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CFC expands support in Latin America with EcoEnterprises investment

Following its initial 2013 investment in the EcoEnterprises Fund II, the CFC Executive Board has now approved a USD 1 million investment in the successor EcoEnterprises Fund III, which will be launched soon.

The Fund was created with the underlying belief that community well-being is intrinsically linked to the long-term success of small businesses and the sustainability of natural resource bases. As such, the Fund invests in innovative small and medium-sized enterprises in the agricultural and forestry value chain that have achieved transformative environmental and social benefits in Latin America.

First established in 2000, the EcoEnterprises Fund is a pioneer in investments that seek not only a financial return, but also place equal emphasis on measurable social and environmental impact. They focused on "impact investing" long before the concept became popular.

EcoEnterprises provides tailored growth capital and hands-on support to businesses that foster sustainable practices while building equitable value chains in sectors like organic agriculture, agro-forestry, wild-harvested products and aquaculture. As these companies are often too

small or engaged in unconventional sectors eschewed by traditional financiers, they struggle to access the expansion capital necessary for long-term success. EcoEnterprises fills this void in local capital markets.

With investments in 35 companies to date, the Fund's portfolio reflects a wide variety of impact-oriented approaches. They range from an organic baby food company that makes products from quinoa provided by rural cooperatives in Peru, to the first dried fruit company in the region resulting from the re-introduction of goldenberry production in Colombia and Ecuador.

EcoEnterprises' achieved impact reflects the importance of its investment proposition: to date, its supported companies have created 6,700 jobs, stable demand for agricultural and forestry products from 32,500 smallholder farmers, additional benefits for 185,000 local residents and ensured the conservation of over 4 million hectares of land.

The CFC is proud to be one of the first partners to support EcoEnterprises' third investment fund. As with the previous fund, the CFC will also become a member of the Fund's advisory committee.

Tammy E. Newmark, CEO, remarked: "We are very pleased that the CFC will continue its involvement in EcoEnterprises as we highly appreciate CFC's active engagement with relevant expertise and knowledge." ■



CFC attends Royal New Year's Reception



Image: Koninklijk Paleis (@paleisamsterdam)

Their majesties the King and Queen of the Netherlands held a New Year's reception for the Diplomatic Corps and International Organizations at the Royal Palace, Amsterdam on Wednesday 17 January 2018. It was attended by Mr P. Singh, Managing Director, the Common Fund for Commodities (CFC). ■

CFC supports **smallholder coffee farmers** in Nicaragua



Image: Nicafrance

Since 2016, the CFC has been the Manager of the Agroforestry Technical Assistance Facility (ATAF), a grant-based Technical Assistance Facility that supports commercial agroforestry investments from the Moringa Agroforestry Fund. ATAF's goal is to foster and upscale positive environmental and social impact initiated with investments from Moringa. Apart from the CFC, ATAF's main supporters and donors are the French Facility for Global Environment (FFEM), the African Development Bank (AFDB) and the French Development Bank (AFD).

The Matagalpa Agroforest Resilient Landscape Program (MATRICE) in Nicaragua is ATAF's most complex intervention to date. The project's objective is to facilitate the inclusion of smallholder coffee farmers in an out-grower scheme from Moringa investee company Cafetalera Nicafrance. MATRICE assists neighboring small farmers in renovating their farms, which have been severely affected by a recent outbreak of coffee leaf rust and recurrent drought caused by climate change.

MATRICE's key interventions include introducing new leaf rust tolerant coffee varieties and converting the farms to a sustainable agroforestry land use system. Farmers are also

being trained on agricultural best practices, farm management, coffee markets, and social and environmental risks.

In addition to technical assistance, the project is helping farmers improve their financial returns. Cafetalera Nicafrance guarantees the sale of all coffee from the smallholders. It is traded in high-value markets at rates above global market prices, leading to increased income for the coffee farmers.

During a field visit by CFC in February 2018, participating farmers confirmed the benefits of the support they are receiving from MATRICE. While some of the farmers had struggled to

maintain their coffee plantations and were considering abandoning them, thanks to the ATAF program they now have the necessary assistance to convert their farms into climate and disease-resilient production systems and access to better markets with higher prices.

The project started in 2017 with 28 farmers and will continue through 2020. At that time, it is expected that all participating farmers will have converted their farms and be supplying high-quality coffee to Cafetalera Nicafrance. ■



Scaling premium organic coffee production in the DRC and Rwanda

CFC has extended a loan of USD 1.5 million (of which USD 750,000 is financed by the OPEC Fund for International Development (OFID)) to COOPAC Holding Ltd. to expand the production and export of high-quality coffee in the Democratic Republic of the Congo (DRC). The loan will be used to construct five washing stations in the DRC and to provide working capital to source coffee from farmers in the DRC and Rwanda. The CFC is also supporting the training of Congolese farmers in best organic agricultural practices and their efforts to certify the produced coffee according to organic, Fairtrade and Rainforest Alliance standards.

COOPAC is an enterprise engaged in the production, processing and export of premium coffee. Founded in 2001 in cooperation with 110 coffee farmers in the Gisenyi region in Rwanda, they currently source coffee beans from 7,643 smallholder farmers. Since 2013, COOPAC has also been active in the DRC. With the goal of scaling coffee production up to 16,600 farmers by 2024, COOPAC hopes to create much-needed jobs and improve smallholders' yield and net income by up to 2.6 times.

COOPAC's Arabica coffee is grown at high altitudes between 1,200 and 2,000 meters. Shade tree seedlings and agroforestry trainings are provided to all member farmers. The trainings are focused on organic plant nutrition, but also on more complex nutrient balance practices for the coffee fields. Organic and Fairtrade practices will enable farmers to increase their incomes, with a pricing premium of USD 0.30/kg for organic beans, plus USD 0.20/kg for Fairtrade. That represents a total addition of around 42% on top of the minimum market price set for this season. ►

Image: COOPAC



< *Introducing organic and Fairtrade production standards will allow smallholders in the DRC to command a higher price for their coffee.*

Meng Yuan joins the CFC as a **Junior Implementation Manager**

The Common Fund for Commodities is expanding its reach by strengthening its Operations Unit to help achieve the economic, social and environmental impact of all the interventions it supports. This will enable the CFC to enhance relationships with organizations and enterprises pursuing commodity value chains in commodity-dependent developing countries (CDDCs). As part of this approach, the CFC is very happy to welcome Ms. Meng Yuan to its team as a Junior Implementation Manager.



Meng started her career at a global banking corporation – SMBC (Sumitomo Mitsui) – in Suzhou, China. As a part of the financial accounting department she developed an understanding of regulations and financial risk management. Subsequently, as relationship manager she developed close contacts with non-Japanese clients. She also developed expertise in various debt financing products including letters of credit, structured financing and CapEx loans.

Meng has a strong interest in agriculture and agriculture-related activities in Asia. She is sensitive to the difficulties small and medium enterprises (SMEs) in agriculture and related activities face when obtaining financing from banks and non-banking financial institutions. This motivated her to

find options and seek alternatives to make it possible for SMEs to obtain financial support to expand their business.

Meng holds a bachelor's degree in Financial Management from Nanjing University, China and a master's degree in business administration from Amsterdam Business School, in the Netherlands. While pursuing her graduation studies she visited many least developed areas in South Africa and participated in a permaculture design course in Thailand. She expects and hopes to adopt innovative activities and make an impact in all supported projects.

Meng is from Suzhou, China. She has been living in the Netherlands since August 2016 and enjoys practicing yoga during her free time. ■

CFC welcomes **Gustavo Katz Braga** as its new **Impact Strategy Officer**

In line with its innovation and impact-oriented approach, the CFC believes that its environmental and social impact must be monitored with the same rigor as its operational and financial results. The Fund is committed to strengthening its impact measurement practices and is therefore pleased to welcome Gustavo Katz Braga as its new Impact Strategy Officer.



Gustavo started his career in the financial sector, working as an equity analyst in Brazil. Even while working for an asset management firm, he maintained and strengthened his active interest in impact investing, and was involved in several projects in poor areas of Rio de Janeiro and in the Amazon rainforest during his free time.

After gaining greater experience in the traditional financial field, he decided to engage in impact investing. To do so, he joined Alternativa Impact, a NGO based in Guatemala. As a social business consultant, he helped small and medium-sized enterprises build stronger business models, which were more sustainable and more impact oriented.

Gustavo holds a master's degree in economic development from the Federal University of Rio de Janeiro (UFRJ). While pursuing his

graduation studies, he interned at the United Nations headquarters, working in the Economic and Social Affairs Department. His international experience also includes academic exchanges in France and in Spain.

Gustavo is looking forward to using his experience working in developing countries, his expertise in finance, and his knowledge of impact investing to reach the CFC's goal of building a robust and efficient impact strategy.

Gustavo is a Brazilian citizen. He is married and enjoys going trekking and playing tennis in his free time. ■

"Partnering with CFC will enable us to construct new certified coffee stations in the Congo and provide smallholder farmers with training and services. Particularly for the Congolese farmers, we see important yield and income opportunities given the current status of the coffee fields in the region."

Mr. Rwakagara, Managing Director of COOPAC Holding Ltd.

"We are proud of partnering with COOPAC Holding Ltd. to unlock the market potential of high-quality organic coffee farming. The project will help smallholder farmers in the Congo and Rwanda to access necessary skills, markets and services, and improve their livelihoods."

Mr. Singh, Managing Director of the Common Fund for Commodities (CFC). ■

61th Meeting of the **Consultative Committee**

The 61st Meeting of the Consultative Committee (CC) was held at the headquarters of the Common Fund for Commodities (CFC) from 22 to 25 January 2018. The Committee reviewed eight regular projects paying due attention not only to the feasibility and practical potential for lasting development impact, but also the preparedness to implement the projects without undue delay. As a result, four projects were recommended for consideration and approval by the Executive Board.

Integrated Lime Production in Bahia, Brazil

This project is initiated by Jan Stap BV, a Dutch company specialized in importing and exporting fruits and vegetables. The company is part of the Torres Group, and intends to establish an agricultural production base for limes in Ribeira do Amparo, Bahia State, Brazil. The project aims to establish a vertically integrated supply chain to control the quality, introduce Good Agricultural Practices (GAP) for production, and make it possible to obtain Fairtrade certification.

Implementation of the project will create stable employment for 50 farmers and expand sustainable livelihoods and economic inclusion in one of the poorest regions in Brazil. To enhance the development impact of the project, the Committee recommended considering the possibility of developing an outgrower scheme to expand the involvement of local smallholder farmers. Furthermore, the Committee recommended making individual farmers shareholders in the enterprise to enhance local ownership of the operation.

Fine Cocoa Processing, Trinidad & Tobago

The Trinidad & Tobago Fine Cocoa Company (TTFCC) intends to expand its cocoa processing facility and develop new products. This includes developing new molds, updating the packaging design and creating promotional materials. The TTFCC follows the "bean to bar" approach and processes cocoa beans purchased directly from farmers into finished chocolate products which are sold internationally.

The key development impact of the processing facility is to encourage the rehabilitation of the cocoa sector. Cocoa farmers are among the poorest members of the local population, and selling cocoa at better prices is expected to sustainably contribute to reducing poverty. The primary market for the new products includes high-end retailers, hotels, restaurants and gourmet food stores abroad, as well as duty-free stores in Trinidad & Tobago.

Upgrading the Tea Value Chain, Burundi

Submitted by Prothem Usine S.A. from Burundi, this project seeks to expand the overall tea supply and upgrade a CTC (crush-tear-curl) tea processing facility for export sales. Prothem intends to increase the green tea leaf supply by expanding and intensifying their smallholder supplier network and by establishing a 400-hectare nucleus tea plantation. At the same time, they plan to invest in increasing the processing capacity and improving product quality.

Green tea leaves are currently supplied by 10,400 smallholders (65% men, 35% women) who grow it among their subsistence crops on small plots of land that measure between 0.5 and 3 hectares. In parallel to the investment activities, Prothem plans to expand its connection to outgrowers by providing technical assistance, credit and inputs. This will lead to higher productivity and higher quality production for existing tea smallholders. As the production of tea is a key source of income for farmers and their families, this will contribute to improved food security.

Quality Inputs for Smallholder Farmers, Kenya

In the next five years, this project, proposed by Agrics Company (Kenya), seeks to increase the number of smallholder farmers receiving certified inputs from 30,000 to 120,000 farmers. To this end, Agrics will expand its presence in Kenya, Tanzania and Uganda. Besides expanded outreach to farmers, the project expects to create 50 new jobs and engage about 200 contracting agents.

During its five-year duration, the project intends to involve up to 90,000 additional smallholder farmers with an average farm size of 0.7 acres. Agrics aims to increase yields from 1,080 to 1,800 kg per acre and grow income per acre from USD 262 to USD 490 per annum. For farmers with 0.7 acres of land, this corresponds to a net additional income of USD 160 per year. The total net economic impact for 120,000 farmers is estimated at USD 14.4 million per annum from year 5 onwards.

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