Agricultural Commodity Transformation (ACT) fund

Investing in global sustainable commodity value chains

07/03/2023
The Common Fund for Commodities at a glance

- **Intergovernmental Financial Institution**
- Headquartered in Amsterdam, the Netherlands
- Established in 1989
- 101 member countries
- Institutional Members: EU, AU, COMESA, SADC, ECOWAS, UEMOA, CARICOM, EAC, Andean Community
- 33 years of experience in the global commodity sector:
  - > 500 value chain projects, with a total project cost USD 798 million
  - Since 2014 pivot to impact investing
  - US$ 52m invested in 50 loans / US$ 38m currently committed
  - Activities in 99 countries
To contribute to poverty alleviation by strengthening the income-generating capacity of commodity producers and mitigating vulnerability to their economic well being.

*CFC Mission Statement*
Opportunity

Agri-SMEs are the backbone of rural economies, contributing 30% of GDP in Least Developed Countries and providing 60% of formal employment.

Agri-SMEs form the critical bridge between smallholder farmers and global commodity markets.

Challenge

SMEs lack investment and expertise required to access high value global markets backed by sustainable sourcing from smallholders.

75% of agri-SMEs lack access to capital: a multi-billion US$ financing gap.

Rural SMEs are often stuck in the ‘missing middle’: too big for microfinance and too risky for commercial banks.
Agricultural Commodity Transformation Fund

Mobilize US$ 100m of impact-first capital and US$ 10m in Technical Assistance grant funding.

Invest in high-potential agricultural SMEs.

Deliver consistent returns to investors through US$20m in first-loss capital from CFC as sponsor.

Target a balance between capital preservation and high levels of tangible impact.
ACT puts agri-SMEs at the heart of transforming global agriculture
ACT Fund offers tailored finance to high-potential SMEs

ACT will invest in established SMEs with revenues of over US$1m through a range of instruments for short and long-term growth.

Trade Finance
bridges the SME finance gap between paying farmers at harvest time and receiving payments from buyers

Working Capital Loans
provides flexibility in the timing and use of funds, vital for boosting cashflows of SMEs

Capex loans
capital investments for expansion and enhanced value addition (e.g. for improved processing or warehousing)

Quasi-equity
medium term growth capital, offering upside to investors
Investment Impact Assessment

Impact measurement at the start and end of each investment. In addition, investees report on their impact on an annual basis.

Sustainability Risks Management

ACT will use CFC’s Social and Environmental Risk Management System (SEMS) co-developed with ILO

Impact Targets

- Return on impact: USD292m incr. beneficiary income (40% ROImpact p.a.)
- Net Carbon Footprint: 20% of portfolio allocation to agroforestry for carbon sequestration by 2030
- Total people reached: >1m employees, suppliers & dependents
- > 50% women
- Incremental Net Income: US$ 263 per direct beneficiary
- Biodiversity: Will be incorporated in standardized risk approach as part of investment decisions; including concrete targets
CFC: a unique sponsor and advisor

**Decades of Experience**

recognized and credible entity, strong public and private sector network, focused and deep expertise in investments and technical assistance

**Global Track Record**

established processes, hands-on monitoring and support for investees, effective risk management

**Established Deal-Flow**

strong track record in generating deal-flow and an existing pipeline of investment opportunities

CFC combines the *stability* of an intergovernmental institution with a strong *track record* of financing SMEs and an excellent private sector reputation over *three decades*. 
The CFC is looking for co-investors joining us in transforming global commodity value chains.

| **Fund size:** | US$ 100 million + US$ 10 million for TA |
| **Target portfolio:** | Agri-SMEs in developing countries |
| **Products:** | trade & working capital, capex, quasi-equity |
| **Ticket size:** | Avg. ~US$ 2 million |
| **Structure:** | 10 years + option for evergreen (the Netherlands domicile, AIF) |
| **Fund Manager:** | CFC Fund Services B.V. |
| **Anchor investment:** | US$ 20 million (first loss, CFC as advisor) |
| **Minimum investment:** | US$ 2 million in A, B or C-shareclass |
| **Investment term:** | min. 5 years, recommended 10 years |
| **Target return:** | capital preservation + fixed dividend |
Interested in becoming a partner?

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