common fund for commodities

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Image: Adobe Stock

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How can **SMEs navigate moments of crisis and flourish afterwards?** A brief guide from the CFC

As the Covid-19 pandemic continues its global spread, so does economic turmoil. Global disruption poses distinct challenges to SMEs who may struggle with issues like maintaining their operations, uncertain demand, irregular supply and cash flow management. At the same time, the world beyond the pandemic is unlikely to look like the one we left behind, and SMEs must adjust their activities accordingly.

The CFC has prepared a brief guide to help SMEs navigate moments of crisis, overcome the challenges imposed by the pandemic and prepare to flourish in a post-Covid world.

Securing short-term liquidity

Cash is king, and now more than ever, it is necessary for survival. In the short term, the focus should be on securing enough cash to keep the business going. If a company runs out of cash, it will have to stop operations, so retaining just enough cash for its core operations is the key to surviving the crisis.

Optimizing cash flow

As consumer spending drops and companies become skeptical of new investments, many SMEs will experience pressure on cash inflows. This can be off-set in part by lowering input purchases, but regardless, reduced income may put pressure on the business and potentially threaten its survival. Steps that can minimize cash requirements include:

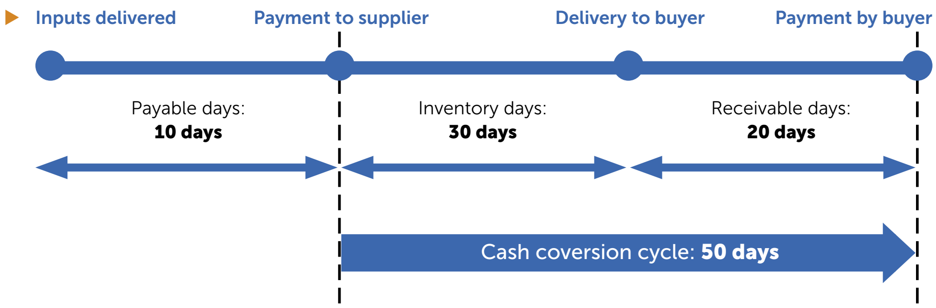
- **Cut discretionary operating expenses.** These differ by business, but may include advertising, consultant studies, business trips, etc.
- **Postpone or cancel unnecessary capital expenditure.** While it may be necessary to expand capacity in the future, it is more important to have cash today.
- **Secure credit lines.** Actively engage with banks, investors and other potential financiers to secure access to credit lines before cash becomes scarce.
- **Adjust your product offering and target market.** You may be able to generate revenue by addressing new types of demand created by the pandemic, or adjusting the quality or price of your existing products to align with reduced consumer incomes.

Reducing the cash conversion cycle

In addition to falling sales, cash conversion cycles, which are likely to expand during crises, may also affect access to cash. This means that cash reserves may still fall short, even if sales remain the same.

The cash conversion cycle is the average number of days between when an SME pays suppliers for inputs and when it receives final payment from its buyers. During this period, it has to cover all the ongoing expenses required to maintain the business.

Follow these steps to manage the cash conversion cycle now, without endangering your business in the future:



- **Payable days:** Suppliers may wish to reduce this period, as they also need cash for their own operations. Manage payable days by making credible payment schedules with suppliers that can afford it.
- **Inventory days:** This timespan may increase due to disrupted supply chains and limited processing capacity. Manage inventory days by implementing social distancing procedures and ensuring that your logistics providers have adapted to the current export restrictions.
- **Days receivable:** This period may increase as buyers, facing their own cash flow problems, have challenges paying on time. Closely monitor and, if necessary, renegotiate payment terms with buyers.

Preparing for long-term change

Short-term emergency measures will inevitably impact future profitability. However, with advance planning, it is possible for businesses to use the crisis as an opportunity to adjust to the new economic reality following the pandemic. Here are a few examples of how you can achieve that:

Consider future consequences

Be cautious of the long-term consequences of today's cost-saving measures:

- **Avoid losing key staff.** If you lay off staff and they don't return, organizational knowledge and future capacity may be lost. If necessary, adjust employment terms and ensure your staff understands the challenges the business is facing. Also, consider cutting costs at the management level to further reduce expenditures and set an example for the rest of the organization.
- **Maintain strong business relationships.** Your future business relationships depend on how you handle the crisis today. Engage in discussions with suppliers and buyers and offer tailored payment terms whenever possible, without putting disproportionate pressure on them.

Adjust to the economy of the future

The economy after Covid-19 is unlikely to look like the one we left behind, so you may have to rethink your business model. Take the following into account:

- **How will demand change?** New trends may emerge as the result of the pandemic. For example, eating out might become less popular, while there might be greater demand for health-related products. Analyze emerging trends and consider adjusting your offering.
- **How will availability of inputs change?** The pandemic is likely to drive a lot of intermediate suppliers out of business. In addition, agricultural producers may start cultivating different crops to adapt to a new market environment. Be aware of possible supply chain disruptions and investigate how you might adapt.
- **How can you put your organization in a better position?** Reduced business activity may offer opportunities to prepare for a new reality. Consider training employees, revising procedures, or implementing new software.

What can the CFC offer?

The CFC offers a variety of instruments to help SMEs navigate the short and the long-term effects of the pandemic.

The CFC loan program

The regular CFC loan program allows SMEs to access the finance required to improve their supply, processing, and marketing activities. The loans can be used to finance the capital expenditure necessary to adjust to the post-pandemic economy, as well as the necessary working capital when trading resumes.

CFC loans are available under the following conditions:

- The SME operates in a commodity value chain in a CFC member country
- The available instruments include term loans (up to 5 years) and trade finance facilities
- Amounts range from USD 300,000 to 1,500,000 or the EUR equivalent
- Application through the CFC Calls for Proposals

Visit the CFC website for more information on the next CFC Call for Proposals: https://www.common-fund.org/call-for-proposals/

The Emergency Liquidity Facility

The CFC's Executive Board has approved an emergency liquidity facility of up to two million USD to offer additional support to our projects that have been impacted by the pandemic. The **Emergency Liquidity Facility (ELF)** can provide immediate working capital to qualifying SMEs who are at risk of terminating their operations.

Qualifying SMEs must have previously been reviewed and found eligible to receive CFC support. With the ELF, the CFC aims to give healthy businesses access to short-term liquidity to help them endure the immediate effects of the crisis.

The quick deployment of the ELF reflects the Common Fund's concern for the impact of pandemic on commodity producers. The disruption of supply and demand and global supply chains has the potential to erase decades of progress towards the SDGs. The ELF will allow the CFC to help SMEs overcome the pandemic, and expand their global presence once the economy begins to recover.

The ELF is available under the following conditions:

- The SME is already a recipient of CFC financing for a project
- The maximum available amount is USD 120,000 or the equivalent in EUR
- Evidence of a clear need for replenishment of working capital
- All contributions by other financiers shall have been firmly committed and confirmed
- All prerequisites for the implementation of the Project are in place

At the CFC, we have been working hard to help you navigate this current crisis, as well as laying the foundations for your survival and future growth. Our aim is to help you grow and prosper once we move past this pandemic. Any interested and eligible SMEs should get in touch with their CFC project manager at managing.director@common-fund.org. ■

Image: Olivado EPZ Limited

Accelerating **access to finance** for **SMEs** in **East Africa**

The CFC has partnered with the Financial Access Commerce & Trade Services (FACTS) to provide factoring services and short-term working capital to agribusiness SMEs in Uganda and Kenya. As access to finance is a major barrier for entrepreneurs attempting to start a business in these countries, FACTS supports their goals with its forward-looking financial services. To gain insight into the impact it generates, the CFC spoke to three of FACTS' clients.

Innovative factoring services

Factoring is a financial transaction whereby a company sells its accounts receivable to a third party (a factoring company). The factoring company pays the face value of the invoice to the company minus a discount and collects the invoices when due. Factoring can be a great solution for SMEs that are waiting for payments from customers, but need to cover operational and/or growth-related expenses in the meantime. In addition, the invoices can be used as collateral, helping small players overcome the issue of not having enough fixed assets they can use as collateral – a common requirement of commercial banks.

Despite the enormous potential for solving SMEs' cash flow shortages, there are very few formal factoring providers in East Africa. Lack of technology and required experience are preventing significant scale up of this financial service. Equipped with an innovative platform where SMEs easily upload their invoices, FACTS pays suppliers the same day, then notifies the SMEs and gives them the necessary period to repay the amount with an interest charge. FACTS began operations in 2015 and has since grown significantly, supporting several agri-businesses in addressing their financial needs and growing their operations, as illustrated by the following three examples.

Namirembe Offsprings Limited, Uganda

Established in Uganda in 2012, Namirembe Offsprings Limited (Namirembe) specializes in grain trading. Benefiting from her family's background in agriculture and agribusiness, Namirembe's founder started a successful fish farming business after finishing university. In 2014, she began focusing on trading grain, when demand for soybeans and plant-based protein started increasing. However, because the company had no collateral, it was compelled to use its own resources and was stagnating.

Before starting to collaborate with FACTS in 2019, Namirembe worked with regular banks, which meant long waiting periods for payments. While the company could sell to traders who pay faster, this wasn't a better option for Namirembe or the farmers. Faster payments often come with lower prices, but farmers would sometimes sell their crops at unreasonable rates, simply because of their urgent need for cash. As a result of its slower operations due to working with banks, Namirembe's relationships with its outgrowers were jeopardized. Thanks to its efficiency, FACTS was able to improve the situation. The swift payments were crucial to building trust, and the efficient process for uploading invoices to FACTS enables Namirembe to immediately pay its suppliers and sustain its business.

Namirembe supports its network of farmers like Maria with training and access to quality inputs. Working with FACTS also ensures they can pay their farmers quickly.

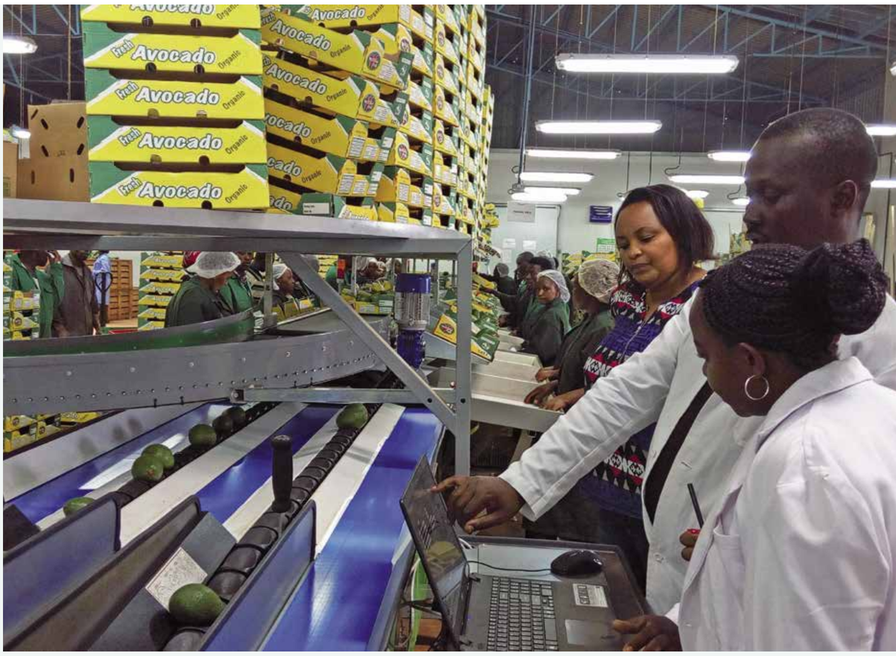
Image: Namirembe Offsprings Ltd

Despite being a fairly new relationship, FACTS and Namirembe have already achieved a positive impact. Namirembe is now present in 25 districts, compared to five before. Moreover, the number of permanent employees has increased from four to nine, and part-time employees from five to 15. Currently, it reaches 1,500 smallholder farmers – 700 more than when it started. To encourage the success of its network of farmers, Namirembe also offers support related to crop management, inputs and fertilizer. Now that the company has gained access to new markets and can produce higher quantities, it is attempting to expand its export capacity.

Rabboni Group Limited, Uganda

Founded by two brothers and a sister-in-law in 2014 in Uganda, Rabboni Group Limited (Rabboni) processes and sells grains. The family business started working with FACTS in 2018, which marked a crucial turning point in its operations.

Thanks to their relationship with FACTs, Rabboni has been able to grow their grain business, hire more employees and expand their storage facilities.



FACTS was able to offer Olivado a line of credit to overcome difficult times, and expand its network of smallholder avocado farmers.

Image left: Rabboni Group Limited, right: Olivado EPZ Limited

Prior to this period, Rabboni solicited working capital from two banks. However, they did not provide favorable credit facilities for growing the business, which forced Rabboni to rely on its own equity. However, Rabboni was able to overcome these obstacles when they discovered FACTS, which made the necessary financial resources available. By using the factoring services, Rabboni could immediately pay its farmers, strengthening their relationship. FACTS' digital platform ensured effective communication and quickly executed transactions.

Thanks to its relationship with FACTS, Rabboni's turnover more than doubled from 2018 to 2019. In addition to this financial achievement, Rabboni has also generated social impact by increasing the number of jobs from 12 full-time and 20 part-time employees to 26 and 43, respectively. Furthermore, as FACTS has enhanced Rabboni's purchasing power and storage capacity, and the enterprise recently bought five acres of land.

As its own prosperity has increased, Rabboni aims to share the benefits with its farmers. For example, it is providing training, farm inputs, seeds and fertilizer. It is also working to save seeds from the previous harvest, enabling them to double the volumes of upcoming harvests. Finally, farmers receive insights on finance to ensure successful management of their businesses.

Olivado EPZ Limited, Kenya

Supported by a CFC loan to expand the production and export of organic avocado oil, Olivado EPZ (Olivado) also received supply chain financing from FACTS. Their relationship began in 2017, when the Kenyan enterprise was seeking support after a tough year caused by the late payments from banks. This resulted in cash flow issues for the company and delayed payments to its supplier smallholder farmers.

Because it externally sources its entire fruit supply, it is essential for Olivado to maintain its farmer network. These farmers talk to each other about the most advantageous buyers, so delayed payments could increase the risk of losing farmers to competitors. FACTS, however, helped Olivado overcome these difficult times. It was one of the few financial institutions offering a credit line at that moment. In addition, FACTS could efficiently respond to factoring requests within a few hours– compared to at least six days for banks. It also offered a smooth approval process once all the necessary documents were submitted, something which often took several months with banks in Olivado's experience.

Thanks to FACTS' short-term working capital, Olivado could pay its outgrowers on time and regain their trust. It also led the company to expand its network to more than 2,000 smallholder farmers by the end of 2019.

Besides factoring, another area where FACTS has proved to be efficient is its partnership with Saccos (Savings and Credit Cooperatives Societies). These local financial cooperatives serve to mobilize savings and advance credit facilities. Given their extensive presence in Kenya even in remote regions, FACTS leveraged their relationship with local farmers to pay the outgrowers working with Olivado.

Overall, FACTS has proven to be essential to helping SMEs unlock access to finance and upgrade their businesses. After boosting the performance of numerous enterprises in Uganda and Kenya, FACTS now aims to expand its impact to Tanzania.

Covid-19 impact

With the support of its financiers, including the CFC, FACTS remained reliable and responsible even amid Covid-19 challenges. In fact, it has managed to handle the increased requests for financing from the agricultural sector, and while at the same time offering factoring services to customers facing difficulties caused by the pandemic. Specifically, it has extended facility and credit term periods, reduced penalty interest, and increased credit limits.

FACTS is proud of the contributions they have made to alleviating poverty and supporting a new generation of entrepreneurs, and the CFC is looking forward to being a continued partner on this journey. ■

Image: TSA

The mission of Ten Senses Africa Ltd. (TSA or Ten Senses) is to use Kenya's "Ten Senses" (creativity, integrity, justice, equal opportunity, community, environment, quality, entrepreneurship, mystery, and humor) to create better working conditions for nut growers, enabling them to thrive both personally and professionally. Specifically, they are focused on improving incomes, productivity and long-term retention. The CFC has partnered with TSA to support these goals.

Expanding the **inclusion** of smallholders in **macadamia supply chains** in **Kenya**

Established in Kenya in 2008, Ten Senses is the world's first fair-trade certified macadamia nut company. The company began exporting macadamias in 2010, and has since expanded to cashews, sesame seeds and sesame oil. TSA sources nuts from farmers throughout Kenya and processes them in Nairobi, supporting local production of high-quality products for export.

TSA currently sources macadamia nuts from 5,000 organic farmers and aims to expand their positive impact. TSA recently gained new insights on its achievements through a survey of 256 of its farmers.

Higher income | Improved production and productivity | Long-term retention

Business development and stability

Prior to working with Ten Senses, Kenyan growers sold their nuts to middlemen, making them vulnerable to very low, fluctuating prices. However, as its fair-trade certification sets minimum prices, Ten Senses is able to offer its farmers a secure income. As a result, the company represents the first reliable macadamia buyer for 65% of farmers – providing them greater financial stability. To be more specific, 87% of the company's farmers reported improved payments, and 91% said that selling nuts to TSA accounted for over half of their income in the past year: "...Ten Senses agents at the buying centers do not select the macadamias very much, so you get to sell almost 100% of all your produce", one farmer commented.

Image: TSA

Macadamia nuts being sorted in the processing facility in Nairobi, Kenya, where TSA employs 800 workers.

Ten Senses is not only a reliable buyer, it also supports smallholders' operational performance. Thanks to receiving technical assistance, training, inputs and credit, 85% reported experiencing better farming practices. One farmer asserted, "...the fact that they [look after] the affairs of the farmers by giving them technical assistance on the ground" is an essential reason why smallholders sell nuts to Ten Senses. Farmers are also attracted by year-round market access and immediate payment via the mPesa app.

Improved living standards

The typical smallholder selling nuts to Ten Senses is 46 years old and has been collaborating with the company for 2.5 years. 77% of the farmers own most or all of their land, which averages six acres. Notably, 54% of Ten Senses farmers live on less than USD 5.50/day, whereas Kenya's national average is 71%.

The farmers' improved financial stability paves the way for a higher quality of life, a matter which concerns 93% of farmers. In fact, over 80% said that collaborating with TSA has enhanced their financial well-being. As a result, they can better support their families by covering emergencies, school fees and household expenses, as well as saving. One farmer shared: "I have been able to settle well and move my family back home. The children can go to school and we have started other businesses at home because of the money that we have earned from Ten Senses."

Looking forward

Thanks to the innovative tools and security provided by Ten Senses, 74% of the farmers plan to continue collaborating with the company in one year, and 73% in five years. With the CFC's support, Ten Senses is moving towards achieving its targets, including reaching 10,000 smallholder suppliers, providing an average annual net income of USD 980 per supplier, and creating 400 jobs. Over the next 10 years, Ten Senses envisions improving the livelihoods of 1,000,000 smallholder farmers to contribute to a more prosperous Africa. ■

Ambassador Sheikh Mohammed Belal was elected Managing Director of the CFC in December 2019. During his four-year term, he aims to take an innovative, collaborative approach to supporting Commodity Dependent Developing Countries.

At its 31st Annual Meeting on 4 December 2019 in The Hague, the Governing Council elected Ambassador Sheikh Mohammed Belal as Managing Director of the CFC for a four-year term. Having been a Diplomat for most of his career, Ambassador Belal has decided to make a transition to sustainable development through impact investment. To understand more about his background and his vision for the future of the organization, we conducted a short interview with the new Managing Director:

Interview with the **new Managing Director**

Congratulations on your election Ambassador Sheikh Mohammed Belal. This is surely an exciting achievement for you and your country Bangladesh. What do you think is the defining moment of your victory?
I don't see it as a victory – it is an achievement of different kind. It is indeed a moment of celebration for achieving greater impact through innovations and creative ideas in the sphere of the CFC. In my capacity as Bangladesh Ambassador to the Netherlands for last six years, I am convinced that what is a dream for many of us in the developing world is a daily reality at many of the farms across the Netherlands and many parts of Europe.

When I had the privilege of visiting a sustainable greenhouse in the Westland region of the Netherlands in 2015, accompanied by our Prime Minister Sheikh Hasina, I was astonished to see them producing tomatoes using only 1.1 gallon of water per pound, compared to the global average of 34 gallons. Here I have seen how the future of sustainable agriculture is taking shape in the Netherlands – not in the boardrooms of big corporations, but on thousands of modest family farms. This is where I wish to see innovations arise in our commodity value chains. With my upbringing in a remote rural part of Bangladesh, I think I have the requisite knowledge to serve as a conduit between the developing and the developed world to do more with the less.

I believe that, as member states elected me by consensus, my campaign messages have been well received. They were messages of positivity, change, and respect for other candidates, as well as the fact that our organization needs to make common efforts, especially in terms of honest dialogue with our member states and partners, to build unity in diversity.

You have been a diplomat for most of your career. Why did you decide to switch to the commodity sector now?
I wish you asked me this question a decade ago, because, I feel that I should have made this transition long before. My upbringing in a rustic setting in a developing country like Bangladesh made me realize that poverty is closely tied to commodities. Commodity Dependent Developing Countries (CDDCs) are eagerly awaiting our "push" to go beyond the depths of poverty. And to them, there is no such thing as commodities. Everything that touches their lives are commodities to them.

Commodities are, therefore, extremely important as they are essential factors in the production of other goods. Starting out as the fundamental means of trade, before the arrival of fiat money, commodities have always been the cornerstone of markets worldwide.

Let me share an anecdote. When I first arrived in The Hague as Ambassador of Bangladesh, I rushed to the Dutch government asking for support for our jute sector. The person I met advised me: "Before you ask for our help, help yourself please." Stop exporting raw jute. At that time, we were exporting almost 50 percent of our raw jute. Lesson learned. There is no escape from poverty for all the commodity dependent developing countries unless they diversify and upgrade their commodity value chains. They should also find a way to trade more among themselves. So, I made this transition to focus on a mission of touching people's lives and livelihoods through our work at the CFC.

You spoke about vision and innovation a lot during your campaign. What kind of reforms are you going to promote at the CFC?
Thank you for reminding me of that. I will continue the reforms which my predecessors started, to improve the organization's management based on transparency and accountability. Beyond that, I will add a greater infusion of innovative elements to our projects. I would like to create broader partnerships with our peers so that we can address "poverty" in all possible shapes and forms. If poverty is an amoeba, we have to be the antidote that prevents it from mushrooming. We have

- to pay greater attention to least developed, landlocked countries, and small island nations where poverty is far more entrenched. We must bring our innovation-led impact to the doorsteps of the people who need us the most. Wherever they are.

With a rather modest budget, compared to our ambitious goals, we need to be far more proactive, prompt, and effective. Merely doing more of the same won't take us anywhere. We, therefore, need to think anew about poverty alleviation with broader partnerships and collaborations with all relevant stakeholders. This is by all means a shared journey, as we owe this to each other.

What are the main challenges and opportunities you anticipate in a post COVID-19 world?
The unprecedented health and economic crisis developing countries are facing will surely aggravate existing development challenges. While governments have started to respond, their capacity, especially in the developing world and emerging countries, is tightly constrained.

The resulting rush to embrace populist deglobalizing policies, meaningless introverted follies, invigorated inequalities, and most important of all, the near certainty of missing the primary goal of alleviating poverty and other SDGs will put us on the wrong foot.

But the pandemic can also provide us with opportunities for a new beginning. It's a chance to reexamine how heartless profiteering could be converged towards businesses for selfless purposes, and up the ante for social businesses. This is where we wish to see a reawakening of an appeal for a poverty-free world, where each human being is treated with the dignity they deserve.

The developed world, OECDs, and the broader international community, therefore, need to unlock ambitious support with multidimensional impact, to prevent the loss of lives, contain the risk of aftershocks, and invest in sustainable recovery.

During campaign, you stated that you would try to work as a conduit between the developed and developing world. How will you do that?
Many of us grew up thinking there were two worlds – the haves and the have-nots. That was wrong then. It is even more wrong now. We are linked now in so many ways: by economics and trade, migration, environment, disease, drugs, conflict and even terrorism.

It is only by addressing these global issues now – and tackling poverty – that we can shape the better world we want our children to live in. Meeting and mastering these challenges can unite all people in goodwill. Let the days and the months leading to the 2030 SDG goals become a time of action.

Ending extreme poverty is at the heart of the world's efforts to achieve the Sustainable Development Goals and build a sustainable future for all. But success in leaving no one behind will remain elusive if we do not target the people who are farthest behind first. I wish to see the CFC providing a route for OECD members to reach out to those very communities. Let us recommit to achieving the Sustainable Development Goals and a fair globalization that works for all. ■

66th Meeting of the Consultative Committee

The Consultative Committee (CC) of the Common Fund for Commodities (CFC) held its 66th meeting from 29 June to 2 July 2020 at its Amsterdam headquarters, using teleconference facilities for the first time. The Committee reviewed nine regular project proposals, carefully analyzing their technical feasibility and practical potential for having a lasting developmental impact. The CC eventually recommended all nine projects for further consideration and approval by the Executive Board. Here is a synopsis of projects, in no particular order.

High Quality Cocoa from Communities - Colombia - CFC/2020/16/0021

Colombian company Cafexport and its subsidiary, Hacienda la Tentación, plan to expand their production of high-quality coffee and cocoa. Cafexport sells UTZ-certified coffee and cocoa beans to large international manufacturers. It is seeking to increase its trading capacity to meet the demands of its main European client by expanding its smallholder network to 3,000 farmers by 2025. Hacienda la Tentación was created to set up a 137 ha agroforestry cocoa plantation on a former cattle ranch. As it is approaching peak cocoa yields, the company aims to scale up its production by expanding its harvest and post-harvest infrastructure. The CC recommended financing the project with a loan of up to USD 1,384,630.

Production of Pineapple Juice for Export - Benin - CFC/2020/16/0018

Launched in 2016, Les Jus Tillou S.A. is a Benin-based company that aggregates and processes pineapples from local farmers and cooperatives into juice for export to European markets. It is seeking financing for working capital to support the growing demand for its products, allowing the company to engage with more smallholder farmers. The project will serve as a model for agro-industrialization in Benin, increasing local value-addition and market consolidation. The CC recommended financing the project with a loan of up to Euro 1,300,000.

Integrated Quinoa Production in Bahia - Brazil - CFC/2020/16/0015

Located in the State of Bahia in Brazil, Floryl Florestadora YPE Ltda. (Floryl) is a privately held company that produces maize, cereals, soy and beans. It plans to expand its quinoa production and commercialize it for domestic and potentially international markets. Floryl therefore aims to set up a Quinoa Research and Genetic Improvement Center with technical support from the University of Brasilia. The project is estimated to impact 60 families from a poor rural community, the Quilombolas, and to create over 230 jobs in five years. It also aims to increase the number of women involved in the production of quinoa. The CC recommended financing the project with a loan of up to USD 1,500,000.

Scaling Up Export of Natural & Handmade Home Decoration Products - Bangladesh - CFC/2020/16/0036

Classical Handmade Products (CHP) produces and exports home decoration products made from indigenous natural fibers such as seagrass, elephant grass and jute. With its decentralized business model, CHP primarily employs destitute women from rural villages in northern Bangladesh. Its main clients include retail brands with a global presence. CHP intends to expand its production capacity three-fold in the next six years. The project is expected to include 1,200 additional smallholder farmers in its supply chain and create 350 full-time jobs. The CC recommended financing the project with a loan of up to USD 1,000,000.

Scaling Processing and Export of Macadamia Oil and Nuts from Smallholder Farmers - Kenya - CFC/2020/16/0038

Exotic EPZ Ltd. (Exotic) is a macadamia business owned by three female entrepreneurs from Kenya. The company sources macadamia nuts from over 1,300 smallholder farmers, and processes and exports them to Europe. Exotic aims to expand macadamia production and exports by sourcing from up to 5,000 smallholder farmers. In addition, it seeks to construct a new factory and expand the product range to include macadamia oil, sesame oil and moringa oil. As the first women-led macadamia enterprise in Kenya, and with 85% of the farmers in its network being women, Exotic helps promote gender equality in a sector traditionally dominated by men. The CC recommended financing the project with a loan of up to USD 1,100,000.

Growth and Upscaling through Decentralized Operations and Farmer Integration - Kenya - CFC/2020/16/0045

Biofarms is a Kenyan company which produces and exports fruits such as avocado, mango and passion fruit. Incorporated in 2014, it currently sources from 250 small farmers for EU organic certified avocados, as well as from aggregators for conventional fruit, which is sold to European customers for export. To meet the growing demand, Biofarms seeks to expand its supply of EU organic certified avocados. Moreover, it intends to introduce new value-added products, such as avocado oil. The project expects to grow its network of organic avocado farmers to 5,000, thereby promoting sustainable agriculture. The project also aims to improve nutrition security through the responsible production of avocado oil. The CC recommended financing the project with a loan of up to EUR 926,500.

Implementing Measurable Productive Agri Cooperation Trade - Burundi - CFC/2020/16/0037

Organic Burundi Food B.V. supports the Burundi national development project IMPACT (Implementing Measurable Agri Cooperation Trade). This initiative strives to create an end-to-end fruit value chain in Burundi with a public-private partnership between the government of Burundi and several Dutch companies. The project not only aims to establish seven regional fruit collection and farmer service centers, but also to construct a multipurpose fruit and vegetable processing plant. This would ensure that most of the value addition would remain it in the country, thereby encouraging the establishment of other agricultural value chains in Burundi. As the project is at the pilot phase, the government of Burundi would borrow funds directly from the CFC. The CC recommended financing the project with a loan of up to EUR 2,000,000.

Delicious Milling - Zambia - CFC/2020/16/0043

Located in Zambia, Zdenaki Ltd. is a maize aggregator, storage provider and trader that plans to purchase and modernize the milling company Delicious Mills. The improvements would increase the mill's maize processing capacity from 100 to 150 MT/day and enhance product quality to better address the issue of nutrition security. The project would enable the inclusion of smallholder farmers in remote regions, and create a more sustainable value chain by combining maize storage and trading with milling operations. The CC recommended financing the project with a loan of up to USD 1,500,000.

Canola Value Chain Project - Kenya - CFC/2020/16/0061

Agventure Ltd. B.V. is a commercial agricultural trading and processing cooperative based in Kenya. In 2018, it started to build and train a network of 3,500 farmers in conservation agriculture and canola cultivation. It now aspires to sign formal offtake contracts with these farmers, as well as provide them with high-quality seed and technical assistance to ensure a reliable canola seed supply. In addition, Agventure wants to add a refinery to its canola processing operations, with the aim of adding value and increasing margins. The project is expected to contract 2,000 small and medium-sized farmers and improve the resilience of smallholder farming systems. The CC recommended financing the project with a loan of up to USD 1,206,344.

The following infographic shows the expected impact of these nine projects upon their completion:

66TH CONSULTATIVE COMMITTEE KEY FIGURES

9 PROJECTS RECOMMENDED

20,060 SMALLHOLDER FARMERS SUPPORTED

12.4M USD IN CFC CONTRIBUTIONS FOR LOAN FINANCING

SDGS IMPACTED

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