of imported grains through locally produced sorghum. As an outcome of the project, sorghum farmers will be able to improve productivity and increase their net incomes through greater access to improved inputs, processing technologies, and marketing options provided through commercial agribusinesses and producer associations. The project builds upon substantial experiences gained within the CFC financed project "West African Sorghum Supply Chain" (FIGG/34) that has been awarded with the 2010 World Business & Development Award issued jointly by the International Chamber of Commerce, the United Nations Development Programme (UNDP) and the International Business Leaders Forum. On the basis of the successful implementation of FIGG/34, the proposed project seeks to make a decisive step forward; that is by introducing new beverage brands that are marketed on the basis of their 100% content of locally sourced raw materials. EABL's intention is to launch such a new exclusively sorghum based beverage brand as soon as a reliable regional sorghum supply chain is established.

Overall progress of the project continues to be very satisfactory. Project related sorghum sales already led to an accumulated increased income for the over 52,000 participating farmers by more than 24 mln USD, realized through 74,000 MT of sorghum sold to EABL by end of 2014. The higher than expected participation of smallholder farmers is thereby compensating the lack of large-scale commercial farmers so far engaging in sorghum production. One challenging issue remaining is the persistent low sorghum yield achieved by farmers, which is being addressed through the introduction of "ready to use" fertilizer boxes and increased provision of mechanized land preparation services. Due to anticipated yield increases on smallholder farms in the last year of implementation, the PEA reached the ambitious end of project production related targets, while many of the other targets, e.g. number of smallholder families being reached, have already been reached or have been surpassed. The collaboration and support of the private sector partners remains very good. As a result of a brief discontinuation of sorghum purchases by EABL due to a temporary change in Kenyan tax legislation, the project is now actively diversified into alternative sorghum markets (i.e. poultry feed industry and school food programs), to mitigate marketing risk.

Jute

Development and Application of Potentially Important Jute Geo-textiles - CFC/IJSG/21

Submitting ICB	***International Jute Study Group (IJSG)***
Project Executing Agency	***National Jute Board (India)***
Countries Directly Benefiting:	***Bangladesh, India***
Project Cost	***USD 3,962,826***
Common Fund for Commodities	***USD 2,045,000 (Grant) (USD 1,000,000 financed by OFID)***
Counterpart contribution	***USD 1,917,826***

The project was developed by the International Jute Study Group (IJSG) and jute-sector stakeholders in both countries. Based on earlier research work funded by the Common Fund, the current project strengthens the commercial viability of two important of jute-based end products. These jute geo-textiles are suitable for use in soil erosion control (river bank protection and hill slope management) and rural road construction under conditions prevalent in Bangladesh and India.

In cooperation with local authorities, initially 26 sites for field trials were identified (generally stretching out over several hundreds of meters within regular rehabilitation activities), of which 16 in India and 10 in Bangladesh. To these numbers an additional 10 sites have been added. The project included development of material specifications, field application, formulation of installation protocols and design methodologies for these applications in compliance with requirements and standards set by public and private sector users. Market needs assessments and compliance studies are also included in the project. The mix of research, field trials and marketing studies and analysis has yielded useful results but increasingly the insight grew that the original five year duration was not sufficient to secure adequate results analysis. Based thereon a request for a CFC-budget neutral extension with 18 months (up to end June 2016) was approved.

Recent reports indicate increasing commitment at government level to include jute geo-textiles as an accepted material, based upon advance project-generated results. The project is in the final phase of analyzing, reporting and sharing of results with relevant stakeholders. Continuous updates on project activities and results can be accessed through the project's website (www.jutegeotech.com).

Increased Production Efficiency in Small-holder Kenaf Production Systems for Specific Industrial Applications - CFC/IJSG/25

Submitting ICB	*International Jute Study Group (IJSG)*
Project Executing Agency	*United Nations Industrial Development Organization (UNIDO), Vienna*
Countries Directly Benefiting	*Bangladesh, China, Malaysia*
Project Cost	*USD 3,204,177*
Common Fund for Commodities	*USD 2,107,746 (Grant) (USD 1,000,000 financed by OFID)*
Counterpart contribution	*USD 1,096,431*

The project set out to develop a sustainable, operational link between on the one hand improved production and processing practices for kenaf and the other contribute to the development of increased uptake of the fibre by the private industry. Included in the project were factory-based trials for identified promising novel uses of the fibre. The project was designed jointly by the International Jute Study Group and UNIDO in close collaboration with national stakeholders in the three project countries. It was envisaged that successful introduction of novel kenaf production and processing techniques and applications would contribute to substantive income increases (possibly 50% or higher) for the more than 150,000 kenaf producers in the project countries, many of which are living below the poverty line. Project results were to be shared with other kenaf producing countries like India, Myanmar, Nepal and Thailand.

Effective project implementation commenced in 2010 but faced difficulties in implementation due to managerial and technical issues. In spite of efforts made in 2012 for a possible project extension, no effective measures were witnessed in actions taken by the project's lead agency. Only in mid-2013 an extension request was received and approved. Unfortunately no major substantive activities have been reported to be initiated since then. UNIDO, the PEA, requested CFC in June 2014 acceptance of project cessation which was conditionally agreed upon. Since then, however, no information on follow-up by UNIDO has been received. In view of the practical difficulty to put the project on track again, the project implementation was discontinued and the project was closed in 2015.

Meat and Dairy

Diversification of the Caribbean Livestock Sector through the Production of Small Ruminants - CFC/FIGMDP/20

Submitting ICB	*FAO Intergovernmental Group on Meat and Dairy Products*
Project Executing Agency	*Caribbean Agricultural Research and Development Institute (CARDI), Trinidad & Tobago (T&T)*
Directly Benefiting Countries	*Jamaica and Trinidad &Tobago*
Project Cost	*USD 4,031,000*
Common Fund for Commodities	*USD 1,428,750 (Grant)*
Counterpart Contribution	*USD 2,443,259*
Co-financing	*USD 159,000*

The project aims at improving the production, productivity and quality of small ruminant meat and the availability of breeding stock in order to enhance the income and food security of small scale mutton & chevron farmers and meat processors in Jamaica and Trinidad &Tobago, reducing, at the same time, the dependency from food imports into the targeted countries. The meat quality will be improved by enhancing safety and quality of livestock through the systematic training of farmers in hygiene and sanitary standards, improved animal husbandry and linkages with service providers, private meat processors and traders. The increase in livestock productivity will be accomplished as a result of strengthening feed management and veterinary services and implementing training activities on improved animal nutrition. A medium scale abattoir will be refurbished in each target country as a training tool for best practices for meat processing storage and packaging.

The project was launched in December 2011 in Kingston, Jamaica and since then it is fully operative in the 2 implementing countries. In Jamaica the animal stock for breeding and multiplication has been completed. At September 2015, including the offspring, the overall herd counted a total of 411 animals. The delays in the finalization of the breading stock caused general delays in the implementation of the breading program and in the distribution of animals to farmers. Fodder production and demonstration facilities at Hounslow Livestock Station have been maintained and expanded; training facilities have been upgraded and 75 farmers trained in animal husbandry, along with a separate training exercise for 12 extension staff. Due to the delays in multiplication of stock and the distribution of animals to farmers, on-farm multiplication & fattening has been delayed with only 24 animals sold to farmers in 2015. The refurbishment of the training abattoir at Hounslow has been completed but the installation of the waste treatment system is still pending. Training of butchers has so far progressed at the training Centre run by the Government. Additional training activities have been delayed as they are dependent on the completion of the abattoir. However, alternative facilities at the Government-owned training centre will be utilized for training of producers and extension agents.

In T&T, the delay in establishing the full breeding herd due to an outbreak of Scabby Mouth Virus (ORF) led to the late initiation of the breeding and distribution components. The animals infected by ORF disease have been replaced by pure breed stock animals previously imported by the Ministry of Agriculture. The pure-bred breeding herd has now expanded to comprise 482 animals. Three satellite farms have been established and they have distributed 91 animals (sheep and goats) to farmers. Animal housing and associated facilities, comprising two storage barns and two pens with elevated slatted floors, have been constructed at Centeno station. 107 farmers, extension officers, and scientists in collaborating institutions have received training in breeding, husbandry and meat processing. 40 beneficiaries (farmers and butchers) were so far trained on value addition, slaughtering and meat fabrication and utilisation of by-products. Both pure-breed and culled stock for fattening are available for farmers to purchase. In 2015, 91 animals (sheep and goats) have been sold to farmers for breeding & fattening. Due to the general delays faced by the project in both countries it was agreed to extend the project life cycle till June 30th, 2016.

Oilseeds/Oils/Fats

Improving the Income Generation Potential of the Oil Palm in Nigeria and Cameroon - CFC/FIGOOF/28

Submitting ICB	***FAO Intergovernmental Group on Oilseeds, Oils and Fats***
Project Executing Agency	***United Nations Industrial Development Organization (UNIDO)***
Countries Directly Benefiting	***Cameroon and Nigeria***
Project Cost	***USD 4,656,040***
Common Fund for Commodities	***USD 2,886,040 (Grant)***
Counterpart Contribution	***USD 1,300,000***
Co-financing	***USD 470,000***

The long-term objective of the project is to promote the development of sustainable production and utilisation of oil palm in West and Central African countries. The project will contribute to poverty reduction in rural areas where palm oil is widely cultivated creating rural and urban employment and value-addition to ultimately improve the economy of the target countries. The focus is on developing small scale palm oil processing enterprises. The project activities have been initiated in 2010.

Cameroon has selected and supported four sites (Sombo, Green Valley, Mkpot and Teze) and Nigeria one site (Akwa Obum). At each site, a small-to-medium scale processing capacity is being developed. Progress in 2015 has been below expectation because of technical and administrative reasons, also leading to delays in training on operation and effective maintenance programs. However, it is expected that the processing units will become fully operational, so that test runs can be made and training activities intensified for operators and farmers. The Government of Cameroon has formulated a follow-up of this project to sustain the results of the four oil mills and to start up new processing units in other locations.

Olive Oil

Economic Valorization of Olive Genetic Resources Creation of Pilot Demonstration Nurseries Centres (Quality Enhancement through Nurseries Development) Phase II of Project CFC/IOOC/03 - CFC/IOOC/09

Submitting ICB	***The International Olive Oil Council (IOOC)***
Project Executing Agency	***Institut de l'Olivier (IO), Tunisia***
Countries Directly Benefiting	***Algeria, Egypt, Morocco, Tunisia***
Project Cost	***USD 1,700,000***
Common Fund for Commodities	***USD 900,000 (Grant)***
Counterpart Contribution	***USD 800,000 shall be equally apportioned as a counterpart contribution in kind by the four selected countries***

This project, coordinated by the Institut de l'Olivier (IO), Tunisia, is the second phase of the successfully completed project on *"Conservation, Characterization, Collection and Utilization of Genetic Resources in Olive"*, which had enabled the characterization and conservation of 310 local olive varieties specific to the climatic and environmental conditions of the Mediterranean Basin.

The main objective is to increase the productivity and quality of the olive crop, adding value to the commodity and raise the earnings of the olive farmers. There are four specific project outputs: a) establishing a pilot nursery centre in each selected country; b) demonstrating modern methods for the production of certified quality olive plants; c) pilot production of a significant number of top-quality olive plants and disseminating and promoting the use of local genetic material; d) training and technology dissemination in improved olive orchard management.

Each pilot nursery centre, to be developed under the project, will have a minimum production capacity of 25,000 olive plants per year. The pilot nursery will serve as a centre of excellence for the demonstration of modern propagation techniques and updated technologies in nursery based plant production. High quality, high yielding and pest free olive plants of selected local varieties adapted to specific environments, climates and soil proprieties and complying with optimal phyto-sanitary standards, will be propagated and distributed to farmers. Project benefits are derived from the increased value (volume and quality) of olive production and increased skills of farmers and nursery technicians in the four countries. The establishment of pilot nurseries will promote best practices and technologies to other existing nurseries and create a multiplier effect in terms of number of beneficiary farmers and nursery technicians.

The project has been launched in September 2013 in Tunis, Tunisia, and it is since then operational in all the four targeted Countries. Up to last quarter of 2015, the Tunisian nursery produced 38,500 olive plants and sold 10,207 to farmers. 13 training sessions have been carried out for farmers, technicians and other stakeholders targeting 250 persons in total. The Egyptian collaborating center (CC) has been able to propagate 29,000 baby plants and sell 10,000 to farmers at production cost. It has organized 15 training sessions for farmers, technicians and other stakeholders targeting 70 persons in total. The Algerian CC, who experienced some difficulties in finalizing the purchase of nursery equipment, was able to solve all its administrative issues making a considerable progress in implementing the pilot nursery equipment. However, the number of plants produced was still low: 5500 by the last quarter of 2015. All the saleable olive plants were distributed by this CC free of charge to public and private project partners. The Algerian CC carried out 32 training sessions targeting 295 olive nursery stakeholders plus 200 beneficiaries from awareness campaigns. The Moroccan CC experienced a delay in setting up project facilities due to the delocalization of the research center to a new site. However, the CC used the existing infrastructure to produce 28,000 plants. 6,350 olive plants were distributed free of charge to nurseries and farmers during 2015. The CC organized a training for 103 persons and one awareness campaign for 200 farmers.

Detailed information and photos are available on the project website: www.olive-pilot-nurs.com.

Sugar

Development of Sugarcane Variety Improvement and Seed Multiplication Programme for Nigeria and Cote d'Ivoire - CFC/ISO/32

Submitting ICB	***International Sugar Organization (ISO)***
Project Executing Agency	***National Sugar Development Council of Nigeria***
Countries Directly Benefiting	***Nigeria and Côte d'Ivoire***
Project Cost	***USD 2,112,175***
Common Fund for Commodities	***USD 1,609,803 (Grant)***
Counterpart Contribution	***USD 502,372***

The overall objective of the project is to enhance incomes and livelihoods in the sugar sector through the establishment of a sugar cane variety improvement programme. The programme involves the importation, evaluation and selection of adaptable high yielding cane varieties to replace the pool of poorly performing varieties currently in use in both Nigeria and Cote d'Ivoire. This initiative will contribute to a reliable supply of improved sugarcane raw materials to existing and new sugar projects which will in turn generate rural employment and generally enhance the socioeconomic circumstances in the cane growing communities of the participating countries.The project will focus on the provision of improved varieties of sugarcane for farmers. This will ensure the realization of more cane and sugar tonnage per hectare which will in turn lead to enhanced incomes for the farmers. The versatility of the crop makes it very useful for the production of not only sugar but also ethanol and electricity generation which are added advantages of the adoption of this commodity approach. The problem of poorly performing sugarcane varieties affects the whole of the West Africa sub-region. Each country has attempted to solve this problem individually. The project will facilitate regional collaboration in addressing this problem.

The fifth technical mission took place in August 2015 and revealed that the trials were well underway and that harvest data in plant cane was already available from the trial at Numan, while for those of Ikenne and Tsaragi growth and development had been quantified, the harvest was in November 2014, In Cote d 'Ivoire, the trial laid down at Ferkessedougou had been subject of a severe infestation by termites and had to be abandoned in 2014, while some of the varieties included in trial at Zuenoula had failed to establish themselves properly, probably due to a delay between preparation of cuttings and actual planting of the trial."

One year extension – until July 2016 – of project activities was granted to overcome delay experienced in sourcing test varieties, erosion and termites that affected 2 locations in Nigeria and Cote d' Ivoire.

Tea

Capacity Building and Re-Juvenation of Tea Smallholdings in Indonesia and Bangladesh - CFC/FIGT/05

Submitting ICB	***FAO Intergovernmental Group on Tea***
Project Executing Agency	***Indonesian Tea Board***
Countries Directly Benefiting	***Indonesia and Bangladesh***
Project Cost	***USD 1,994,630***
Common Fund for Commodities	***USD 1,843,030 (Grant) (USD 921,515 financed by OFID)***
Co-financing	***USD 151,600***

The aim of the project is to strengthen the knowledge-base of tea small-holder farmers and rejuvenate smallholdings in Indonesia and Bangladesh for enhanced productivity and quality improvement by producing high quality leaf that is free of extraneous chemical residues. The project also aims at strengthening the bargaining position of the low income small holder tea farmers in the value with consequent impact on poverty alleviation and job creation in the tea sector of the two countries involved in the project.

The project provided training to smallholder tea farmers in Indonesia and Bangladesh on technical aspects and leadership skills, for sustainable tea growing in an environmentally friendly manner. The model of Self Help Group, which has successfully developed the tea smallholder sectors in India, has been introduced to the selected farmers. The mechanism ensure the sustainable field inputs such as nursery plants, fertilizer, agro-chemicals, compost, sprayers, to the Self Help Groups.

The project agreement was signed in January 2010 and was launched in February 2010. A one year extension up to June 2015 was agreed to due to the delay in project implementation in Bangladesh.

Project activities in Indonesia were completed in March 2014, with about 1,000 smallholder farmers, distributed in the 3 sites, successfully participating to the project. An international consultant was hired to implement the Self Help Group mechanism.

Training for smallholder tea farmers in Indonesia and Bangladesh on technical aspects and leadership skills, for sustainable tea growing in an environmentally friendly manner was provided. The project also monitors in what manner the improved knowledge base as a result of the training, will impact on productivity and leaf quality and the additional income/remuneration generated for the smallholder tea producers.

Self Help Groups were formed to ensure that the sustainable field inputs, such as nursery plants, fertilizer, agro-chemicals, compost, sprayers are provided to those groups, which have the financial resources to sustain or expand small holding production to supply to the growing local and regional markets.

In Bangladesh, the project activities started with a significant delay due to late Government approval, and as a consequence the project was only partially implemented. Two nurseries were built, and some training to tea smallholder farmers conducted. Arrangements for raising one million plants were started and eight Self Help Groups were formed to complete all related activities.

Tropical Fruits

Pilot Project on Production of Fruit and Vegetable Chips Using Vacuum Oil-bath Dehydration Technology - CFC/FIGTF/25

Submitting ICB	***FAO Subgroup on Tropical Fruits of the Intergovernmental Group on Bananas and Tropical Fruits***
Project Executing Agency	***All China Federation of Marketing and Supply Cooperatives (ACFMSC)***
Countries Directly Benefiting	***China with dissemination to African countries***
Project Cost	***USD 1,608,014***
Common Fund for Commodities	***USD 868,595 (Grant)***
Counterpart Contribution	***USD 739,419***

This pilot project focused on the processing of fruit and vegetable chips with the use of Vacuum Oil-bath Dehydration Technology (VODT). The Nanjing Institute of Comprehensive Utilization for Wild Plants (NJICUWP) has since the late 1990s undertaken VODT development and successfully designed the new VODT equipment offering greater flexibility whilst costing approximately a quarter of the cost of imported equipment. The project achieved the expected results:

- A knowledge Centre (KC) was established within the NJICUWP who conducted the research on VODT processing technology for more than 10 varieties of fruits and vegetables including durian; banana; mango; papaya; mushroom and taro. Samples were produced and detailed production processes and parameters for production and training requirements were recorded.
- NJICUWP further carried out extensive R&D resulting in third-generation VODT equipment which was subsequently manufactured by Jinan Newstar Machine Co., Ltd. The prototype has been fine-tuned and will be produced for further dissemination. The equipment is believe to improve work efficiency; reduce energy consumption; decrease production cost; raise production efficiency; and increase the overall economic benefit.
- The VODT production line was established and operational in 2011 and is currently located in a processing facility co-owned by the farmers' cooperation of Yikan Xuan papaya which was incorporated as part of this project.
- A technological training system was also put into place and 5 cooperatives specialized in fruit and vegetables obtained technical support. The farmers of the cooperatives were trained on planting according to the GAP standards, especially with regard to the use of pesticides and fertilizers. The training achieved good results including the improved cultivation levels of farmers and the increased yield and quality of Xuan papaya and mushroom.
- The project resulted in improved sales of Fruit and Vegetable Chips through the use of new marketing approaches; shortened manufacturing periods; and by significantly developing the market. Good economic benefits have been observed with achieved sales volume of up to USD 815,000 and profits of approximately USD 100,000 for 2013 recorded at the newly established processing facility. Farmer productivity per-unit area and incomes from fruit and vegetable chips were improved vis-à-vis the situation in which the farmers sold fresh produce.

The project outcomes and experiences have been included in the final completion report that can be accessed at the CFC website.

Tropical Timber

Promoting Timber Processing in Congo Basin - CFC/ITTO/81

Submitting ICB	***International Tropical Timber Organisation (ITTO)***
Project Executing Agency	***Economic Community of Central African States (ECCAS)***
Countries Directly Benefiting	***Cameroon, Gabon and Central African Republic (LDC) with dissemination to the Democratic Republic of Congo (LDC) and the Republic of Congo***
Project Cost	***USD 1,887,714***
Common Fund for Commodities	***USD 1,253,345 (Grant) (USD 600,000 financed by OFID)***
Counterpart Contribution	***USD 634,369***

The specific project objective is the implementation of a support system for the promotion of further timber processing for stakeholders in member countries of the Central African Forests Commission (COMIFAC) and ITTO member countries (Cameroon, Gabon and the Central African Republic) and piloting and dissemination of the approach in the Democratic Republic of the Congo and Congo.

At the end of the project, it was expected that further timber processing opportunities will be identified in specific processing plants, operational procedures, and against the context of stakeholders needs. The appropriate supporting structures would need to be built. The intended mission of such supportive structure would be to enable a favourable environment for the further processing of timber by acting as a coordination entity among the relevant stakeholders (private and public sectors, financial sector, academy and training institutions, forest owners, regional and international community, etc.).

The project effectively started operations in 2013 and was expected to complete by 2015. However, in the course of 2014, the ITTO recognized that further adjustments may be required to the project to proceed, and upon investigation of the feasibility of the implementation under the new arrangements, the ITTO and CFC agreed to terminate further support for the project. Upon adjustment, the project may be reconsidered under the new framework of CFC financing.

VIII

Regular Projects

Approved, but not yet operational

The projects mentioned below have been approved by the Executive Board but not yet operational.

Equity

Organic Tea Marketing and Production Development for Smallholders in Shuangjiang Ethnic Minority Autonomous County of China - CFC/2012/01/0067

Submitting Institution	***Yunnan Shuangjiang Mengku Tea Co. Ltd ('YSMT")***
Location	***China***
Commodity	***Tea***
Project Cost	***USD 2,571,429***
CFC financing	***USD 900,000 (direct equity investment in a Chinese JVC), USD 45,000 (as a grant to cover administrative and legal costs)***
Counterpart Contribution	***USD 1,671,429***

Project Description
The project focusses on market promotion, production and training activities to expand production and consumption of organic black tea and Pu-er tea. The specific objectives are:

(i) Strengthening the YSMT's marketing competitiveness, increasing its organic tea marketing share in the profitable tea market in China.

(ii) Enhancing smallholders' organic tea productivity and quality by using environmentally friendly technologies and techniques, and producing organic tea by conversion of existing tea gardens. The smallholders are benefited from the value added organic tea production.

(iii) Providing systematic capacity building activities to smallholder tea producers to improve their knowledge and practice of organic agriculture for income generation in a sustainable way. Further improving the structure and management of the model "Enterprise + Smallholders".

Current Status
The project is at an early stage of development due to suggested modification in loan/equity conditions. The same shall be financed based on recommendations from the Government of China.

Loans

Blue Nile Glove Factory, Ethiopia - CFC/2013/02/0010

Submitting Institution	***Blue Nile Glove Factory***
Location	***Bahirdar, Ethiopia***
Commodity	***Hides and skins***
Total Cost	***USD 1,000,000***
CFC Financing	***USD 300,000 (USD 200,000 financed by OFID), USD 15,000 (as a grant provision to cover administrative and legal costs)***

Project Description
The purpose of the project is to establish an operational production facility where leather gloves will be produced, mainly for export. The project originates from the owners of a tannery who wish to explore value-addition activities beyond tanning and finishing leather. Pilot production within the premises of the tanning factory has shown that the skills and expertise for glove making can be built–up and that there is a market for the gloves produced. Based on the results of this pilot production, the proponent decided to set up a glove factory where after about one year some 100 people would be employed, a number which is expected to be doubled in the following years. Approximately 90% of the work force will be female. Gloves produced in the factory would be dressing gloves, sport gloves, military gloves and industrial gloves.

Implementation Arrangements
The project has a CFC loan of UDS 300,000. Full repayment of the CFC loan shall be possible in 3 - 4 years, assuming a grace period of two years and an interest rate of 7.5% p.a. The project owner will contribute UDS 200,000 as share capital to the factory and the Development Bank of Ethiopia will provide a loan of USD 500,000. The proposed investment is the establishment of a new factory at a new site in Bahirdar Town (320 km north of Addis Ababa). Construction work had started at the intended site. A steel structure and equipment need to be imported. Various international buyers have ordered gloves in small quantities, waiting for the new factory to be operational.

Current Status
In 2014, CFC conducted a site visit, to assess the current situation on the ground and discuss future plans and (marketing) prospects.

Administrative and legal procedures to finalise the project took more time than expected. On the basis of obtained documentation, consultations with the proponent and the Development Bank of Ethiopia (DBE) it was expected that syndicate banking with the >>

DBE, as lead partner, would facilitate collateral arrangements, speed up the approval process of the CFC loan by the National Bank of Ethiopia and would be helpful in monitoring of the CFC loan. The land title for the new site acquired by Davimpex is expected to be transferred to Yigfam Gloves & Leather products factory or the land title has to remain with the Davimplex Tannery. An updated business plan has been prepared in September 2015. The National Bank of Ethiopia approval of the CFC loan is anticipated soon. The Development Bank of Ethiopia is expected to approve the DBE loan application. Consultations are ongoing with the Ethiopian Development Bank and the proponent regarding the security arrangements for the CFC loan.

Mwelya Biogas Plant Tanga, Tanzania - CFC/2014/04/0038

Submitting Institution	***Katani Ltd, Tanzania***
Location	***Tanzania***
Commodity	***Sisal***
Total Cost	***USD 6,500,000***
CFC Financing	***USD 1,500,000 (USD 1 million financed by OFID and USD 500,000 from the Dutch Trust Fund)***

Project Description

The project entails the construction of two biogas plants in Mwelya sisal estate, in Tanga Tanzania for a total capacity of 1 MW. Katani Ltd (the "Promoter" or "Katani") is a privately owned company with head office in Tanga City. Katani currently operates sisal decortication factories in five estates in Tanga, Tanzania.

Implementation Arrangements

The proposed project has significant development impact, both in terms of innovation and environment. The project is at an early stage of development; the project implementation plan should be discussed with the Promoter, as well as the conditionality to the CFC loan. A fully fledged due diligence should be performed before signature. The proposed loan of USD 1,500,000 would have a 7 year tenor and 2 years of grace period and would be extended at an indicative interest rate in the range of 7 to 8%.

The primary market for both electricity and gas are the decorticators in Mwelya estate and the population of 12 villages in the vicinity of the biogas plants within a radius of 20 Km (6,097 households). Katani plans to set up 1,320 connections of 300 watts. Households in the target market currently obtain lighting from kerosene lamps and energy for cooking from firewood and charcoal.

Total investment costs have been revised to USD 6.5 million (USD 4.7 million indicated in the Project Proposal and subsequent communications), and will incur in 2015 and 2016 instead of 2015 only. Such estimate is not final since the cost of the mini grid is currently under estimation. Katani will distribute electricity and gas to households in the vicinity on the biogas plants by its own future mini grid.

Given the revised and increased investment costs, CFC considers Katani's own funds contribution indicated in the amount of USD 0.3 million, being inadequate and has proposed Katani to increase its own funds contribution up to USD 0.75 million (50% of the CFC loan or 11% of total investment costs) as a condition precedent to signing the CFC loan agreement.

Current Status

The project is at a very early stage of development. Katani is still arranging the details of the proposed financing scheme. The environmental and social impact assessment has not been completed. On final receipt of all documents, the next steps in finalization of the agreement shall be completed.

Strengthening of Getco Agro Vision Limited by Establishing Seed Storage, Processing, Packaging and Quality Control Equipment's - CFC/2014/04/0082

Submitting Institution	***GETCO LTD***
Location	***Bangladesh***
Commodity	***Spices & Herbs***
Total Cost	***USD 1,666,000***
CFC Financing	***USD 833,000 (financed by OFID)***

Project Description

The project foresees the modernization and up scaling of an existing seed producer company established in Dhaka, Bangladesh, enhancing its R&D, processing and packaging facilities by setting up new infrastructure and purchasing modern equipment. GETCO Ltd started its business in 2006 supplying quality seeds to the national market. Currently this company is successfully implementing small scale breeding, production and marketing of vegetable and cereal seeds in Bangladesh and the development of new seed varieties. CFC intervention will enable the optimization of a fully integrated business model for developing, testing, breeding, producing, preserving, packaging and marketing of a higher volume of high quality vegetable and rice seeds to be sold mainly on the national market. A Germplasm Centre will be established to guarantee the long term preservation of germplasm and the existing Tissue Culture lab of GAVL will be enhanced to a Molecular based Seed Quality Testing lab providing the necessary equipment, chemicals and training in order to perform molecular characterization for hybridity tests. Finally, the project will set up a Green House to adequately support seed variety development. The increased supply of quality seeds of higher yielding varieties will increase crop production, which in turn is expected to improve the socio-economic condition of the farmers and to contribute to national food security.

Implementation Arrangements

The project will have a duration of seven years, including a two year grace period under commercial terms and conditions.

Current Status

Following the positive completion of the due diligence process, the final draft of the Loan Agreement (LA) was approved by GETCO Ltd and a copy sent to the Central Bank of Bangladesh to confirm the authorization of the loan in USD currency and the repatriation of funds to the CFC as per approved agreement. The approval process is likely to be completed on signature of the LA with GETCO Ltd by the last quarter of 2016.

IX
Regular Projects
Completed in 2015

Coffee

Economic Crises and Commodity Dependent LDCs: Mapping the exposure to market volatility and building resilience to future crises - CFC/ICO/49FA

Submitting ICB	***International Coffee Organization (ICO)***
Project Executing Agency	***UNCTAD***
Country Directly Benefiting	***Least Developed Countries***
Project Cost	***USD 532,250***
Common Fund for Commodities	***USD 429,250 (First Account Net Earnings Initiative)***
Counterpart Contribution	***USD 113,000 (UN OHRLLS and UNCTAD)***

The project looks into the impact of the economic crisis on LDCs with a view to proposing policy responses for recovery and measures to insulate / reduce impact of such crisis on their economies in future. In particular, attention is given to the vulnerability of commodity dependent LDCs resulting from their large exposure to external markets, limited diversification, and poor capital base. This vulnerability is particularly important in the context of the volatility of the global markets, exemplified by the current economic and financial crisis.

The project looks to elaborate on the relationship between commodity dependence and global market volatility as the underlying cause of issues attracting world attention, e.g. poor economic growth, food insecurity, enhanced poverty, curtailment of expenditures on social sectors etc. As its main outcome the project looks to suggest possible policy measures / interventions areas in the major international events concerned with development challenges facing the Least Developed Countries (LDCs).

The project carried out case studies in selected countries in Africa and Asia with the objectives of: a) closely examining the role of commodities and agricultural productivity in contributing to the graduation objective of the Istanbul Programme of Action (IPoA) for LDCs for the decade 2011-2020; b) assessing the structural weakness, excessive fragility and vulnerability to shocks of the economies of LDCs; and c) reviewing and documenting the challenges arising from volatility of the commodities markets and the recent global economic, financial and food crises on LDCs' prospect to meet internationally agreed goals, including those contained in the IPoA.

Expert meetings following the conclusion of these studies deliberated on key issues of strategic interest to LDCs with emphasis on the challenges, opportunities and prospects for graduation. The project contributed to the preparatory process for the Ministerial Meeting of LDCs which deliberated on the development challenges of LDCs including graduation and the role of commodities in economic development.

The key recommendations have been reflected in outcomes of the 13th United Nations Conference on Trade and Development (UNCTADXIII),-the Doha Declaration (Doha Manar) and the Doha Mandate.

The project further organized the publication of a major study by UNCTAD combining the case studies (synthesis of major findings and conclusions) as well as the essence of deliberations at the expert level and the ministerial meetings. The publication assesses the challenges, opportunities and prospects for meeting the criteria for graduation, particularly by harnessing the role of commodities and improving agricultural productivity. It contains a synthesis of several case studies on sectoral and thematic issues of strategic significance to LDCs and provides policy analysis together with recommendations for action at the national, regional and international levels. The study is, therefore, expected to advance ongoing deliberations on issues of LDCs, including graduation, by the Trade and Development Board of UNCTAD and other relevant bodies of the United Nations system. The project activities have been completed.

Meat and Dairy

Improving the Productivity and Market Access of Smallholder Cattle Farmers in Mozambique and Zambia - CFC/FIGMDP/18

Submitting ICB	***FAO Intergovernmental Group on Meat and Dairy Products***
Project Executing Agency	***Golden Valley Agricultural Research Trust (GART), Zambia***
Countries Directly Benefiting	***Mozambique and Zambia***
Project Cost	***USD 1,798,000***
Common Fund for Commodities	***USD 999,000 (Grant) (USD 500,000 financed by OFID)***
Counterpart Contribution	***USD 799,000***

The project is aimed at improving the volume and value of the marketable off-take of live beef cattle through the enhanced productivity and quality of livestock, thereby increasing the incomes and livelihoods of traditional small and medium scale cattle farmers in the selected regions of Mozambique and Zambia. A total of 1500 cattle farmers, evenly spread between the two implementing countries are directly targeted by the project. The project undertakes numerous training courses on a broad range of topics linked to livestock productivity and marketing. Other activities include training of farmers, lead-farmers and facilitators, especially on areas of market access, improved feeds and feeding and animal health services. The combination of training and extension services will offer small & medium scale farmers the opportunity to market their cattle to the best advantage, thus benefiting of increased incomes, as a result of improved productivity of livestock and improved access to the formal market for their live cattle.

The project was launched in Maputo, Mozambique, in August 2011 and reached completion in October 2015. A monitoring mission and coordination meeting was held in Zambia in April 2015 to assess the progress achieved on the ground and prioritize activities for the remaining 6 months of the project life cycle. In Zambia, the new sites supported by Zambeef have shown to be good venues for field days, training and demonstration of improved farming technologies, including feeding, feed production and conservation. In Zambia the project is implemented in Mongu and Senanga districts of Western Province, targeting a total of 1,000 farmers in 5 areas (3 in Mongu and 2 in Senanga). The activities under component 1 (cattle productivity) have been effectively completed: 1,426 farmers have been trained, overshooting the target by 43%. The training modules cover the basic technical cattle keeping subjects, cattle breeds and breeding, health and feeding as well as general skills such as feed conservation, dipping/spraying, dehorning and calf rearing. A manual on best husbandry practices have been draft and printed in 1,500 copies. A mobile cattle scale was procured to be used for gathering weight gain measurements at the five cattle service centres enhanced by the project. Furthermore, the production of supplementary feed crops and the use of crop by products that are richer in proteins and minerals (in addition to the option to use bran procured from the maize and rice millers) has been demonstrated to farmer groups in all the 5 project demo centres.

In Zambia, under Component 2 (market access), the project played an important role in facilitating the approval by the Ministry of Fisheries and Livestock of the new live (ante-slaughter) cattle grading system, whose manual was finalized in October 2015 at a national workshop co-financed by the CFC. The introduction of a transparent cattle grading system of better pay for better quality will strengthen the position of the traditional cattle producers in the value chain, increasing their bargaining power vis a vis the slaughter house and will work as an incentive to farmers to enhance the quality of their animals. The project also started supplying artificial insemination (AI) services to farmer groups with the result that 65 cattle belonging to 15 farmers have been inseminated during the first half of 2015.

In Mozambique, a considerable difficulty was faced in implementation of several on-field activities such as training, feed management demonstrations, field days and project monitoring mainly due to a strong delay in the release of the project vehicle by the National Directorate of Veterinary Services (DNVS), the national collaborating agency.

Smallholder Dairy Development in Bangladesh, Myanmar and Thailand: Improving the Bargaining Power and Sustainable Livelihood of Smallholder Dairy Farmers, through the Enhancement of Productivity and Market Access in Dairy - CFC/FIGMDP/19

Submitting ICB	***FAO Intergovernmental Group on Meat and Dairy Products***
Project Executing Agency	***FAO Regional Office for Asia and the Pacific***
Countries Directly Benefiting	***Bangladesh, Myanmar and Thailand***
Project Cost	***USD 7,237,229***
Common Fund for Commodities	***USD 1,999,778 (Grant) (of which USD 1 million financed by OFID)***
Co-financing	***USD 508,901***
Counterpart Contribution	***USD 4,728,550***

The project is aimed at improving the bargaining power and sustainable livelihoods of smallholder milk producers in Bangladesh, Myanmar and Thailand and enhancing the production and marketing of quality milk and dairy products. The project interventions focus on improving the quality, productivity and market access of smallholder dairy farmers in the 3 targeted countries. Organization of activities along the value chain including mechanisms for milk collection, processing, pricing, marketing and payment to farmers will vary across project locations to suit the local conditions. The value derived from dairy production will substantially improve. While the project targets specific country interventions based on nationally identified priorities, it also includes a regional element that aims at establishing the Asian Dairy Network to share knowledge and disseminate market information about smallholder dairy across the region. 5000 smallholder milk producers organized in Milk Producers' Organisations (MPOs) in 6 selected pilot milk-shed areas are expected to directly benefit from the project in terms of improved market access and milk productivity, reduced post-harvest losses and improved quality and shelf-life of milk and dairy products, leading to higher incomes and food security through increased milk consumption and sales. The availability of more and safer milk is also expected to benefit a further 6,000 children under pilot school milk nutrition schemes.

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The project was launched in February 2011 and it reached its completion in July 2015 following a Final Review and Dissemination Meeting held in Bangkok, Thailand in June 2015. In Bangladesh the project was implemented in 3 districts Sirajganj (2000 farners), Kurigram (500 farmers) and Thakurgaon (500 farmers) for a total of 3000 dairy farmers; in Myanmar, 3 sites with 1,500 smallholders, including Mandalay Dairy Association (1,100 farmers), Yangon Dairy Association (300 farmers) and Nay Pi Taw (100 farmers); in Thailand, 5 cooperatives counting for a total of 500 smallholders are targeted in the Chiang Mai and Lumphun provinces, Northwest Thailand.

The project was successful in introducing best practices and new technologies for increasing farm productivity while reducing animal feeding costs, boosting market access for the smallholder dairy farmers creating stable linkages with milk collection centers and dairy processors, and diversifying production in premium price dairy product like cheese and yoghurt. Key activities under Component 1 included organizing on-farm extension advice, demonstrating good husbandry practices and introducing nutritious forage by establishing model dairy farms and demonstration plots, and outreach training on various aspects of production including clean milk production and farm hygiene. These interventions substantially improved productivity in all three countries, well exceeding the project's target of 20 percent productivity improvement.

Component 2 focused on enhancing market access by linking farmers to more formalized markets, diversifying the production of premium dairy products and improving milk quality. In all the implementing countries, farmers were linked to organized milk collection centers via farmers groups and cooperatives. As a result, the amount of milk sold on the informal market fell drastically. Product diversification was effectively carried on in Myanmar and Thailand with the sustainable introduction of premium price dairy products like cheese and yoghurt by processors and dairy cooperatives. In Bangladesh it was envisaged to refurbish an existing UHT plant for the piloting of drinking yoghurt. Nevertheless, the feasibility study brought out much severe deficiencies in the UHT plant than originally anticipated and the required capital investments were considerable to be beyond the scope of current project.

Within activities of the regional component, the Asia Dairy Network was established and a series of stakeholder workshops, trainings, and e-learning programs were organized in the three countries. The Dairy Asia website (www.dairyasia.org) was set up and it is being updated regularly. The project supported setting up a demonstration unit for cheese making at the Regional Dairy Training Centre (RDTC). The RDTC was upgraded with new equipment and facilities for cheese incubation, milk processing, packaging and quality testing. It continues to play an important role in providing training and expertise in dairy processing for cheese and yoghurt production for dairy stakeholders in the region.

As a clear acknowledgment of the success of this project and to secure the sustainability of project outcomes in Thailand, the Thai government decided to further support the national dairy sector with a total budget of 900 million Thai Baht (approximately equal to USD 25.7 million). This includes a soft loan component outlay of 300 million Thai Baht (USD 8.57 million) to dairy cooperatives and farmers through the Bank for Agriculture and Agricultural Cooperatives.

Oilseeds/Oils/Fats

Integration of Small Scale Farmers into the Market Economy through Soybean Value Chains in Malawi and Mozambique - CFC/FIGOOF/32

Submitting ICB	***FAO Intergovernmental Group on Oilseeds, Oils and Fats***
Project Executing Agency	***International Institute of Tropical Agriculture (IITA), Nigeria***
Countries Directly Benefiting	***Malawi and Mozambique***
Project Cost	***USD 2,790,562***
Common Fund for Commodities	***USD 1,756,830 (Grant) (incl. USD 800,000 financed by OFID)***
Counterpart Contribution	***USD 1,033,732 of which: USD 704,655 (IITA), USD 243,817 (National Institutions) and USD 85,260 (Private Sector)***

The project aimed to promote the integration of subsistence farmers into the market economy by linking them to end user industries. The main component related to (i) Improving the supply and side of soybean value chain, (ii) Diversification of soybean use, and (iii) Establish medium scale processing systems and market development.

The target of 40 metric tons/year of timely seed supply was exceeded, with smallholders in Malawi producing 52 MT and 147 MT in 2013 and 2014 respectively, with an average yield of 1.55 MT/ha, which is almost double the 0.87 MT/ha achieved by farmers before the project commenced. Seed production in Mozambique was 41 MT, 90 MT and 70 MT over the years 2012-2014, with average yields ranging from 0.5 – 2.0 MT/ha. Yield levels were relatively low, because of poor rainfall, poor crop management and lack of inoculants.

A total of 4,785 farmers were involved in grain production, earning an average gross margin of 65 USD/ha. Soybean yields can be further increased in the coming years, as inoculants only became available in Mozambique in the 2014/2015 season. In Malawi, full inoculant production by a local company started, after the end of the project, for the 2015/2016 season.

Almost 20 soybean enriched recipes have been introduced and adopted in each country. More than 18,000 individuals have gained skills on processing and utilization of soybean. In Mozambique, data of health centres in project communities in Mozambique indicated that the number of malnourished children went down by more than 80%. Many households declared an increase in cash savings for not having to buy infant food. Farmers' perceptions of soybean, especially of women farmers, have changed from simply a cash crop to also a food crop.

Three small rural soybean-based bakeries, 10 small scale poultry raisers (making their own feeds), 5 threshing service providers and more than 180 home entrepreneurs have emerged as a result of the project. In Malawi, a seed/grain processing plant and a soybean extruding/oil expelling plant were assisted in the form of a loan to upgrade equipment and expand their production. Overall, interlinkages of value chain actors were developed and strengthened.

The final external evaluation of the project took place in March 2015. The Final Technical Report and the Project Completion Report will be available shortly on the CFC website www.common-fund.org.

Enhancing Incomes of Smallholder Rubber Farmers in West and Central Africa - CFC/IRSG/17

Submitting ICB	***International Rubber Study Group (IRSG)***
Project Executing Agency	***International Rubber Research and Development Board***
Countries Directly Benefiting	***Cameroon, Côte d'Ivoire and Ghana***
Project Cost	***USD 2,980,134***
Common Fund for Commodities	***USD 1,936,701 (Grant) of which USD 1,000,000 from the OPEC Fund for International Development – OFID)***
Counterpart Contribution	***USD 1,043,433***

The overall objective of the project is to increase the incomes of rubber smallholders in Africa through a process of transfer of technology. To achieve this broader objective the project aims at improving cultivation, harvesting and post-harvest handling of raw material; diversification of income base through inter-cropping using the best available technologies; and improvement of the supply chain for natural rubber by developing a network of certified nurseries and introducing the appropriate standards and treatment that would guarantee a better income to the smallholders while meeting the requirements of processors.

The project has completed a series of four exposure visits to main rubber producing countries in Asia, namely Malaysia, Indonesia, Thailand and Viet Nam on a "Training of Trainers" basis involving a total of 81 extension agents and leading farmers between the period 2008 - 2012. These exposure visits included familiarization with modern rubber production systems and best agricultural practices which would optimize the income potential of rubber plantations. Follow up in-country workshops have been conducted in each of the three participating countries and there is evidence of farmers' adoption of technologies and systems observed in Asia.

An international clone exchange program was approved in 2014 to be implemented under the coordination of the International Rubber Research and Development Board (IRRDB), executing agency of this project. Under this program, African rubber growing countries, which do not have national breeding programs, will benefit from the exchange of up to 40 improved rubber clones from Asia with the result of enhancing the productivity their rubber plantation. The project reached its final completion in November 2014.

The final review meeting held in Accra, Ghana, in February 2015, which identified several project achievements: (i) smallholder baseline studies have been completed and primary (budwood) and secondary (budded stamp) nurseries have been established for the multiplication and distribution of improved (higher yield and pest resistant) planting material to farmers in all the three implementing countries; and (ii) 133,300 budded stumps were distributed to 96 farmers in Ghana, while 106,000 were distributed to 56 farmers in Cote d'Ivoire and 280,000 were distributed to 160 farmers in Cameroon.

A total of 450 smallholder rubber farmers in the three participating countries have been trained in nursery and propagation management, pest & diseases control, budding techniques, and rubber intercropping.

Promoting Development of Economically Viable Rubber Smallholdings in West Africa - CFC/IRSG/21

Submitting ICB	***International Rubber Study Group (IRSG)***
Project Executing Agency	***International Centre for research Agroforestry (ICRAF)***
Countries Directly Benefiting	***Nigeria***
Project Cost	***USD 2,956,000***
Common Fund for Commodities	***USD 1,941,000 (Grant)***
Co-financing	***USD 1,015,000***

This is a demonstration project designed to enhance economically viable rubber cultivation in smallholdings through:- planting of good quality planting materials of high yielding clones; reduction of immaturity period; successful integration of high value arable crops with rubber thus providing sustainable income for the smallholder during the immature phase; and diversification of income base and integrating high value agro-forestry tree crops and medicinal plants in rubber based farming systems during the mature phase.

The project was launched in 2009 and reached its final completion in July 2014, following a budget neutral 12 month extension. It was implemented by the Rubber Research Institute of Nigeria (RRIN) in collaboration with ICRAF in five rubber growing states (Akwa Ibom, Delta, Edo, Kaduna and Ogun).

Some key project outcomes include:

- 2,038 smallholder farmers across 5 states (Edo, Delta, Akwa-Ibom, Ogun and Kaduna) of Nigeria have been trained in nursery and propagation management, pest control, budding techniques, handling of latex, effluent management, rubber processing using sheeting machines for production of standard rubber, rubber intercropping and mixed farming with indigenous fruit (mango) / medicinal trees;
- 16 Ha of rubber rootstock nursery and 3 Ha budwood garden with improved Nigerian and exotic clones established and being used to multiply and distribute improved rubber clones to farmers and other users;
- 410,000 certified rubber budded stump of high yielding clones produced and distributed to farmers;
- 150,000 high value indigenous trees were produced and planted in Rubber Agroforestry model farms;
- 107 Rubber agroforestry model farms established for demonstration and dissemination of best practices in Rubber Agroforestry (Intercropping to + income during the mat/immature phase of rubber);
- One week study tour to India in January 2014 for 5 farmers and 4 government officials (RRIN, Federal Ministries of Trade and Investment and Agriculture and Rural Development). A report on this activity is available in CFC;

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- Following the exposure visit to India, a farmers' marketing network and a rubber sheeting facility was set up with the purchase of seventeen modern lohashilpi machines delivered to RRIN;
- Increased area under rubber cultivation in Nigeria by 159.1ha through the establishment of rubber agroforestry model farms;
- Triple fold average annual increment (0.7m) on rubber tree height in Rubber Agroforestry model farms compared to 0.2m in pure rubber stands over 5 years.

A video documentary on Rubber Agroforestry project in Nigeria can be seen on: www.youtube.com/watch?v=xU9O5ZYyjWU

Tropical Fruits

Production of Certified Fruits and Vegetables in the Greater Mekong Sub-Region - CFC/FIGTF/24FA

Submitting ICB	***FAO Intergovernmental Group on Tropical Fruits and Vegetables***
Project Executing Agency	***FAO, Regional Office in Thailand***
Countries Directly Benefiting	***Laos, Myanmar, Thailand and China***
	Indonesia and Bangladesh
Project Cost	***USD 1,800,616***
Common Fund for Commodities	***USD 1,664,866 (Grant) (First Account) (USD 1 million financed by OFID)***
Co-financing	***USD 135,750***
Parallel Financing	***USD 709,620***

The project objective is to upgrade production, handling and transport technologies to improve product safety and enhanced quality as well as output volume. The project will also aim at helping farmers organise themselves into effective producer-marketing group and clusters; and integrate the supply chain participants with the purpose of extending distribution ranges, improve feedback on market requirements, reduce product wastage, consolidate income levels among producers and share inherent risks. The project is mainly operating in two LDC countries (Laos and Myanmar).

The project has completed its core activities in 2014. In Myanmar, the project implemented a wide-ranging programme of fruit fly control, including testing and implementation of cost-effective Integrated Pest Management Packages. In other crops, the project provided support for the introduction of new varies targeting export markets (e.g. sweet peppers, watermelons) and supported the introduction of integrated supply chain management for organic vegetables. Furthermore, the project supported the establishment and implementation of Good Agricultural Practices system and Sanitary and Phytosanitary Standards for fresh fruits. As the result of this work, SPS and GAP certifications are now available to local producers of fresh fruits and vegetables through the Ministry of Agriculture.

With support from the Project, Myanmar Fruit Flower and Vegetable Producer and Exporter Association (MFFVPEA) have started conducting trade events to promote fruits exports. The first Myanmar Mango Festival was organized professionally from 10th to 12th May 2014 in Yangon. It was organized by MFFVPEA in close consultation and supports from the Department of Agriculture, the Department of Trade Promotion and Department of Tourism, the CFC/FAO project team and FAO Regional Integrated Pest Management/Pesticide Risk Reduction Programme and GIZ Myanmar. In the event about 191 varieties of mango collected countrywide have been demonstrated to potential buyers. The public-private partnership played important role as a platform for all participants to discuss any challenges and share opportunities and solutions. The project has co-organized a seminar as a learning platform for mango stakeholders from growers to consumers to promote awareness on quality mango.

The project also presented the opportunities for mango exports at the THAIFEXX exhibition in close collaboration with the Department of International Trade Promotion- Ministry of Commerce of Thailand and Koelnemesse from Germany. The representatives of Big M Group Co., Ltd and Myanmar Golden Produce Co. Ltd., confirmed that this exhibition helped them promote different varieties of mango from Myanmar such as Sein Ta Long, Yinkwe and Shwehintha to the international market. The two companies are now exporting mangoes to Singapore, Brunei Darussalam, and Hong Kong. Exports to Dubai, Malaysia, Korea and Germany are now underway.

In Lao PDR the project maintained the same integrated approach, focussing on the crops with export and development potential. The project trained farmers and started implementing an integrated Pes Management system for production of certified cabbage for export, aiming for the requirements of specific markets, such as Thailand. Green mustard had been introduced as a promising high income crop, taking advantage of the interest from private sector buying companies identified in the earlier years of the project. As part of the project's support for integrated supply chain management by the participants of the project, a model small-scale packing house has been built in September at the Lao-China Agricultural Research Centre in Lao PDR. The Project facilitated the formation of production-marketing groups in Boloven Plateau and demonstrated transport logistics across border between Thailand and Lao PDR with a contract farming model. In collaboration with Department of Agriculture of Lao PDR, the fresh produce will be inspected and certified with LaoGAP Standard. With this certification, the produce is fit for export to international markets.

Photo: Eva Schuster/freeimages.com

Photo: CFC

Alternate Governor and Chair of the Governing Council
Ms. Elizabeth-Sophie Mazzella di Bosco Balsa, Deputy Head of Mission, Embassy of Brazil

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27th Meeting of the **Governing Council**

The 27th Annual Meeting of the Governing Council was opened by Ms. Elizabeth-Sophia Mazela di Basco Balsa, Chair of the Governing Council and Alternate Governor of the CFC for Brazil. Dr. Kees Rode, Special Envoy Natural Resources, Ministry of Foreign Affairs delivered the opening statement on behalf of Ms. Liliane Ploumen, Ministry of Aid and Trade of the Netherlands. Mr. Parvindar Singh, Managing Director a.i. of the CFC, delivered a statement on the activities of the Common Fund during 2015.

The Governing Council

The Agenda for the meeting was adopted. Twelve national delegations, including Sweden which made a statement on behalf of the OECD group, made national statements.

The Governing Council by acclamation elected Mr. Parvindar Singh as Managing Director for a four-year term from 1 January 2016 to 31 December 2019. Mr. Singh thanked all Member countries and other delegates for their support and cooperation during the process of reform of the CFC during the last four years. He assured the Council of all efforts the CFC will make in further advancing the goal of commodity smallholders which will help expand the impact on livelihoods, incomes, and employment. The CFC had an important mission to fulfil, as commodities were a central element of the economies of many commodity-dependent developing countries, in particular of the least developed countries and the poorer strata of the population in general, and with support of Members much will be achieved.

The Governing Council considered the “Eventual Extension of the date of Entry into Force of the Amendments to the Agreement Establishing the Common Fund for Commodities” and decided to extend the date of entry into force of the amendments to the Agreement to 10 January 2017 with the possibility of a further extension to be granted by the Council at its Twenty-Eighth Annual Meeting, as recommended by the Executive Board. The Governing Council also decided to extend the date of entry into force of a number of new documents, and amendments to existing documents, of the “Second Level” to the same date, 10 January 2017.

The Governing Council took note of the report on the First Account Net Earnings Programme and the Activities under the Second Account for the year 2015. The Governing Council approved the Administrative Budget for 2016 and the 2014 Audited Financial Statements.

Chairperson and Vice-Chairpersons of the Governing Council for the Year 2016

The Governing Council, by consensus, elected Mr. Aly Toure (Cote d'Ivoire) as Chairperson for the period up to and including the Twenty-Eighth Annual Meeting of the Governing Council to be held on 7th and 8th December 2016 in The Hague, The Netherlands.

The Chairperson and Vice-Chairpersons of the Governing Council for the year 2016 are as follows:

Chairperson

Mr. Aly Toure (Cote d'Ivoire)

Vice-Chairpersons

African Group: Mr. Nagi Iskander A. Masoud (Sudan)
Asia and Pacific Group: H.E. Mr. Adam M.J. Sadiq (Sri Lanka)
Latin America and Caribbean region Group:
Mr Alejandro Mitri (Argentina)
OECD Group: Ms Anna Tofftén (Sweden)
China: Mr Li Fei (China)
Russian federation: Mr Vladimir Tkachenko (Russian Federation)

Photo: CFC

27th Meeting of the Governing Council delegates

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Financial Reports

Balance Sheet - First Account, as of 31 December 2015 (expressed in USD & SDR)

	2015 USD	2014 USD	2015 SDR	2014 SDR
ASSETS				
Cash and Cash equivalents				
Cash in Bank	22,600,500	12,759,900	16,309,500	8,807,200
Time Deposits	1,334,100	5,592,600	962,700	3,860,100
	23,934,600	**18,352,500**	**17,272,200**	**12,667,300**
Investments				
Debt Securities	62,878,700	73,151,000	45,375,900	50,490,400
Participations in Investment Funds	2,347,100	1,278,500	1,693,800	882,400
	65,225,800	**74,429,500**	**47,069,700**	**51,372,800**
Promissory Notes	**34,142,800**	**37,869,700**	**24,638,900**	**26,138,500**
Amounts Receivable From Members				
Amounts Receivable From Members	11,440,000	12,608,700	8,255,600	8,702,800
Provision For Overdue Members Capital Subscription	-10,598,300	-11,670,100	-7,648,200	-8,055,000
	841,700	**938,600**	**607,400**	**647,800**
Prepayments	**46,400**	**140,900**	**33,500**	**97,300**
Loan Receivable	**174,200**	**485,600**	**125,700**	**335,200**
Other Receivables				
Accrued Income on Investments	723,000	863,400	521,700	595,900
Recoverable Taxes on Goods & Services	23,000	93,800	16,600	64,700
Other receivables	88,900	28,500	64,200	19,900
	834,900	**985,700**	**602,500**	**680,300**
Total Assets	**125,200,400**	**133,202,500**	**90,349,900**	**91,939,200**
LIABILITIES AND EQUITY				
Liabilities				
Accrued Liabilities	772,100	830,900	557,200	573,500
Payable to EU/EC	1,600	1,800	1,200	1,200
Turkey settlement	156,600	156,600	113,000	108,100
Luxembourg settlement	647,400	647,400	467,200	446,800
Austria settlement	1,737,700	0	1,254,100	0
	3,315,400	**1,636,700**	**2,392,700**	**1,129,600**
Capital Subscriptions & Accumulated Surplus				
Paid-in-Shares of Directly Contributed Capital	113,052,200	119,685,400	81,583,100	82,609,500
Provision For Overdue Members Capital Subscription	-10,598,300	-11,670,100	-7,648,200	-8,055,000
Net Earnings Programme	18,692,100	18,271,100	13,489,000	12,611,100
Accumulated Surplus	739,000	5,279,400	533,300	3,644,000
	121,885,000	**131,565,800**	**87,957,200**	**90,809,600**
Total Equity and Liabilities	**125,200,400**	**133,202,500**	**90,349,900**	**91,939,200**

Balance Sheet - Second Account, as of 31 December 2015 (expressed in USD & SDR)

	2015 USD	2014 USD	2015 SDR	2014 SDR
ASSETS				
Cash and Cash equivalents				
Cash in bank	26,366,500	13,816,600	19,027,200	9,536,500
Time Deposits	0	4,000,000	0	2,760,900
	26,366,500	**17,816,600**	**19,027,200**	**12,297,400**
Investments				
Debt Securities	52,959,600	58,243,700	38,217,800	40,201,100
	52,959,600	**58,243,700**	**38,217,800**	**40,201,100**
Promissory Notes	**5,267,000**	**5,873,700**	**3,800,900**	**4,054,200**
Amounts Receivable From Members				
Amounts Receivable From Members	336,900	375,800	243,100	259,400
Provision For Overdue Members Capital Subscription	-336,900	-375,800	-243,100	-259,400
	0	**0**	**0**	**0**
Loans				
Loan Receivable	4,811,900	5,640,100	3,472,500	3,892,900
Provision for Overdue Loan	-677,200	0	-488,700	0
	4,134,700	**5,640,100**	**2,983,800**	**3,892,900**
Other Receivables				
Accrued Income on Investments	1,009,900	1,106,200	728,800	763,500
Receivable from Dutch Trust Fund	0	500,000	0	345,000
Other Receivables	0	5,900	0	4,100
	1,009,900	**1,612,100**	**728,800**	**1,112,700**
Total Assets	**89,737,700**	**89,186,200**	**64,758,500**	**61,558,300**
LIABILITIES AND EQUITY				
Liabilities				
Turkey Settlement	234,900	234,900	169,500	162,100
Belgium Settlement	343,000	382,600	247,500	264,100
Luxembourg Settlement	75,600	78,000	54,600	53,800
Payable to Dutch Ministry	2,233,000	4,500,100	1,611,400	3,106,100
Payable to EU/EC	142,200	158,100	102,600	109,100
Other Payables	89,000	28,500	64,200	19,700
	3,117,700	**5,382,200**	**2,249,800**	**3,714,900**
Capital Subscriptions and Accumulated Surplus				
Paid-in-Shares of Directly Contributed Capital	24,999,500	25,642,600	18,040,700	17,699,100
Provision For Overdue Members Capital Subscription	-336,900	-375,800	-243,100	-259,400
Provision for Overdue Loan	-677,200	0	-488,700	0
Accumulated Surplus	62,634,600	58,537,200	45,199,800	40,403,700
	86,620,000	**83,804,000**	**62,508,700**	**57,843,400**
Total Equity and Liabilities	**89,737,700**	**89,186,200**	**64,758,500**	**61,558,300**

Income Statement for the period 1 January to 31 December 2015 – First Account (expressed in USD & SDR)

	2015 USD	2014 USD	2015 SDR	2014 SDR
Income				
Net Income from Investments	2,931,200	3,560,700	2,094,900	2,343,000
Other Income	304,000	353,800	217,300	232,800
Unrealized (loss)/gain on participations in investment funds	108,300	-195,900	77,400	-128,900
Realized Exchange (loss)/gain on Operations	-10,900	10,800	-7,800	7,100
Unrealized Exchange (loss)/gain on translation of Balance Sheet items	-4,851,200	-6,182,500	-3,467,100	-4,517,000
Total Income	**-1,518,600**	**-2,453,100**	**-1,085,300**	**-2,063,000**
Expenses				
Staff Salaries & Benefits	2,113,200	2,239,100	1,510,300	1,473,400
Operational Expenses	343,600	408,000	245,600	268,500
Meeting Costs	179,900	280,400	128,600	184,500
Premises Costs	276,800	332,700	197,800	218,900
Project Preparation Facility	0	-47,400	0	-31,200
Total Expenses	**2,913,500**	**3,212,800**	**2,082,300**	**2,114,100**
NETT (LOSS)/PROFIT	**-4,432,100**	**-5,665,900**	**-3,167,600**	**-4,177,100**
Accumulated Surplus as at 1 January	**5,279,400**	**8,095,900**	**3,644,000**	**5,257,100**
Nett (Loss)/Profit	-4,432,100	-5,665,900	-3,167,600	-4,177,100
Transfer Unrealized Exchange (loss)/gain to Translation Reserve	0	2,653,500	0	1,746,100
Transfer to Net Earnings Program (unrealized loss on participations)	-108,300	195,900	-77,400	128,900
Exchange adjustment	0	0	134,300	689,000
ACCUMULATED SURPLUS AT 31 DECEMBER	**739,000**	**5,279,400**	**533,300**	**3,644,000**
Statement of Comprehensive Income				
(Loss)/Profit for the year	-4,432,100	-5,665,900	-3,167,600	-4,177,100
Items that will not be reclassified to profit and loss	0	0	0	0
Items that will be reclassified to profit and loss	0	0	0	0
Total comprehensive income for the year	**-4,432,100**	**-5,665,900**	**-3,167,600**	**-4,177,100**

Income Statement for the period 1 January to 31 December 2015 - Second Account (expressed in USD & SDR)

	2015	2014	2015	2014
	USD	USD	SDR	SDR
Income				
Net Income from Investments	2,361,900	2,781,800	1,688,100	1,830,500
Income from Loans	97,300	30,600	69,500	20,100
Voluntary Contribution in cash	1,862,300	0	1,331,000	0
Contribution DTF I	1,585,000	500,000	1,132,800	329,000
Realized Exchange (loss)/gain on Operations	-100	-25,300	-100	-16,600
Unrealized Exchange (loss)/gain on translation of Balance Sheet items	-779,900	-809,000	-557,400	-532,300
Total Income	**5,126,500**	**2,478,100**	**3,663,900**	**1,630,700**
Expenses				
Project Payments	1,029,100	4,920,800	735,500	3,207,900
Total Expenses	**1,029,100**	**4,920,800**	**735,500**	**3,207,900**
NETT (LOSS)/PROFIT	**4,097,400**	**-2,442,700**	**2,928,400**	**-1,577,200**
Accumulated Surplus as at 1 January	**58,537,200**	**57,534,200**	**40,403,700**	**37,359,900**
Nett (loss)/profit	4,097,400	-2,442,700	2,928,400	-1,577,200
Transfer Unrealized Exchange (loss)/gain to Translation Reserve	0	809,000	0	532,300
Transfer Translation Reserve to Accumulated Surplus	0	2,636,700	0	1,705,100
Exchange adjustment	0	0	1,867,700	2,383,600
ACCUMULATED SURPLUS AT 31 DECEMBER	**62,634,600**	**58,537,200**	**45,199,800**	**40,403,700**
Statement of Comprehensive Income				
(Loss)/Profit for the year	4,097,400	-2,442,700	2,928,400	-1,577,200
Items that will not be reclassified to profit and loss	0	0	0	0
Items that will be reclassified to profit and loss	0	0	0	0
Total comprehensive income for the year	**4,097,400**	**-2,442,700**	**2,928,400**	**-1,577,200**

Directly Contributed Capital, as at 31 December 2015 (USD)

	First Account			Second Account		
	Outstanding Constibutions*	Payments		Outstanding Constributions*	Payments	
		Cash	Promissory Notes		Cash	Promissory Notes
Afghanistan	0	399,412	357,362	0	0	0
Algeria	0	862,744	0	0	0	0
Angola	0	61,786	0	0	339,823	398,203
Argentina	0	0	367,545	0	635,460	42,945
Austria**	0	900,429	837,248	0	0	0
Bangladesh	138,180	95,062	0	0	308,154	340,345
Benin	4,765	344,491	340,344	0	0	0
Bhutan	0	3,424	3,403	0	338,969	336,941
Botswana	4,765	344,491	340,344	0	0	0
Brazil	0	1,692,815	0	0	701,208	0
Bulgaria	724,273	284,202	0	0	0	0
Burkina Faso	4,765	344,491	340,345	0	0	0
Burundi	0	34,239	34,034	0	308,154	306,310
Cameroon	0	990,853	0	0	0	0
Cape Verde	0	342,393	340,344	0	0	0
Central African Republic	9,529	346,588	340,344	0	0	0
Chad	14,294	364,254	340,344	0	0	0
China	0	3,807,113	3,781,228	0	0	0
Colombia	0	1,060,568	0	0	0	0
Comoros	0	342,393	340,344	0	0	0
Congo	1,079,964	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
Cote d'Ivoire	44	1,273,830	0	0	0	0
Cuba	0	291,399	289,334	0	393,960	287,640
Denmark	0	599,933	389,354	0	718,430	0
Djibouti	0	388,206	340,345	0	0	0
Ecuador	0	126,968	0	0	699,028	0
Egypt	0	616,445	500,307	0	0	0
Equatorial Guinea	0	734,443	0	0	0	0
Ethiopia	38,119	187,975	170,172	0	171,197	170,172
Finland	0	586,004	581,989	0	154,611	25,162
Gabon	297,148	455,118	0	0	0	0
Gambia	9,530	346,588	340,344	0	0	0
Germany	0	5,954,753	5,853,926	0	657,485	94,902
Ghana	0	1,085,935	0	0	0	0
Greece	0	347,901	340,345	0	0	0
Guatemala	0	423,346	0	0	408,621	0
Guinea	23,824	13,911	3,403	0	338,969	336,941
Guinea-Bissau	0	342,393	340,345	0	0	0
Haiti	14,294	348,685	340,345	0	0	0
Honduras	37,438	37,758	0	336,941	339,823	0
India	0	370,828	364,169	0	560,088	88,342
Indonesia	0	449,328	112,314	0	579,573	130,956
Iraq	0	878,501	0	0	0	0
Ireland	0	3,455	3,403	0	615,094	101,433
Italy	0	2,558,455	2,538,970	0	612,520	111,784
Jamaica	0	48,056	47,648	0	612,816	122,326
Kenya	0	906,469	0	0	0	0
Dem. People's Republic of Korea	707,917	0	0	0	0	0
Republic of Korea	0	517,919	513,920	0	0	0
Kuwait	0	941,579	0	0	0	0
Lao People's Dem. Republic	0	387,130	343,748	0	0	0
Lesotho	0	342,393	340,345	0	0	0

Directly Contributed Capital, as at 31 December 2015 (USD)

	First Account			Second Account		
	Outstanding Constibutions*	Payments		Outstanding Constributions*	Payments	
		Cash	Promissory Notes		Cash	Promissory Notes
Madagascar	0	48,209	0	0	703,374	0
Malawi	14,294	348,685	0	0	0	340,344
Malaysia	0	832,788	844,054	0	0	0
Maldives	0	34,239	0	0	308,154	340,345
Mali	14,294	40,531	34,034	0	308,154	306,310
Mauritania	38,119	395,774	340,345	0	0	0
Mexico	0	170,697	0	0	770,650	146,798
Morocco	0	471,279	3,403	0	375,021	125,651
Mozambique	0	439,549	320,979	0	0	0
Myanmar	19,059	342,665	343,067	0	0	0
Nepal	4,765	310,251	306,310	0	34,239	34,034
Netherlands	0	752,209	1,463,481	0	730,118	0
Nicaragua	0	98,166	0	0	653,459	0
Niger	4,765	344,491	0	0	0	340,345
Nigeria	0	124,171	119,121	0	624,220	91,857
Norway	0	347,901	350,555	0	608,489	96,401
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	100,283
Russian Federation	6,347,425	6,368,048	0	0	0	0
Rwanda	14,294	348,685	340,345	0	0	0
Samoa	0	342,393	340,345	0	0	0
Sao Tome and Principe	0	734,443	0	0	0	0
Saudi Arabia	0	360,373	357,362	0	0	0
Senegal	0	959,157	0	0	0	0
Sierra Leone	14,294	348,685	340,345	0	0	0
Singapore	0	227,143	228,031	0	411,896	60,252
Somalia	345,109	344,491	0	0	0	0
Spain	0	2,547,890	0	0	619,883	0
Sri Lanka	0	422,309	422,027	0	0	0
Sudan	114,356	290,011	238,241	0	102,718	102,103
Swaziland	0	94,101	353,957	0	262,885	0
Sweden	0	874,180	898,510	0	640,618	97,259
Syrian Arab Republic	0	916,910	0	0	0	0
United Republic of Tanzania	61,943	198,462	170,172	0	171,197	170,172
Thailand	0	485,578	466,272	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	85,767	380,145	340,345	0	0	0
United Arab Emirates	1,058,994	0	0	0	0	0
United Kingdom	0	3,166,031	3,322,826	0	664,193	0
Venezuela	0	878,775	0	0	0	0
Yemen	9,530	688,981	680,689	0	0	0
Zambia	184,154	912,100	0	0	0	0
Zimbabwe	0	725,106	0	0	0	0
TOTAL	11,440,012	69,207,071	34,142,772	336,941	19,415,954	5,246,560

* *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.*

** *On the 9th of January 2015, the Government of Austria informed the Common Fund of its decision to withdraw from the Common Fund effective from 10 January 2016.*

Voluntary Contributions, as at 31 December 2015 (USD)

	Pledge (3rd 5YAP)		Payments Cash up to 31 Dec. 2014	Payments Cash 2015	Payments Total	
Country	Currency	USD (1)	USD	USD	USD	SDR
Austria	USD	2,000,000	2,000,000	0	2,000,000	1,443,283
Belgium (3)	EUR	3,000,000	3,235,542	0	3,235,542	2,334,901
Cameroon	USD	0	7,994	0	7,994	5,769
China	USD	2,000,000	2,000,000	0	2,000,000	1,443,283
Denmark	DKR	2,166,921	794,987	0	794,987	573,696
Ecuador	USD	0	45,311	0	45,311	32,699
Finland	USD	2,000,000	2,011,089	0	2,011,089	1,451,285
France (3)	USD	15,000,000	2,385,648	0	2,385,648	1,721,582
Germany	USD	22,549,790	22,549,790	0	22,549,790	16,272,859
India	USD	5,000,000	4,987,696	12,304	5,000,000	3,608,207
Indonesia	USD	1,000,000	1,000,201	0	1,000,201	721,786
Ireland	USD	250,000	250,000	0	250,000	180,410
Italy	USD	15,000,000	14,999,999	0	14,999,999	10,824,619
Japan (3)	USD	27,000,000	32,231,940	0	32,231,940	23,259,899
Luxembourg (3)	USD	150,000	149,989	0	149,989	108,238
Madagascar	USD	8,643	8,616	0	8,616	6,218
Malaysia	USD	1,000,000	999,922	0	999,922	721,585
Netherlands	USD	17,000,000	19,560,207	0	19,560,207	14,115,453
Nigeria	USD	150,000	150,000	0	150,000	108,246
Norway	USD	22,490,000	22,446,462	0	22,446,462	16,198,294
OPEC Fund	USD	45,400,000	26,400,000	1,850,000	28,250,000	20,386,367
Papua New Guinea	USD	0	70,055	0	70,055	50,555
Republic of Korea	USD	300,000	300,000	0	300,000	216,492
Singapore	USD	250,000	250,000	0	250,000	180,410
Sweden	USD	2,345,996	2,345,996	0	2,345,996	1,692,968
Switzerland (3)	USD	6,000,000	3,000,000	0	3,000,000	2,164,924
Thailand	SD	1,000,000	1,000,000	0	1,000,000	721,641
United Kingdom (2)	STG	6,327,709	7,399,909	0	7,399,909	5,340,080
		199,389,058	172,581,354	1,862,304	174,443,658	125,885,749

(1) Amounts pledges have been converted to USD equivalent using the IMF rates of 31/12/15

(2) Payment of MOU of GBP 4,270,000 received considered as contribution under Article 18.1.(e)

(3) Not a member of CFC

2015 Administrative Budget, Summary

Item	Approved Administrative Budget 2015	
	USD	EUR
Staff Costs	2,854,600	2,068,500
Operational Costs	862,600	625,100
Meeting Costs	307,200	222,600
Contingency	13,800	10,000
TOTAL	4,038,200	2,926,200

Grant Thornton

To: the Governing Council of the Common Fund for Commodities.

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INDEPENDENT AUDITOR'S REPORT ON THE ABBREVIATED FINANCIAL REPORTS

The accompanying abbreviated financial reports for the year ended 31 December 2015 are derived from the audited financial statements of the First Account and Second Account of the Common Fund for Commodities for the year ended 31 December 2015. We expressed an unqualified audit opinion on those financial statements in our auditor's report dated 30 June 2016.

The abbreviated financial reports do not contain all the disclosures required by the International Financial Reporting Standards. Reading the abbreviated financial reports, therefore, is not a substitute for reading the audited financial statements of the First Account and Second Account of the Common Fund for Commodities for the year ended 31 December 2015.

Management's responsibility

Management is responsible for the preparation of the abbreviated financial reports in accordance with the accounting policies as applied in the 2015 financial statements of the First Account and Second Account of the Common Fund for Commodities.

Auditor's responsibility

Our responsibility is to express an opinion on the abbreviated financial reports based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Auditing Standard 810, "Engagements to report on abbreviated financial reports".

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Opinion

In our opinion, the abbreviated financial reports derived from the audited financial statements of the First Account and Second Account of the Common Fund for Commodities for the year ended 31 December 2015, are consistent, in all material respects, with those financial statements.

Amsterdam, 30 June 2016

Grant Thornton Accountants en Adviseurs B.V.

Drs. P.N. van Vuure
Registeraccountant

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Photo: ©FAO/Simons Maina

Annex I

Governors and Alternate Governors as of 31 December 2015

Chairperson of the Governing Council during 2015:

Ms. Elisabeth-Sophie Mazella di Bosco Balsa (Brazil)

Vice-Chairpersons:

Africa: Mr. Nagi Iskander Awad Masoud (Sudan)

Asia and Pacific: Mr. Pit Laquian (Philippines)

China: Mr. Li Fei

Latin America and the Caribbean: Mr. Alejandro Mitri (Argentina)

OECD: Ms. Anna Tofftén (Sweden)

Russian Federation: Mr. Vladimir Tkachenko

Country	Governor	Alternate Governor
Afghanistan	c/o H.E. Mr. Nanguyalai Tarzi	
Algeria	H.E. Ms. Nassima Baghli	Mr. Abderahmane Zino Izourar
Angola	Mr. Sebastião de Sousa e Santos Júnior	
Argentina	H.E. Mr. Héctor Horacio Salvador	Mr. Alejandro Mitri
Austria	Mr. Guenther Schoenleitner	
Bangladesh	Mr. Hedayetullah Al Mamoon	H.E. Mr. Sheikh Mohammed Belal
Benin	H.E. Mr. Charles Borromée Todjinou	Mr. Stéphane Beria
Bhutan	H.E. Mr. Daw Penjo	Mr. Kinley Wangchuk
Botswana	H.E. Mr. Samuel Otsile Outlule	Mr. Micus Chiwasanee Chimbombi
Brazil	Mr. Alexandre Guido Lopez Parola	Ms. Elizabeth-Sophie Mazzella di Bosco Balsa
Bulgaria	Mr. Petar Dimitrov	
Burkina Faso	Ms. Salimata Some-Traoré	Mr. Christian Somda
Burundi	Ms. Victoire Ndikumana	Mr. Emmanuel Niyungeko
Cabo Verde	Minister for Foreign Affairs	
Cameroon	Mr. Luc Magloire Mbarga Atangana	H.E. Ms. Odette Melono
Central African Republic	Mr. David Banzoukou	Ms. Gertrude Zouta
Chad	Mr. Youssouf Abassallah	Mr. Daouda Tabanda
China	Mr. Wenliang Yao	Mr. Fei Li
Colombia	Mr. Álvaro Gutiérrez Botero	Ms. Maria Alejandra Páez Gómez
Comoros	Mr. Said Mohamed Ali Said	
Democratic Republic of the Congo	c/o Mr. Sébastien Mutomb Mujing	
Congo	Mr. Juste Benjamin Lekaka	
Costa Rica	H.E. Mr. Sergio Ugalde Godinez	Mr. Jorge Sauma Aguilar
Côte d'Ivoire	Mr. Mamadou Sangafowa Coulibaly	Mr. Aly Toure
Cuba	Mr. William Díaz Menéndez	Ms. Alina Revilla-Alcazar
Denmark		
Djibouti	Mr. Ismaël Ali Abane	
Ecuador	H.E. Mr. Miguel Calahorrano	Ms. Mireya Muñoz Mera
Egypt	H.E. Mr. Taher Ahmed Farahat	Ms. Amany Fahmy
Equatorial Guinea	c/o H.E. Mr. Carmelo Nvonno Nca	c/o Director General de Comercio
Ethiopia	H.E. Mr. Teshome Toga Chanaka	Mr. Nahom Girma Fikresilassie
Finland	c/o Mr. Antti Piispanen	
Gabon	Mr. Fidèle Mengue M'engouang	Mr. Bertrand Rubens Matteya
Gambia	H.E. Ms. Teneng Mba Jaiteh	Ms. Fatou Mbenga Jallow
Germany	Mr. Reinhard Krause	Mr. Edgar Gansen
Ghana	Hon. Dr. Ekwow Spio-Garbrah	H.E. Mr. J. Tony Aidoo
Greece	Mr. Nikolaos Thomopoulos	Ms. Trisevgeni Lianou
Guatemala	H.E. Mr. Eduardo Sperisen Yurt	Ms. Debora Maria Cumes Mariscal
Guinea	Hadja Zénab Diallo	Mr. Mohamed Camara
Guinea-Bissau	c/o Embassy of Guinea-Bissau	

Country	Governor	Alternate Governor
Haiti	Mr. Hervey Day	H.E. Mr. Pierre André Dunbar
Honduras	Mr. Jacobo Paz Bodden	Mr. José Adalberto Sorto
India	Mr. Rajani Ranjan Rashmi	H.E. Mr. J.S. Mukul
Indonesia	Amb. Hasan Kleib	Mr. Irfa Ampri
Iraq	Mr. Kadhim M. Jawad Hasan	Mr. Kadhim Ali Abdullah
Ireland	H.E. Mr. John Neary	
Italy	Ms. Giorgia de Parolis	Mr. Antonio Petrarulo
Jamaica	Mr. Derrick Kellier	H.E. Mr. Wayne McCook
Kenya	H.E. Ms. Rose M. Muchiri	Ms. Rose J. Sumbeiywo
Democratic People's Republic of Korea	c/o Mr. Kim Myong Hyok	Mr. Sok Jong Myong
Republic of Korea	Mr. Kyunghwan Choi	Mr. Juyeol Lee
Kuwait	c/o H.E. Mr. Hafeez Mohammed Salem Al-Ajmi	
Laos	Mr. Manohack Rasachack	H.E. Mr. Khamkheuang Bounteum
Lesotho	Mr. Mohlabi Tsekoa	H.E. Ms. Mamoruti A. Tiheli
Madagascar	c/o Ambassador	Mr. Eric Beantanana
Malawi	H.E. Mr. Tedson Aubrey Kalebe	Mr. Mike Mwanyula
Malaysia	Datuk Himmat Singh	Ms. Zurinah Pawanteh
Maldives	c/o Mr. Abdul Samad Abdulla	Mr. Abdulla Salih
Mali	H.E. Mr. Sekouba Cisse	Mr. Mamounou Toure
Mauritania	Mr. Mohamed Ould Hitt	Mr. Mohamed Moctar Alaoui
Mexico	Mr. Luis Videgaray Caso	Ms. Claudia Ruiz
Morocco	H.E. Mr. Abdelouahab Bellouki	Ms. Samia Herrag
Mozambique	Ms. Cerina Banú Mussá	Mr. Joao José Macaringue
Myanmar	Mr. Tin Naing Thein	Ms. Myo Nwe
Nepal	H.E. Mr. Ram Mani Pokharel	Mr. Ghanshyam Bhandari
the Netherlands	Mr. Jaap Smit	Mr. Robert-Jan Scheer
Nicaragua	Mr. Orlando Solórzano Delgadillo	H.E. Mr. Carlos J. Argüello Gómez
Niger	c/o Cadre de la Direction du Commerce Extérieur	
Nigeria	Mr. Aminu Aliyu Bisalla	c/o Ambassador
Norway	Ms. Torun Dramdal	Ms. Eva Hermstad
Pakistan	Mr. Muhammad Shehzad Arbab	H.E. Mr. Moazzam Ahmed Khan
Papua New Guinea	Mr. William Dihm	c/o Mr. Kapi Maro
Peru	H.E. Mr. Carlos Andres Miguel Herrera Rodríguez	Mr. Javier Pella
the Philippines	H.E. Mr. Jaime Victor B. Ledda	Mr. José I.C. Laquian
Portugal	Mr. Manuel Rodrigues	Mr. Álvaro Matias
Russian Federation	Mr. Vladimir I. Tkachenko	Mr. Cherevko Alexander Nikolaevich
Rwanda	Mr. Emmanuel Hategeka	Ms. Peace Basemera
Samoa	c/o Deputy Prime Minister	
Sao Tome and Principe	Minister for Foreign Affairs	
Saudi Arabia	Mr. Abdulrahman A. Aloraini	Mr. Ahmad S. Alteraifi
Senegal	H.E. Ms. Maymouna Diop Sy	Mr. Serigne Fall Seck
Sierra Leone	Ms. Isatu Haja Kabba	Mr. Charles Mereweather-Thompson
Singapore	H.E. Ms. Yee Woan Tan	
Somalia	c/o H.E. Mr. Yusuf Mohamed Ismail	
Spain	Ms. Eulalia Ortíz Aguilar	Ms. Maria Alcalá-Galiano Malo de Molina
Sri Lanka	Ms. Sonali Wijeratne	H.E. Mr. Adam M.J. Sadiq
Sudan	H.E. Ms. Rahma Salih Elobied	Mr. Nagi Iskander Awad Masoud
Swaziland	Mr. Andreas M. Hlophe	
Sweden	Ms. Anna Tofftén	
Syrian Arab Republic	Mr. Mohammad Ghassan Al-Habbash	
United Republic of Tanzania	H.E. Ms. Irene F.M. Kasyanju	Mr. Uledi Mussa
Thailand	Mr. Apai Suttisunk	Mr. Surapong Cheasakul
Togo	H.E. Mr. Hubert Kokou Nayo M'Beou	Mr. Kodjovi Gaspard Afokpa
Trinidad & Tobago	c/o Mr. Devant Maharaj	c/o Permanent Secretary
Tunisia	H.E. Mr. Karim Ben Becher	Ms. Chiraz Ben Abdallah
Uganda	Ms. Elizabeth Tamale	H.E. Ms. Mirjam Blaak Sow
United Arab Emirates	c/o H.E. Mr.Abdalla Hamdan Alnaqbi	
United Kingdom of Great Britain and Northern Ireland	Ms. Louise Thomas	

Country	Governor	Alternate Governor
Venezuela	Mr. Rubén Darío Molina	H.E. Ms. Haifa Aissami Madah
Yemen	Mr. Abdulla Ahmed Alshariff Alshammam	Mr. Fawaz Al-Rassas
Zambia	H.E. Ms. Grace Musonda Mutale Kabwe	Mr. Musenge Mukuma
Zimbabwe	Ms. Abigail Shonhiwa	H.E. Mr. Tadeous Tafirenyika Chifamba
European Union	Mr. Regis Meritan	Mr. Michiel de Knoop
COMESA	Mr. Sindiso Ndema Ngwenya	Mr. E.A. Mohammed
African Union	c/o Ms. Tarana Loumabeka	Director for Trade and Industry
East African Community	Amb. Richard Sezibera	Director for Trade
Caribbean Community (CARICOM)	Amb. Irwin LaRocque	Ms. Desiree Field-Ridley
Southern African Development Community (SADC)	c/o Ms. Stergomena Lawrence Tax	
Andean Community	c/o Mr. Walker San Miguel Rodríguez	
Union Economique et Monetaire Ouest Africaine (UEMOA)	c/o Mr. Cheikhe Hadjibou Soumare	
Economic Community of West African States (ECOWAS)	c/o Mr. James Victor Gbeho	
Eurasian Economic Community (EAEC)*	Mr. Alexander Kasakov	

* under transition

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Annex II

Member States, Institutional Members and Votes as of 31 December 2015

Country	Region	No. of votes	LDC
Afghanistan	Asia	357	X
Algeria	Africa	395	
Angola	Africa	391	X
Argentina	LAC	496	
Austria	Europe	652	
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	
Cape 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 Rep. of Congo	Africa	476	X
Denmark	Europe	643	
Djibouti	Africa	343	X
Ecuador	LAC	391	
Egypt	Africa	476	
Equatorial Guinea	Africa	347	X
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	
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	
Korea, Dem. People's Rep. of	Asia	355	
Korea, Republic of	Asia	490	
Kuwait	Asia	351	
Lao People's Dem. Rep.	Asia	345	X
Lesotho	Africa	343	X
Madagascar	Africa	360	X

Country	Region	No. of votes	LDC
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	
Russian Federation	Europe	4,257	
Rwanda	Africa	351	X
Samoa	Asia	343	X
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
Swaziland	Africa	355	
Sweden	Europe	929	
Syria	Asia	382	
Tanzania	Africa	380	X
Thailand	Asia	449	
Togo	Africa	358	X
Trinidad & Tobago	LAC	353	
Tunisia	Africa	380	
Uganda	Africa	395	X
United Arab Emirates	Asia	347	
United Kingdom	Europe	2,550	
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	
EAEC	Russia	0	
WAEMU/UEMOA	Africa	0	
TOTAL		58,016	

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

Institutional Members of the Common Fund for Commodities

Andean Community (CAN) - Lima, Peru
African Union (AU) - Addis Ababa, Ethiopia
Caribbean Community (CARICOM) - Greater Georgetown, Guyana
Common Market for Eastern & Southern Africa (COMESA) - Lusaka, Zambia
Eurasian Economic Community (EAEC) - Moscow, Russia
East African Community (EAC) - Arusha, Tanzania
European Union (EU) - Brussels, Belgium
Economic Community of West African States (ECOWAS) - Abuja, Nigeria
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 Network for Bamboo and Rattan (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 Oilseeds, Oils and Fats
22. FAO - Intergovernmental Group on Rice
23. FAO - Intergovernmental Group on Tea

Development Partners

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

ACFIME	Agence Communautaire pour le Financement de la MicroEnterprise
ACP	African, Caribbean and Pacific
ACT	Artemisinin-based Combination Therapy
ANACAFE	National Coffee Association of Guatemala
AU	African Union
BDS	Business Development Services
CARDI	Caribbean Agricultural Research and Development Institute
CFC	Common Fund for Commodities
COMIFAC	Central African Forests Commission
CRIG	Cocoa Research Institute of Ghana
DRC	Democratic Republic of Congo
DTF	Dutch Trust Fund
EAFCA	African Fine Coffee Association
ECA	European Cocoa Association
ECCAS	Economic Community of Central African States
EcoE II	EcoEnterprises Partners II L.P.
Ecom	Ecom Agroindustrial Corporation
ECOSOC	United Nations Economic and Social Council
ECOWAS	Economic Community of West African States
EFTA	Equity For Tanzania Ltd.
EU	European Union
EUCORD	European Development Co-operative
FAO	Food and Agriculture Organization of the United Nations
FAST	Financial Alliance for Sustainable Trade
FDI	Foreign Direct Investment
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.
GI	Geographical Indication
GIZ	Deutsche Gesellschaft Für Internationale Zusammenarbeit
ICAC	International Cotton Advisory Committee
ICBR	International Centre for Bamboo and Rattan
ICBs	International Commodity Bodies
ICCO	International Cocoa Organization
ICCO Cooperation	Interchurch Organization for Development Cooperation
ICO	International Coffee Organization
IFAD	International Fund for Agricultural Development
IJSG	International Jute Study Group
INBAR	International Network for Bamboo and Rattan
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
JI	Joseph Initiative Ltd.
KENFAP	Kenya National Federation of Agricultural Producers
KUL	Kawacom Uganda Limited
LA	Loan Agreement
LDC	Least Developed Country
LLDC's	Land Locked Developing Countries
MDG	Millennium Development Goal
MMA	MatchMaker Associates
NGO	Non-Governmental Organization
OFID	OPEC Fund for International Development
PPP	Public Private Partnership
SDG	Sustainable Development Goal
SIF	SME Impact Fund
SSA	Sub Saharan Africa

T&T	Trinidad & Tobago
TAHA	Tanzania Horticultural Association
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
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
VODT	Vacuum Oil-bath Dehydration Technology
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."