Annual Report **2016**

common fund for commodities

Cover photos:
Above: **Amdi Woyane - Women preparing lunch to feed the children at a local school, Mekele, Ethiopia.** Photo: ©FAO/Giulio Napolitano
Below: **Arashiyama Bamboo Grove, Kyoto, Japan.** Photo: ©FAO/Giulio Napolitano

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Annual Report **2016**

Common Fund for Commodities

Photo: ©FAO/Giulio Napolitano

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CFC moved to new and modern office premises located at Rietlandpark, Amsterdam, overlooking the sea

Foreword

The Annual Report of the Common Fund for Commodities (CFC) highlights work done during 2016. The Report contains a general review of operations and other relevant activities undertaken by CFC. It also contains a summary of projects under implementation and completed during the year. The Report highlights the broad context and areas in which CFC operates, together with details of CFC supported projects in different locations in Africa, Asia and the Latin America, covering a range of commodities from bamboo and rattan to fertilizers, sugar and tropical fruits.

For us, 2016 has been an eventful year. We have been able to consolidate activities initiated to fulfill our vision of the future role of commodities in production and trade for the benefit of small farmers. I would like to share our vision of the future role of commodities in the production, processing, and trade to lead to a more sustainable development for the benefit of producing and consuming countries. The CFC continues to focus on development of commodities, especially identifying and targeting critical weaknesses along the value chains, which enables us to achieve visible results with maximum efficiency. We are consolidating and prioritizing innovative commodity development projects, with high impact, replicability as well as financial sustainability.

We at the Common Fund are happy that we could achieve further growth in approved projects and in new initiatives with the unstinting support of the Member countries, and the OPEC Fund for International Development (OFID).

At the same time, we have faced special challenges arising out of the decline and volatility in commodity prices. Hence, it is all the more urgent for commodity dependent developing countries (CDDCs) to diversify their production, consumption and export basket, and reduce their enlarged dependence on commodity exports. In recent years, agricultural development and industrialization has stagnated, while trade in services has grown. We need to identify our opportunities for diversification in CDDCs and adopt strategies that could enable countries to successfully employ and enter into existing and new markets. Rapid changes in income, price and demand in the world has 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 has 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 eleven regular projects and an additional eight Fast Track projects. The projects are now being selected to improve the quality

Photo: CFC

Parvindar Singh,
Managing Director

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 15.38 million of the total cost of USD 78.35 million (of which USD 32.95 million were co-financed and USD 30.59 million was counterpart contribution).

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 of commodities, as a pillar of sustainable global growth and development cooperation. During the year, CFC participated in (i) the 13th World Spice Congress (WSC), India, (ii) Comprehensive High-Level Midterm Review of the implementation of the Istanbul Programme of Action (IPoA) for Least Developed Countries, Turkey, (iii) Fourteenth Session of the United Nations Conference on Trade and Development, Kenya, (iv) High-Level Seminar on "Accelerating Sustainable Energy for All in Landlocked Developing Countries through Innovative Partnerships", Vienna, and (v) Ministerial Meeting on Long-term Commodity Price Trends and Sustainable Agricultural Development, FAO, Rome.

This year we also have special reports on the position and approaches of the CFC with regard to (i) Access to Energy, (ii) Water and livelihood development in Sahel region, and (iii) Biological products and their demand in the West.

The CFC remains committed to making a concrete and identifiable contribution to sustainable development. The Members and our partners would be glad to note that the CFC, under its mandate, continues to concentrate on what we deliver, how to transform economies, tackle vulnerabilities, improve efficiencies, and empower people to enhance quality of life. We look forward to a fruitful co-operation with international organizations, ICBs, other development partners and civil society.

Parvindar Singh

Photo: ©FAO/Tony Karumba

I
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 came into effect in 1989. Financing for the first development project was approved in 1991.

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

Objectives, Main Activities and Structure

The aim of the CFC is to ensure that production, processing and trade of commodities deliver fair and equitable benefits to all, including producers and consumers alike so that commodity sectors contribute to the development of society as a whole. The Fund provides support through financial interventions for innovative projects promoting the interests of the small holder farmers and small and medium enterprises (SMEs) engaged in commodity production, processing and trading in developing countries.

The activities of the CFC are financed from its resources. These resources consist of voluntary contributions and capital subscriptions by Member Countries transferred to the CFC's Second Account and interest earned from its investments. In partnership with other development institutions, private sector and civil society, the Fund endeavours to achieve impact on commodity development through its interventions. In particular, the CFC is aspiring 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 is considered on an 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.

Agreement Establishing the Common Fund: Collective Action to Unlock the Development Potential of Commodities

The CFC main objective 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:

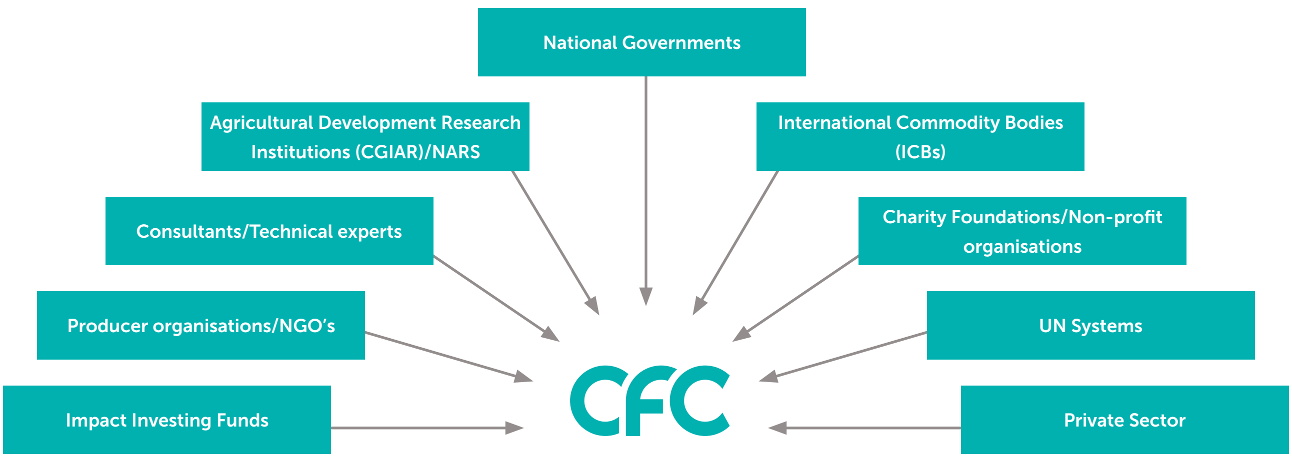
(i) Social: Create employment (particularly for youth and women), provide sustained increase in household incomes, reduce poverty, and enhance food security.
(ii) Economic: Enhance production and productivity, achieve higher local value addition; improve competitiveness of producers, producer organisations 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



II

Feature Articles

Photo: Roger Bymolt (KIT)

Photo: Roger Bymolt (KIT)

Powering commodity value chains with **sustainable energy**

Introduction

Energy powers the world's economic engine and is an essential element for sustainable development and poverty eradication. Poor access to energy in many developing countries stifles industry and business, and hampers the provision of basic services, such as health care and education. In commodity dependent developing countries, a lack of reliable energy is often a limiting factor in the development of a competitive commodity sector. Such is the importance of energy, former UN Secretary-General, Ban Ki-moon called it "the golden thread that connects economic growth, social equity, and environmental sustainability."[1]

In recent decades, access to energy has improved in many parts of the world. Between 1990 and 2010, for example, the number of people with access to electricity increased by 1.7 billion.[2] But as the global population continues to rise, so too does the demand for affordable energy. Worldwide, around 1.1 billion people still have no access to electricity, and a further 1 billion only have access to unreliable electricity networks. Meanwhile, 3 billion people continue to rely on traditional biomass, such as wood and charcoal, for cooking and heating.[3] The challenge is to reconcile the increased demand for modern and sustainable energy services with its impact on climate change and the environment.[4]

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[1] United Nations Secretary-General. (2016). Secretary-General's remarks to the World Future Energy Summit. Available at https://www.un.org/sg/en/content/sg/statement/2016-01-18/secretary-generals-remarks-world-future-energy-summit

[2] UNDP. (2016). Sustainable Development Goals, Goal 7: Affordable and clean energy. Available from http://www.undp.org/content/undp/en/home/sustainable-development-goals/goal-7-affordable-and-clean-energy.html

[3] The proportion of the global population with access to electricity has increased steadily from 79% in 2000 to 85% in 2012. Still, 1.1 billion people are without this valuable service. Recent global progress in this area has been driven largely by Asia, where access is expanding at more than twice the pace of demographic growth. Of those gaining access to electricity worldwide since 2010, 80% are urban dwellers. See GTF. (2017). Sustainable energy for all global tracking framework, progress toward sustainable energy 2017. International Bank for Reconstruction and Development/The World Bank and the International Energy Agency. Available at http://gtf.esmap.org/data/files/download-documents/eegp17-01_gtf_summary_final_for_web_posting_0331.pdf

[4] Energy is a major contributor to climate change, accounting for around 60% of total global greenhouse gas emissions. Reducing the carbon intensity of energy is a key objective in long-term climate goals. http://www.un.org/sustainabledevelopment/energy/; https://sustainabledevelopment.un.org/topics/energy

Whilst energy was not explicitly included among the Millennium Development Goals, it has gained greater prominence on national and international agendas thereafter. The 9th session of the Commission on Sustainable Development (CSD-9) in 2001 and the Johannesburg Plan of Implementation (JPOI) in 2002 sought to address energy in the context of sustainable development.[5]

UN-Energy was then created in 2004 to coordinate and develop more coherent energy-related programmes across UN agencies. The 'Sustainable Energy for All' initiative was launched in 2011 by UN Secretary-General Ban Ki-moon and World Bank President Jim Kim. The initiative focused on three goals for 2030: ensuring universal access to modern energy services; doubling the global rate of improvement in energy efficiency; and doubling the share of renewable energy in global energy.[6] Access to energy was given further prioritisation in the 2012 Rio+20 Conference on Sustainable Development.[7] Most recently, energy was included in goal 7 of Sustainable Development Goals (SDGs), which calls on countries to "ensure access to affordable, reliable, sustainable and modern energy for all." Efforts to achieve the SDGs and corresponding targets are ongoing (Table 1).

Unfortunately, according to the latest Global Tracking Framework (GTF), progress on goals is not moving fast enough to meet 2030 targets. To meet the Sustainable Energy for All objectives, it is estimated that renewable energy investment would need to increase by a factor of 2 to 3, and energy efficiency investment by a factor of 3 to 6.[8]

> ***"Energy is the golden thread that connects economic growth, increased social equity, and an environment that allows the world to thrive. Development is not possible without energy, and sustainable development is not possible without sustainable energy."***
> Ban Ki-moon, former UN Secretary-General

The Common Fund for Commodities (CFC) is a committed supporter of global efforts to shift towards low-carbon energy systems and green economies in the drive for sustainable development. CFC advocates for much greater levels of investment in energy and a willingness to embrace new technologies on a wider scale. CFC has contributed through its own successful investments in energy, helping to demonstrate the viability of new technologies in commodity value chains.

Table 1: Sustainable Development Goal 7 – Ensure universal access to affordable, reliable, sustainable and modern energy for all

Targets	Indicators
7.1 By 2030, ensure universal access to affordable, reliable and modern energy services	**7.1.1** Proportion of population with access to electricity **7.1.2** Proportion of population with primary reliance on clean fuels and technology
7.2 By 2030, increase substantially the share of renewable energy in the global energy mix	**7.2.1** Renewable energy share in the total final energy consumption
7.3 By 2030, double the global rate of improvement in energy efficiency	**7.3.1** Energy intensity measured in terms of primary energy and GDP
7.A By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology	**7.A.1** Mobilised amount of United States dollars per year starting in 2020 accountable towards the $100 billion commitment
7.B By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and land-locked developing countries, in accordance with their respective programmes of support	**7.B.1** Investments in energy efficiency as a percentage of GDP and the amount of foreign direct investment in financial transfer to infrastructure and technology for sustainable development services

Source: UNDP (2016)

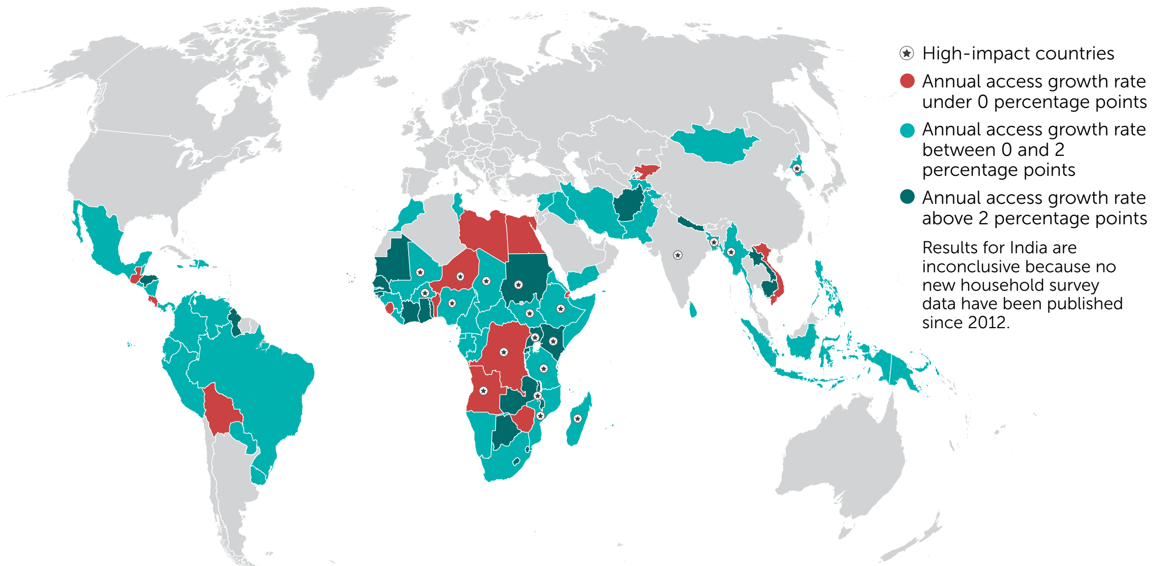
[5] At the CSD-9 countries agreed that stronger emphasis should be placed on the development, implementation, and transfer of cleaner, more efficient energy technologies and that urgent action was required to further develop and expand the role of alternative energy sources. The JPOI, adopted at the World Summit on Sustainable Development in 2002, addressed energy in the context of sustainable development. Among other things, the JPOI called for action to: (1) improve access to reliable, affordable, economically viable, socially acceptable and environmentally sound energy services; (2) recognise that energy services have positive impacts on poverty eradication and the improvement of standards of living; (3) develop and disseminate alternative energy technologies with the aim of giving a greater share of the energy mix to renewable energy and, with a sense of urgency, substantially increase the global share of renewable energy sources; (4) diversify energy supply by developing advanced, cleaner, more efficient and cost-effective energy technologies; (5) combine a range of energy technologies, including advanced and cleaner fossil fuel technologies, to meet the growing need for energy services; (6) accelerate the development, dissemination and deployment of affordable and cleaner energy efficiency and energy conservation technologies; (7) take action, where appropriate, to phase out subsidies in this area that inhibit sustainable development.

[6] See http://www.se4all.org/

[7] In 2012, the resolution by the UN General Assembly declaring 2012 as the 'International Year of Sustainable Energy for All' was successfully implemented with many activities and commitments promoting a sustainable energy future. In the outcome of the 2012 Rio+20 Conference on Sustainable Development (The Future We Want), member states: (1) recognised the critical role that energy plays in the development process; (2) emphasised the need to address the challenge of access to sustainable modern energy services for all; and (3) recognised that improving energy efficiency, increasing the share of renewable energy and cleaner energy-efficient technologies is important for sustainable development.

[8] The GTF 2017 aims to provide the international community with a global dashboard to register progress on energy access, energy efficiency and renewable energy. Released by the World Bank and the International Energy Agency as part of the Sustainable Energy for All Knowledge Hub, the GTF shows that the increase in people getting access to electricity is slowing down and, if this trend is not reversed, projections are that the world will only reach 92% electrification by 2030, still short of universal access. Progress is uneven, but some countries are succeeding, illustrating that universal access is possible with the right policies, robust investments (both public and private), and innovative technology. See GTF. (2017). Sustainable energy for all global tracking framework, progress toward sustainable energy 2017. International Bank for Reconstruction and Development/The World Bank and the International Energy Agency. Available at http://gtf.esmap.org/data/files/download-documents/eegp17-01_gtf_summary_final_for_web_posting_0331.pdf

Figure 1: Speed of progress toward electrification goal 2012-14



Source: Global Tracking Framework (2017)

Case study - Katani Ltd. Biogas production from sisal waste in Tanzania

One such CFC energy investment is situated in Tanga, in north-eastern Tanzania. The innovative pilot project, established at Katani Ltd.'s Hale Estate and concluded in 2011, is the world's first sisal biogas plant. The project was co-financed by CFC, the UN Industrial Development Organization, the government of Tanzania and Katani Ltd., at a cost of around US$1.5 million.

A field visit was organised by the CFC together with representatives of the Tanzanian Ministry of Industry, Trade and Investment and the Ministry of Agriculture, Livestock and Fisheries to learn more about the biogas plant's current performance and sustainability.

The sisal industry in Tanzania

Sisal is a robust plant with natural fibres that can be extracted and transformed into products, such as rope, carpets, mats, and sacks. In the 1960s, sisal was a major export earner for Tanzania, but due to competition from synthetics the size of the industry has declined considerably in recent decades. Nevertheless, the Tanzanian sisal industry continues to process more than 20,000 metric tonnes of sisal fibre annually, providing work for around 100,000 Tanzanians.[9]

Remarkably, the process of extracting long fibres from sisal leaves, known as decortication, has changed little over the past century. Sisal fibre constitutes only about 4% of the leaf, which means that the remaining 96% is typically discarded as waste biomass. The sisal waste biomass is usually left to decompose on nearby land, and the waste water within it flows, untreated, into nearby waterways. This causes a drop in the pH of nearby rivers and streams, leading to the biological oxygen demand rising far above acceptable levels.[10] The 25,000 metric tonnes of fibre produced in Tanzania in 2010 is estimated to have generated over half a million tonnes of biomass waste. The Tanzanian government has begun pressing the industry to address and overcome its pollution problem or face consequences, including possible closure.

The pilot project aimed to address the environmental problem of sisal waste and demonstrate the feasibility of producing biogas and clean electricity to run the factory. Additionally, the project explored whether by-products from the biogas production process could be converted into fertiliser.

The biogas plant design and performance

The biogas plant consists of five tanks: a collection tank, hydrolysis tank, digester tank, biogas storage tank and an after-storage tank. The type of digester selected was a continuously stirred tank reactor (CSTR) to ensure that sisal waste is well mixed and does not remain floating on the surface of the tank.

[9] Figures include seasonal labourers. See Magoggo, J. (2011). Project Completion Report – Cleaner Integral Utilization of Sisal Waste for Biogas and Biofertilizers, CFC.
[10] Biological oxygen demand refers to the amount of dissolved oxygen needed by aerobic biological organisms in a body of water to break down organic material present in a given water sample, at certain temperature over a specific time period.

Photo: Roger Bymolt (KIT)

Katani Ltd sisal energy plant, Tanga, Tanzania

Modifications were made to the plant's machinery by installing a system of conveyor belts to transport the biomass from the decorticator (used for fibre extraction) to a flume tow (short fibre) recovery plant. This replaced the old method of propelling untreated waste away down the land with large volumes of water. The pilot plant was designed to produce 300 kW of electricity – sufficient to power the factory and with excess potential to supply nearby villages that are not connected to the grid.

Katani Ltd. has since calculated that the estate produces enough waste biomass to supply a 700 kW rated plant. According to the Tanzanian sisal board, there are around 45-50 similar sisal estates in Tanzania, each estimated to have a leaf potential sufficient to supply a 500 kW installation, or above. 500 kW is an important threshold because at that scale it becomes viable to sell excess electricity supply back to the national grid.

The pilot project has clearly demonstrated the 'proof of concept' - quality biogas can be extracted from sisal waste at sufficient volumes to power typical sisal estates in Tanzania, such as Katani Ltd.'s Hale Farm, thereby reducing the cost and environmental impact of operations.

Identifying and overcoming challenges

As a 'first in the world' pilot, the project encountered several challenges during implementation. Most challenges, such as technical issues related to plant modifications for the separation and removal of short fibres from residues, were fairly easy to overcome. However, other challenges have meant that replication of the technology has not taken off at other locations, despite wide interest.

The main challenge has been the use of steel tanks in the design of the plant. Whilst these make sense for other biogas projects, particularly those with limited land availability, Katani Ltd advises against their use for sisal waste. The acidic properties of the sisal waste have resulted in high rates of rusting. Since project completion, the steel tanks have already been sandblasted twice and repainted with protective enamel paint. Each operation halts operations for several weeks and the specialist maintenance costs around US$50,000.

To overcome the challenge of rusting steel tanks, the team have identified a lagoon system to hold the biogas. This has been investigated by looking at cases from China, Brazil and Thailand. The typical disadvantage of lagoons is that they use more land, however, space is not a problem for sisal estates. The advantages are that they overcome rusting issues, are cheaper, and the system is tried and tested for other biogas plants around the world, although not yet with sisal waste.

A further challenge involved an unsuitable generator installed for converting biofuel to electricity. The project's available funds necessitated the purchase of a lower grade generator and, recently, breakdowns and performance issues have hampered operations. With more resources, Katani Ltd would have preferred to purchase a more expensive and higher quality generator.

Considerable experience has been gained applying the technology. Katani Ltd wishes to develop another biogas plant and are currently looking for investment to finance their vision. The new plant would have a larger capacity – 500 kW or higher – making it financially viable to connect to the national grid. The estate has already registered 6,000 neighbouring households who wish to be connected to the grid, and the Tanzania Rural Energy Agency has offered a US$500 rebate for each household the estate connects. Such reimbursements should help the biogas plant to repay investors relatively quickly. Connecting villagers with piped biogas, or electricity, has an additional environmental benefit as it reduces the heavy reliance of most rural villages on wood and charcoal for fuel, which results in deforestation in the surrounding areas.

These proposals dovetail nicely with Tanzania's Integrated Industrial Development Strategy 2025, which aims to make Tanzania an industrial and logistical hub in East Africa, promote rural industrialisation through 'agricultural development-led industrialisation', and provide growth opportunities to growth-oriented micro, small and medium scale enterprises.[11]

> ***"We are aiming for a clean, zero emissions biogas plant, which supplies reliable energy to the factory, serves neighbouring villages and does away with the pollution. We don't want to throw anything away."***
> Katani Ltd Plant Manager

However, Katani Ltd notes that investors are hesitant to commit to investing in a technology that is not yet widely established. Commercial banks typically offer interest rates of around 25% per annum with 24-36 month terms, which is not a good fit for infrastructure investments of this nature. Institutional investors, such as CFC, the World Bank, or the African Development Bank, seem to be a better fit and Katani is exploring these options.

Representatives of Katani Ltd, the Tanzanian Sisal Board, the Ministry of Industry, Trade and Investment, and Ministry of Agriculture, Livestock and Fisheries outside the Katani Ltd sisal energy plant, Tanga, Tanzania

Photo: Roger Bymolt (KIT)

[11] The target is for the manufacturing sector to grow by 15% per annum on average, amounting to a 23% share of GDP by 2025. See: Ministry of Industry and Trade. 2011. Integrated Industrial Development Strategy 2025. United Republic of Tanzania.

Case study - SimGas. Powering rural households with biogas

It is not only medium and large scale biogas solutions that call out for greater investment. CFC have recently become acquainted with SimGas, who are delivering biogas solutions at the household level.

According to the World Health Organisation (WHO), smoke from polluting and inefficient cooking, lighting, and heating devices kills an estimated 4 million people a year and causes a range of chronic illnesses and other negative health impacts.[12] SimGas was established in 2009 by two brothers who were determined to address this problem, and in doing so provide clean energy and fertiliser to potentially millions of people in developing countries.

Headquartered in the Netherlands with production facilities in Tanzania, and subsidiaries in Kenya, Tanzania and Rwanda, SimGas has rapidly grown to become the largest supplier of domestic biogas systems in Africa. Director and Co-founder Sanne Castro met with the CFC to discuss how SimGas solutions generate energy whilst, at the same time, greatly reducing indoor air pollution, deforestation, and carbon emissions.

Mr Castro describes SimGas as a 'triple bottom line company' that takes social and environmental impact just as seriously as economic impact. His vision, and that of SimGas, is to make biogas accessible not just for the lucky few, but for the worthy many.

> ***"We want our customers to become more productive, independent, and healthy farmers. We want to make biogas accessible not just for the lucky few, but for the worthy many."***
> Sanne Castro, Director and Co-founder

In Africa, many households keep several cows as part of their livelihood strategy. SimGas has designed a system specifically for rural households who are not connected to the national grid and have three or more cows. The SimGas solution is easily scalable depending on the number of cattle that a household manages.

The system operates through the use of anaerobic digestion, the process by which biodegradable material is broken down by bacteria in the absence of oxygen. Farmers simply feed livestock manure into the digester on a daily basis to generate a sustainable supply of clean biogas. SimGas has calculated its biogas systems save on average US$250 per household per year on energy expenditure, and the investment pays for itself within two years.

> ***"Initially, we were thinking mostly about people's health. But we have seen that our system is a big deal for the dignity of women, who now cook on modern appliances rather than from the floor, and no longer have to spend hours collecting firewood. The biogas systems have given families a whole different outlook."***
> Sanne Castro, Director and Co-founder

When farmers invest in a SimGas system they receive all the necessary piping and a double burner stove setup – even rice cookers are available. Mr Castro explains that SimGas has had the most success with 'aspirational farmers' – those who aren't necessarily rich in local terms, but who are ambitious. "Initially, we were thinking mostly about people's health. But we have seen that our system is a big deal for the dignity of women, who now cook on modern appliances rather than from the floor, and no longer have to spend hours collecting firewood. The biogas systems have given families a whole different outlook."

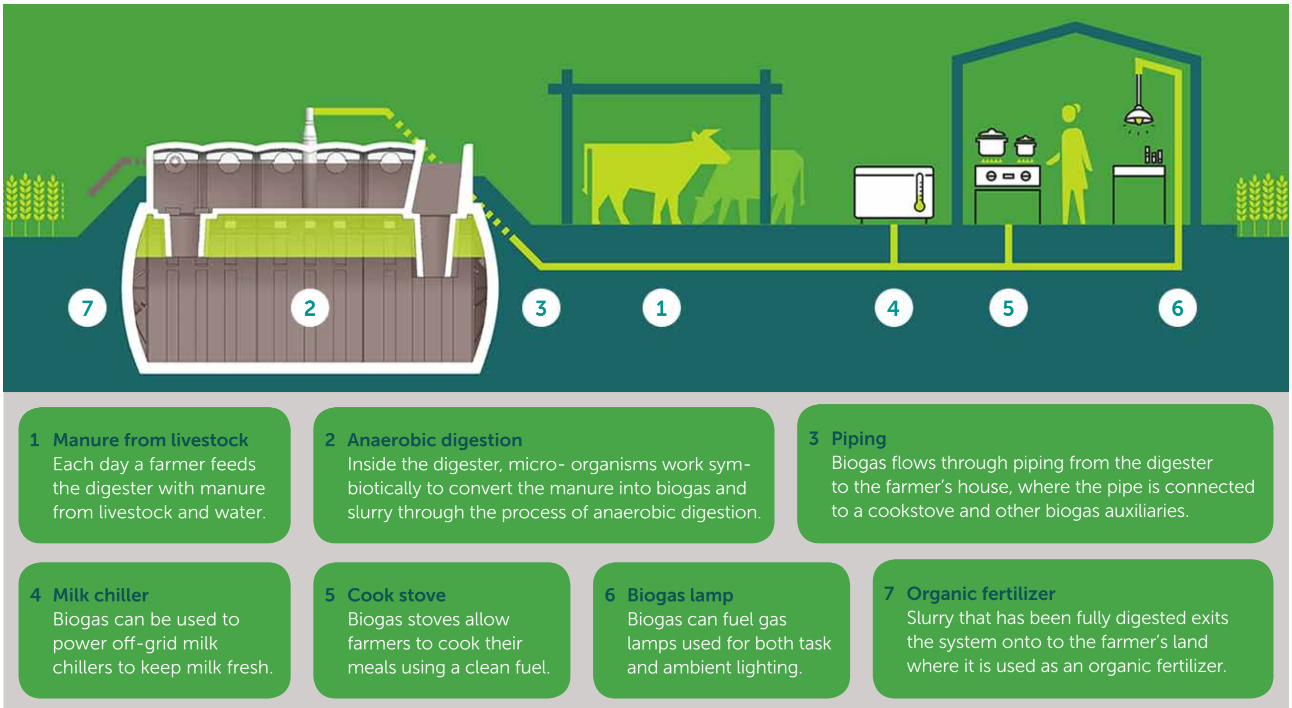
SimGas has also developed a milk chiller to provide an off-grid biogas powered milk cooling facility. It's a shocking fact that 30-50% of milk production in East Africa may go to waste because the lack of electricity and chilling facilities causes evening milk to go bad.[13] The system allows smallholder dairy farmers without access to electricity, to store, deliver and sell the highest possible quality of raw milk and increase their income.

SimGas biogas system, first generation

Photo: SimGas

[12] http://www.who.int/mediacentre/factsheets/fs292/en/
[13] http://simgas.org/projects/biogas-milk-chilling/

Figure 2: The SimGas biogas system



Source: SimGas

As a further bonus, the biogas systems also produce a slurry by-product. This slurry is effectively a high-quality organic fertiliser, which owners can use to boost crop yields, whilst saving money on chemical fertilisers.

Extending credit

Households typically need to borrow to pay for their SimGas system. Over time, SimGas has established its own microfinance institution to provide credit to its customers. Unfortunately, it is not uncommon for customers to be late in making repayments, and so the company's local presence is important for monitoring any problems customers may be having. SimGas doesn't ask for collateral because this is typically problematic and can create bad feelings in the community. Instead, SimGas relies on customers making an initial down payment, and requires other villagers to vouch that the customer is trustworthy. Only in rare cases will SimGas repossess the system.

Secrets to success

Mr Castro believes the secret to SimGas' success is a combination of local presence, great partnerships and smart investments in research and development.

To enhance their local presence, the company works with a 'hub' concept. Each hub covers an area with a radius of around 10 km, and has a hub manager, sales people and technicians. Staff are hired and trained from the immediate area to strengthen the bond between the company and the local households. "It's important to convince civic and religious leaders that we are here to stay," Mr Castro explains, "They have seen others come and go, but our local presence gives them confidence."

Smart investments have enabled the company to iterate on its design so that there are fewer technical issues to maintain, and have allowed them to gradually add new products and features.

A glimpse into the future with SimGas

Since its inception, SimGas has been focused on growth ahead of profitability, with plans to reach 1 million people within the next 5 years. The focus on growth means extending into new communities, investing in the product portfolio, resolving some technical issues, and improving production capacity. While this remains the strategy, SimGas' Kenya operations are expected to be profitable by the end of the year, hopefully providing investors with additional confidence in the business model.

This is important because risk aversion remains prominent throughout the sector, not only from private investors, but also in the donor community. "We welcome competition, there is enough space in the market for other companies too, and we can all grow together. If biogas wins SimGas wins, and local people win. We are opening new markets, and development partners need to embrace the risk that goes with that," says Castro.

Believe in the future

The cases of Katani Ltd and SimGas are a hint of what is possible with bold investments in renewables in developing markets. CFC believes firmly that, with the right governance and greater levels of investment, sustainable energy for all is an achievable goal. Smart investments have the potential to improve social and economic well-being, whilst reducing the carbon intensity of energy and its effect on climate change.

Author: Roger Bymolt, r.bymolt@kit Royal Tropical Institute

Unless expressly stated otherwise, the document contains findings, interpretations and conclusions expressed by the authors who prepared the work, and do not necessarily represent the views of the CFC.

SimGas biogas system, second generation

Photo: SimGas

Photo: Anne Hulst, Millets Place

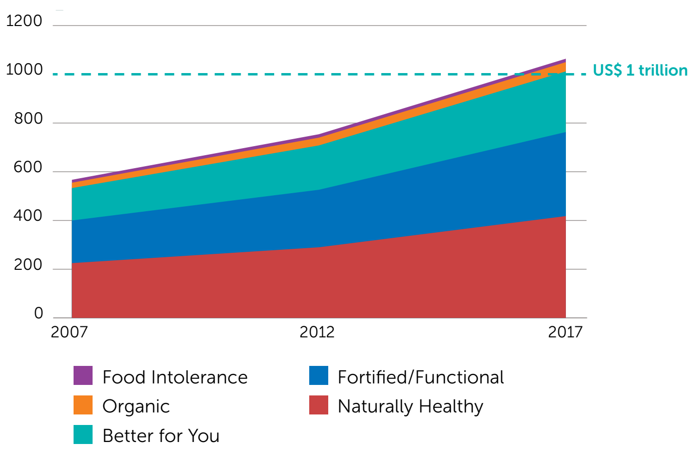
Health-food specialty products: a promising market for farmers from developing countries?

Introduction

There is a strong trend in the Western food market of rising interest in ingredients with specific healthy attributes. In 2012 it was predicted that the Health and Wellness food market would be worth more than 1 trillion US dollars (Figure 1; Euromonitor 2012). Food with particularly high levels of anti-oxidants, vitamins or vegetable protein or those with either a proven low glycaemic load or gluten-free products are meeting a fast growing market. This trend offers opportunities for new products in the food market.

Quinoa, for example, has gone from a little known product, to a novelty in Western diets, and is currently a mainstream product supplied through Western supermarkets, largely as a result of quinoa being labelled a "superfood" (CBI, 2016). This demonstrates that products from the South can become mainstream ingredients in Western kitchens. Especially when products can be promoted as healthy additions to Western diets, there seems to be an opportunity to take advantage of niche export markets.

Figure 1: Expected development of the Global Health and Wellness market, 2007-2017



Source: Euromonitor, 2012

Photo: Photom Photography

Ready to be served Injera, the Ethiopian staple food prepared from teff flour

This paper does not assess the health claims made about different products, but looks into the difficulties and opportunities of investing in 'new' food for the Western market. In particular, the paper tries to assess what opportunities exist for Southern entrepreneurs and smallholder producers to benefit from health food trends in the West based on three examples of enterprises intervening in the health food sector.

Health food market

The health food market is difficult to define, as its boundaries are unclear. In this paper a loose definition is used as 'products marketed and consumed for their specific proven or perceived healthy attributes'. The health food market is subject to fast-changing fashions and trends, which makes it unpredictable and a challenge for entrepreneurs to respond to. At the same time, however, the health food market is an important source of food novelties. Many mainstream food trends have started in the health food sector. Simultaneously, the health food sector is gaining in importance as a result of ever rising consumer concerns about their diet. As such, the health food market forms an interesting niche within the food industry, where trends are born and novelties can be introduced.

The case of teff

The nature of the product defines the opportunity for smallholder producers. In the case of teff for example, it originates from Ethiopia and is strongly associated with Ethiopian culture and food habits. At the same time, however, the product can be grown relatively easily outside of its origin. It is being cultivated in the US, while South Africa is an important exporter of teff. It is even being cultivated in a temperate country as the Netherlands, although this is only done on a modest scale. The volumes currently demanded in the world market are still small compared with the volumes produced for internal consumption within Ethiopia, by far the largest producer of teff. However, by virtue of a ban on exports of non-processed teff from Ethiopia, effective from 2006 untill 2015, the prospects for Ethiopian farmers to benefit from teff exports to serve the health food market have been limited. Still, according to Anne Hulst, director at Millets Place, teff sourced from Ethiopian smallholders would be a distinctive product to teff produced in other countries, with added value to consumers. This added value would not be a measurable quality aspect such as taste, nutritional composition and food applicability, but a 'feel-good' quality, of a product sourced from its traditional origin.

The fact that the volume of teff currently demanded in the high-end health food market remains relatively limited compared to the volume domestically produced and consumed, necessitates some realism with regards to the potential benefit for economic gain by smallholder farmers in Ethiopia. Current market demand in the international health food sector would only provide opportunity for a limited number of producers, who tailor (part of) their production to the specific demands of the high-end health food market. A more likely opportunity to bring revenue at scale to Ethiopian producers is the re-opening of teff export to neighbouring Eritrea, where there is a net deficit between production and consumption (Demeke & Marcantonio, 2013). Would teff become a global mainstream product, and as a result a globally traded commodity, a new situation will present itself offering opportunity for smallholder producers in the countries of origin Ethiopia and Eritrea.

However, conducive government policies would be needed to assure that additional revenues generated from teff exports would benefit smallholder producers. With the end of the export ban in 2015 opportunities to realise this could be explored again. It is, nevertheless, a deliberate objective of the Ethiopian government to avoid a price increase of teff on the domestic market. Rather than fully re-opening the teff export market, Ethiopian policy seems to be focused on the production of specific export designated teff in licensed commercial farms, which would limit the possible impact to those associated with these farms. This is understandable from the point of view of food security for the non-farming Ethiopians. At the same time, this policy hampers the main mechanism by which smallholder producers could benefit from a growing demand, and the main driver for intensification of productivity.

It is worth mentioning that the international teff trade became the subject of a small trade conflict (Anderson & Winge, 2012). The strong ownership and cultural attachment of Ethiopia to teff makes that the transaction costs of negotiations and discussions are high compared to the actual and potential future trade value in the market. A doubtful patent on generic teff processing methods, awarded by the European Patent Office, remains to be the major source of contention.

Box 1: Millets Place

Millets Place is a Dutch company uniquely specialised in the international trade in teff grain, flakes and flour. Teff is the staple grain in Ethiopia, where it is mainly consumed in the form of injera, a flat pancake which forms the basis of most Ethiopian meals. Because of its properties as a gluten free grain, high in minerals and protein, teff has captured the market as an alternative for wheat flour in the USA and increasingly in Europe as well.

Mission

The mission of Millets Place is to contribute to the creation of healthy and tasteful food products for everyone, from sportsmen to gluten free food consumers. Its products can be used as major ingredients in daily food products for consumers who, through their food intake, pay extra attention to issues like health, wellness, and sport performance.

Market strategy

Millets Place is offering teff - in its crude form, as flakes, or as flour - as an ingredient to the bakery industry worldwide. The company distinguishes itself through consistent quality, consistent timely delivery and, in particular, product cleanliness.

Sourcing

Currently, Millets Place is sourcing its material almost entirely from growers in South Africa, while developing contract farming relations in Eastern Europe. Millets Place is monitoring opportunities to source teff from smallholder producers in Ethiopia, but for the moment this is restricted by Ethiopian government regulation.

Teff (Eragrostis tef) Photo: Anne Hulst, Millets Place

The case of coffee flour

SANAM produces coffee flour as a health food ingredient. Director Juan David Salazar explains that, through a patented process, a powder with a high concentration of natural anti-oxidants is produced from coffee berry pulp and husks. The coffee flour provides a natural ingredient for health food products.

Coffee requires specific agro-ecological conditions, which limits production to humid tropical highlands and confines the potential benefits to farmers in tropical countries. At the same time, however, the volumes of coffee husk and pulp that SANAM currently requires, and even with potentially larger volumes in the future, remain relatively modest compared to the total volume of coffee produced. Market demand could also be satisfied through a single, or several, large coffee processors, making the business case for smallholder producers less certain. A specific smallholder sourcing strategy is required to assure that smallholder producers share in the benefits of the product.

The company's current strategy is to source materials through a processor associated with the company. SANAM confirms that the main societal benefit now remains environmental, through putting waste to good use and value. The sourcing is currently the processor's responsibility, as is the remuneration of its suppliers.

SANAM is, however, diversifying its sourcing strategy by getting directly involved in whole coffee berry sourcing from smallholders, offering a premium compared to other buyers, as they are able to make use of both the bean and the pulp.

Photo:Juan David Salazar, SANAM

Ground coffee husks, the raw material from which coffee flour is produced

SANAM has a two-pronged marketing strategy. It is building its own brand of health food products based on the coffee flour. The company has its own packaging factory and is selling the product domestically, as well as exporting it. At present, agreements are being negotiated with international clients to retail the brand in different countries. SANAM realises that the health food market is changing quickly, and is continuously investing in product development. Simultaneously, SANAM is seeking opportunities to market its patented coffee flour as a food ingredient to large food processors. The Common Fund for Commodities is co-financing the activities of SANAM (project CFC-2016-08-0077FT).

Box 2: SANAM

SANAM is a Colombian company that has developed a patented process to process coffee husk and pulp into a nutritious flour, which can be used as an ingredient in health food products.

Mission

SANAM's mission is to develop a market for the waste by-product of the coffee industry. Currently coffee husk and pulp is not used, and as such, is of no value, it may even become an environmental concern when the waste piles up. Recognising its nutritive value, SANAM has developed technology to process the coffee waste into a nutritive powder which can be used as a natural fortifying ingredient in health food products, such as sport drinks and energy bars.

Market strategy

SANAM pursues a double strategy of selling the product as an ingredient to the food industry, and at the same time, develops its own line of branded health food products for the domestic Colombian and international market.

Sourcing

SANAM currently sources part of its raw material from a coffee processor, who as a result can offer its associated farmers a better price, as it no longer has to invest in waste disposal. Additionally, some of SANAM's raw material comes from whole coffee berries sourced directly from smallholder producers, who receive a higher price for their coffee berries than they would receive for the coffee beans alone. In the future, SANAM wants to source whole berries exclusively from farmers, to have a stronger connection to the producers and more influence on pricing mechanisms.

Photo: Juan David Salazar, SANAM

After extracting the coffee bean from the coffee berry, the outer berry remains as a waste product

The case of baobab fruit powder

Aduna is marketing baobab fruit powder. The fruit powder is harvested from the dry pods of the baobab tree. According to Andrew Hunt, co-founder of Aduna, the baobab fruit is unique because the fruit matures and naturally dries on the tree. Other than opening the pods, separating the dry fruit pulp from the seeds, and sieving it, little processing is required. The fruit pulp has a light sour and sweet flavour, and is marketed for its high vitamin C and other nutrient content. In addition, there is emerging evidence that the product can reduce the glycaemic response in humans when mixed in food (Coe et al, 2013), which is important for consumers coping with type 2 diabetes.

The baobab fruit powder is sourced from north-east Ghana, where Aduna started by sourcing two communities, but has since scaled up to 20. The potential – at scale - is for thousands of communities to participate, creating a major new export for the region. The fruits do not have large-scale local use, making the proposition by Aduna to buy the fruits a truly additional income opportunity. Baobab trees are usually not deliberately planted, but protected where they emerge as a result of the natural spread of their seeds. Ownership and user rights of baobab trees are determined by local custom.

Aduna and its local partner are specifically targeting women with little income opportunity in the partner communities to engage as suppliers of baobab fruits. The harvest and sale of the fruits is discussed with the local traditional leaders and women's cooperatives. For trees on communal land, the women thus obtain the right to harvest the fruits. Similarly fruits are currently harvested from baobab trees on private land. However, as the value of the fruits is changing, it may be needed in the future to re-discuss the user rights for fruits from private owned land.

Currently the baobab fruit powder is marketed as a "superfood" in the speciality health food market. It is retailed as powder for those wanting to use it as a pure ingredient to boost smoothies and juices or to lightly sweeten cereals, yoghurt or porridge. In this market the baobab fruit powder distinguishes itself for its sweet, citrussy taste, where many other natural food additives, such as for example moringa leaf powder, also marketed by Aduna, have a more savoury taste that needs to be masked in food.

Aduna's dream is to make baobab fruit powder a mainstream ingredient in the food industry, which represents both health and fair sourcing. According to Aduna the baobab value chain has the potential to include 10 million households in 32 African countries. The productive capacity of existing baobab stands can certainly support a further increase in the traded volumes of the product. To pre-empt an explosive growth in the market, Aduna and its local partner are experimenting with communities in Northern Ghana in the deliberate planting of baobab trees, in particular in areas not suitable for farming as a result of shallow soils. It remains to be seen how fast planted baobab trees will bear fruit, it has been known to take up to 16-23 years (Keyscience, 2017).

Box 3: Aduna

Activities / products

Aduna is an Africa-inspired, UK based, health food brand and social business. The company is processing baobab fruit pulp, cocoa and moringa leaves into "superfood powders", energy bars and other added-value food products, targeting the health food market, particularly in Europe and the United States.

Aduna's mission is to bring global consumers the natural vitality of Africa's ancient ingredients, while creating sustainable livelihoods for small-scale producers. A critical part of their business model is what they call "demand creation", the process by which new markets can be created for high-potential but currently unknown and underutilised ingredients. Aduna does so by creating finished products that appeal to early adopters, and then supporting this with intensive marketing activities, including PR, social media and sampling.

The sourcing strategy of Aduna is to deliberately seek to work directly with rural communities in Africa. This enables the company to ensure quality standards and assures direct control over pricing policies so that producers are paid a fair price for their goods.

Photo: Aduna

Aduna baobab fruit powder is prepared from the dried fruit pulp of the baobab fruit

Photo: Aduna

Female workers processing baobab fruit

Opportunities for smallholders

When assessing the three cases for their current and potential opportunities for smallholder producers to benefit economically, a number of general aspects to consider can be deduced.

Competition from alternative products

The potential sustainable impact on the livelihoods of smallholder producers depends on the sustainability of the market for the product they supply. The health food industry is particularly prone to trends and there is a continuous search for new products, making it a volatile market. Where one particular product can be the 'craze of the day', by the time entrepreneurs and producers are able to respond to the opportunity, another product can come into fashion to replace it. In that regard, the uniqueness of the product in responding to a specific demand is important. One could argue that teff is responding to a unique demand for gluten-free grain, and it has specific nutritive values and taste. At the same time, however, millet and sorghum are also beginning to be marketed for the same gluten-free properties, and sorghum and millet productivity is potentially higher than teff productivity. Coffee flour and baobab fruit powder are both marketed for their high nutritive values. There are, however, many other products marketed for similar properties, originating from tropical as well as from temperate areas. Furthermore, in the food industry, the natural ingredients compete with synthetic food fortification.

Competition from large-scale producers

The possible sourcing strategy depends on the type of product. Teff can be grown in different agro-ecologies, even though it originates from Ethiopia, which makes it possible for larger growers in others countries to grow and supply teff for the international market. The same is possible in Ethiopia, a limited number of larger growers could come to satisfy the export demand. This was the approach propagated by the Ethiopian government after lifting the export ban to avoid price hikes in teff, which it was feared would have overarching consequences for food prices in general and, as a result, threaten national food security.

The coffee flour, made from coffee berry pulp, a waste product of coffee processing, can be sourced from larger processors with ease, without specifically sharing the benefit of additional value creation with smallholder producers. A deliberate choice has to be made to source from smallholders, it is not essential for processing the product. SANAM currently aims to ensure that coffee producers benefit from the value addition to the waste product, but if a competing company started producing a similar product, it would be more difficult to maintain this policy.

The baobab fruit powder has an intrinsic advantage in that there are no privately-owned baobab plantations. Furthermore, private ownership of baobab fruits is not customary, they are therefore picked by anyone, even when the tree stands on private land. As a result, designated collectors of baobab fruits are needed and it is impossible for a single, or a very small number of large producers to satisfy the demand for this raw material. This, furthermore, allows Aduna to particularly target women, with few income earning opportunities, as business partners.

For both teff and coffee flour, the decision to source from smallholder producers has to be a deliberate decision and it is easier if the client perceives this to provide additional value. This may be the case for consumers buying a finished product, such as packaged and branded teff flour, or branded health food products. As an ingredient, however, in the case of teff in bakery products, or in the case of coffee flour in processed food, the origin of the product is of much less additional value to the consumer. Making additional efforts to source from smallholders will, in that case, be harder to realise for trading and processing enterprises.

Getting to scale

When assessing opportunities for smallholders, the size of the market for the product is important. The size of the market for teff is growing, but is still quite modest compared to domestic demand in Ethiopia. To have an impact on significant numbers of Ethiopian teff producers, the speciality health market may be too small, and the more mainstream use of teff as an ingredient in bakery products would make a far greater difference.

Similarly, for the baobab fruit powder and coffee flour, no mainstream market has yet been identified, and current use in the niche health food market is only in the early stages. According to Aduna, around 7,000 women are benefitting from the income opportunity offered through supplying baobab fruit powder to Aduna, or being involved in its processing. Aduna's current market is to supply the raw packaged ingredient to the speciality health food market. The dream is, however, to make baobab fruit powder a commodity that is internationally traded as a mainstream Fairtrade and healthy ingredient in the food industry. This can potentially have a significant impact on livelihoods, the future will tell whether this will materialise.

Similarly, for coffee flour, the ultimate impact on the life of smallholder coffee farmers will depend on the scale which the product can reach as an ingredient in the mainstream food market. In the current niche health food market there is a place for it, but the value added to the waste product is not yet fully transferred to the coffee smallholders. Once the product becomes a mainstream food ingredient this could change, as added value to the waste, and reduced costs in the processing chain, can be translated into higher prices for producers.

Conducive local and national policies

To assure benefits for smallholder producers, an international market outlet is not enough. In many cases, additional deliberate support by authorities is required. In the case of baobab fruit powder, the support of the traditional local authorities in the deliberate choice of less well-off women as business partners is essential. In the case of coffee flour, agreement is needed with intermediary processors on a sourcing and profit-sharing policy with smallholder producers to ensure they reap part of the benefits from the value addition. In the case of teff, for Ethiopian smallholder producers to benefit from increasing international demand, teff price increases need to be allowed, at least to an extent, by the Ethiopian government.

Conclusions

Based on these three examples, it can be concluded that the health food market does offer opportunities for smallholder producers. But for many products, specific efforts in relation to deliberate smallholder sourcing strategies need to be fulfilled. Furthermore, the volatile nature of the heath food market, which is prone to changing trends, does not necessarily provide a sustainable and stable market.

The health food market does provide an entry point for novelty products, particularly because it is prone to fashions, and constantly looking for new, exciting products to try and possibly generate hype. As such the health food market can be considered a 'living laboratory' to experiment and assess market opportunities of novelty smallholder derived products. Depending on the response in the health food market niche, some of these products evolve from into main stream products.

In spite of the current significant size of the health food market, it is still the main stream market where larger scale impact on smallholder farmer livelihoods can materialise. The transition from the health food market to main stream market is not automatic. The transition can be assisted by marketing and promotion efforts. Provided deliberate effort are made to assure fair sourcing from smallholder producers, it can be justified and worthwhile to provide support to promote the mainstream use of products already successful in the 'living laboratory' of the health food market.

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Author: Peter Gildemacher, p.gildemacher@kit.nl
Royal Tropical Institute

Freshly harvested baobab fruits in Northern Ghana

Photo: Aduna

Strategies and initiatives for **security and development in the Sahel**

Introduction

The Sahel is one of the world's poorest, least developed and most food insecure regions, with the fastest growing population[1]. The region's underdevelopment has also been a driver of spiralling irregular migration, transnational organised crime and trafficking, internal conflicts, religious extremism and other terrorist-linked security threats. All of these challenges pose serious problems, and not only to local populations in the Sahel region; spill over effects have consequences for neighbouring countries, such as those in North Africa, and increasingly, on the interests of the European Union (EU).

It is widely acknowledged that insecurity and conflict hinder social, and economic development[2]. Therefore, improving the security situation is an important priority in the short term. However, in the longer term, many believe that an approach that fosters development will also be beneficial for security, even if the precise pathway remains unclear. Part of the difficulty in fostering development is that state authority is often weak and institutions fragile, and the Sahel region stretches across a vast and sparsely populated area. Clearly, the cross-border challenges experienced by Sahel countries defy simple solutions.

The Common Fund for Commodities (CFC) supports the view that security and development opportunities are linked. By taking a commodity focus, CFC works to develop the potential of commodity production, processing, manufacturing, and trade for the benefit of the poor, thereby contributing to sustainable economic development in the Sahel. By investing in commodity development, CFC has contributed to employment generation, increased household incomes, improved food security and greater resilience to shocks.

[1] On average, an estimated 20 million people face food insecurity every year during the lean season. Malnutrition rates are among the highest in the world, with 5.9 million children under the age of five acutely malnourished in 2016, and one-third of the world's under-five mortality due to undernutrition. See: FAO. (2017). Social Protection in the Sahel and West Africa, strengthening resilience for food security. Available at: http://www.fao.org/3/a-i6226e.pdf

[2] See, for example, United Nations Human Security Approach. (No date). Available at: http://www.un.org/humansecurity/human-security-unit/human-security-approach

Characteristics of the Sahel

The Sahel zone stretches across the south-central latitudes of Northern Africa, from the Atlantic Ocean to the Red Sea, comprising a transitional ecoregion of semi-arid grasslands, savannas, steppes, and thorn shrub lands. An important characteristic of the Sahel is its sparse rainfall. Annual rainfall varies from around 100-200 mm in the north to around 600 mm in the south. The zone is mainly flat, and varies from several hundred to a thousand kilometres in width across the African continent.

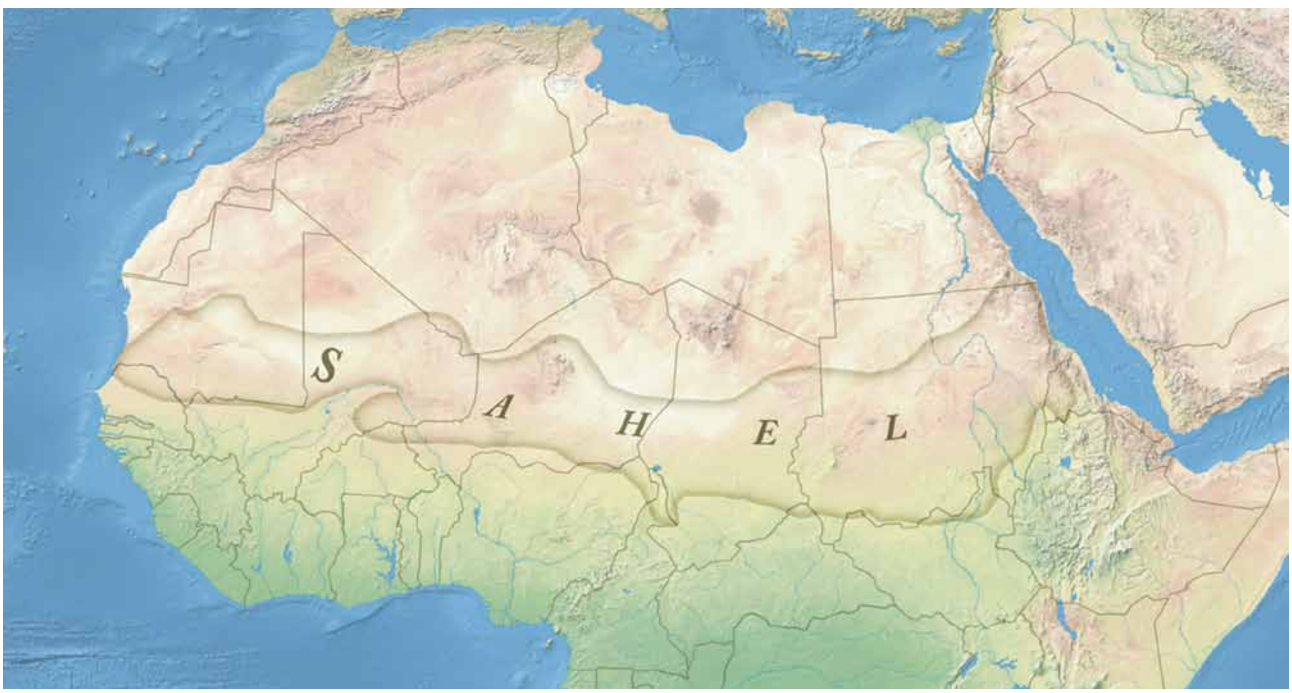
The Sahel zone encompasses only part of each 'Sahel country', comprising parts of northern Senegal, southern Mauritania, central Mali, northern Burkina Faso, the extreme south of Algeria, Niger, the north of Nigeria, central Chad, central and southern Sudan, and the extreme north of South Sudan, Eritrea, Cameroon, Central African Republic and Ethiopia.

The Sahel countries rank among the lowest on the Human Development Index, with many of the Sahel population living in extreme poverty[3]. Population growth in the Sahel has also been rapid. Between 1990 and 2010, the population in the Sahel grew by an average annual rate of 3.3%, almost doubling from around 24 million to more than 45 million inhabitants. Furthermore, while Sahelian countries still have some of the lowest levels of urbanisation in the world, the pace of urbanisation has been remarkable, increasing from 2% in 1950 to 25% in 2010[4]. Unfortunately, the economically productive zones of Sahel countries tend to lie in the non-Sahel areas. This means that government focus is typically not concentrated on the Sahel. Policymakers and researchers often argue therefore that the Sahel's environmental, economic, political and security problems cannot be addressed on a country basis, but rather must be addressed on a regional basis[5].

An array of challenges

It is important to recognise the extreme political and social complexity that exists across the swathe of the Sahel. Politics and society are highly fragmented, and are shaped by the conflicting interests of ethnic groups, clan or caste sub-groups, smuggling and criminal mafia, semi-official ethnic militia, separatists, Islamists and Salafists[6]. Political regimes tend to be hybrids ranging from semi-democracy to semi-autocracy[7], and virtually all Sahel countries have experienced civil uprisings or coups over the last few years.

Figure 1 Map of the Sahel



Source: Munion, Wikimedia Commons

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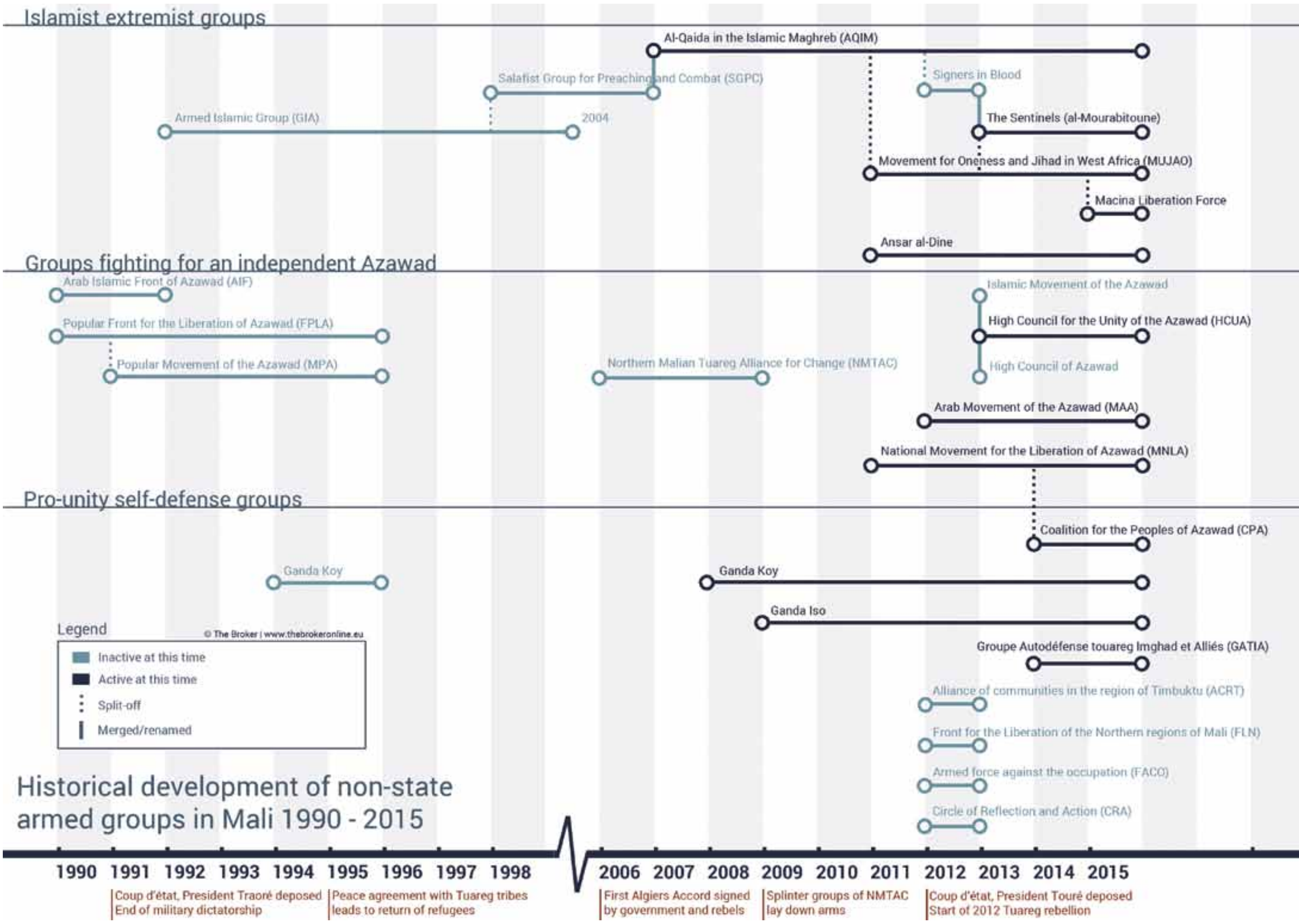
Figure 2 Historical development of non-state armed groups in Mali 1990-2015



Source: The Broker online

In 2011, the fall of the Gadaffi regime in Libya created a political vacuum, with instability spilling over to neighbouring Sahel countries. The Sahara and the Sahel were faced with huge inflows of arms, migrants, and returning ex-combatants, whom Colonel Gaddafi had long incorporated into his 'Islamic legion'. These dynamics have been identified as one of the key triggers of the 2012 uprising in northern Mali[8]. Political instability has allowed extremists to strengthen their hand, key amongst them being Al-Qaida in the Islamic Maghreb (AQIM); the Movement for Unity and Jihad in West Africa (MUJAO), mainly composed of Tuareg militants; Ansar Al-Dine and the AQIM and MUJAO offshoot Al-Mourabitoune. Additionally, there are extremist groups operating more locally, such as the Macina Liberation Front led by radical preacher Hamadoun Koufa from the northern Malian Peul community[9]. The picture of Sahelian extremist groups is constantly changing with shifting ties and affiliations[10]. The fight against extremism in Mali and across the Sahel is ongoing, and is supported by a range of actors including the Economic Community of West African States (ECOWAS), the African Union (AU), France, the United States, the United Nations (UN) and the European Union (EU).

Large stocks of weapons have also entered the Sahel from West Africa, following the Second Ivorian Civil War in 2010-2011. A further driver of instability has been the establishment of stronger and better-performing drug trafficking networks, smuggling drugs from South America to Europe via West Africa[11].

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[11] Bustelo, M. (2015). A sense of déjà vu: Illegal drugs in West Africa and the Sahel. The Broker. Available at: http://www.thebrokeronline.eu/Articles/A-sense-of-deja-vu-Illegal-drugs-in-West-Africa-and-the-Sahel

Nomadic groups, such as the *Tuareg* and *Tebu*, have reportedly profited from the increase in human smuggling and used these profits to consolidate their control over the routes. These groups build on their longstanding trans-Saharan networks to traffic people, but also other illicit trade such as subsidised food and cigarettes.

These dynamics have led Mohamed Bazoum, the Nigerien Minister of Foreign Affairs to state, "The region has been turned into a powder keg"[12]. The 'Sahel Watch' programme, published by *The Broker* online, features a series of articles by over 50 experts which offer detailed perspectives on these dynamics[13]. Many of *The Broker* online articles elaborate on the tribal, regional and social fault lines within these societies and the inability of various groups to unite at the national or supranational level[14].

International and regional support

The aforementioned challenges call for concerted efforts, and many initiatives have emerged with an awareness of the need for joint action. These include the EU's Strategy for Development and Security in the Sahel (2011), the UN Integrated Strategy for the Sahel Region (2013), the Nouakchott Process (2013), the AU Strategy for the Sahel Region (2014), and the ECOWAS Strategy for the Sahel (2014). The AU, ECOWAS, EU and UN leadership all call for the strengthening of dialogue among actors involved to achieve lasting security for the Sahel populations[15].

International support

The EU was one of the first to issue an integrated strategy for the Sahel whose objectives explicitly recognised that security and development in the Sahel cannot be separated. The EU has already committed approximately €650 million to its Sahel strategy. The EU Strategy for Security and Development in the Sahel has four key themes; firstly, that security and development in the Sahel cannot be separated, and that helping these countries achieve security is integral to enabling their economies to grow and poverty to be reduced. Secondly, that achieving security and development in the Sahel is only possible through closer regional cooperation - this is currently weaker than it needs to be, and the EU has a potential role to play in supporting it. Thirdly, all the states of the region will benefit from considerable capacity building, both in areas of core government activity, including the provision of security and development cooperation. Fourthly, that the EU therefore has an important role to play in both encouraging economic development for the people of the Sahel and helping them achieve a more secure environment in which it can take place, and in which the interests of EU citizens are also protected[16].

The AU has also developed an integrated strategy for the Sahel region, centered on three main pillars: governance, security, and development. The AU believes itself to have a clear comparative advantage on governance and security issues, given its continental mandate, and experience and familiarity with the issues[17].

> ***"The African Union's Strategy for the Sahel region focuses on three main pillars: governance, security and development. The Sahara-Sahelian areas concerned raise issues that are very closely tied to both security and development. [...] It is important to recognise that inclusion of these three elements in development plans for the region is currently quite low given the institutional isolation of the security aspect."***
> Ibrahim Assane Mayaki, CEO of the NEPAD Agency[18]

Regional cooperation

Regional efforts for developing active economic co-operation between countries of the Sahel and North Africa are also believed to be crucial for attracting investment in infrastructure and generating trade in agricultural goods, textiles and manufactured products. In the past couple of years, several regional initiatives have been launched.

ECOWAS has called for greater efforts towards ensuring common ownership of its own 'Sahel strategy', meant to consolidate on regional responses to long-term development and

[12] Bossard, L. (2011). Insecurity in the Sahel, the Arab Spring and trans-Saharan co-operation. OECD. Available at: http://www.oecd.org/countries/niger/insecurityinthesahelthearabspringandtrans-saharanco-operation.htm

[13] Walther, O. and Tisseron, A. (2015). Strange bedfellows: a network analysis of Mali's northern conflict. The Broker. Available at: http://www.thebrokeronline.eu/Articles/Strange-bedfellows-a-network-analysis-of-Mali-s-northern-conflict

[14] For example, Walther and Tisseron have written on the divisions and fault lines in Northern Mali: "Tuareg and Arab societies are still divided into confederations, tribes, factions and sub-factions that may ally against segments of the same order and unite with these segments against wider segments. [...] Another fault line is between countries: Tuareg rebel movements from Niger and Mali have never merged despite a common cultural heritage and similar grievances with their respective governments. Tuareg and Arab societies are also internally divided between those who migrated to neighboring countries due to the droughts of the 1970s and 1980s, and those who stayed in their own country. Finally, economic inequalities are rising within both Tuareg and Arab societies, between those who profit from the trade of illegal goods and people across the Sahara, and those who rely on pastoralism or tourism, two industries that have been hit by recent droughts and political insecurity." Walther, O. and Tisseron, A. (2015). Strange bedfellows: a network analysis of Mali's northern conflict. The Broker. Available at: http://www.thebrokeronline.eu/Articles/Strange-bedfellows-a-network-analysis-of-Mali-s-northern-conflict

[15] OECD/SWAC. (2014). An Atlas of the Sahara-Sahel: Geography, Economics and Security. West African Studies, OECD Publishing. Available at: http://dx.doi.

[16] EU External Action Service. (2014). Strategy for Security and Development in the Sahel. Available at: https://eeas.europa.eu/sites/eeas/files/strategy_for_security_and_development_in_the_sahel_en_1.pdf

[17] AU. (2014). The African Union Strategy for the Sahel Region. Available at: http://www.peaceau.org/uploads/auc-psc-449.au-strategu-for-sahel-region-11-august-2014.pdf org/10.1787/9789264222359-en

[18] OECD. (2014). An Atlas of the Sahara-Sahel. Geography, Economics and Security. Available at: http://www.oecd.org/swac/publications/an-atlas-of-the-sahara-sahel-9789264222359-en.htm

stability challenges of the Sahel-Saharan zone. According to the President of ECOWAS, many sectors have great potential including pastoral and nomadic livestock herding, irrigated agriculture, mining, tourism, energy and other forms of trade. The ECOWAS strategy will encompass 31 major projects to be implemented from 2016 to 2020, at a cost of $4.7 billion[19].

> ***"The Saharo-Sahelian areas are largely cut off from the rest of Africa, to the south as well as the north. […] The aim of building roads across the Sahara is to finally develop economic co-operation with North Africa, increase trade between complementary economies, and build a common future. This kind of will is necessary to help address the dual challenges of stabilisation and development within the vast desert spaces that we share."*** Kadré Desiré Ouédraogo, ECOWAS Commission President[20]

Another initiative is the G5 Sahel, established in 2014 by Burkina Faso, Chad, Mali, Mauritania and Niger. The G5 Sahel was set up with the explicit aim of addressing security issues whilst promoting inclusive and sustainable regional development though good governance and better regional and international cooperation[21].

Photo: Mahamane Touré

CFC investments in sesame in Burkina Faso and Mali

Sesame has emerged as an important agricultural commodity in Burkina Faso and Mali over the last decade, triggered by a rapidly growing global demand. Whereas cotton has in the past been labelled as 'white gold', agricultural producers are now diversifying their cash income by also growing sesame. The sesame sector is entirely export oriented, and there is virtually no local market. International buyers, their local agents and local traders at different levels fiercely compete to purchase sesame in the short period from the end of November to February.

*CFC, recognising the challenges and opportunities for investment, invested in the project **Development of Export Oriented Sesame Production and Processing in Burkina Faso and Mali.** The project aimed to increase the value and volume of quality sesame produced and marketed from the two countries. The project intervened at three levels, productivity increase, value chain development and processing.*

Productivity increases were promoted through farmer field schools and current farmer practices were compared with proposed improved practices on farmer managed demonstration plots. The main differences between common farmer practices and improved practices are the application of modest amounts of fertiliser, use of improved varieties, sowing fewer seeds per pocket, thinning of plants to two stems per planting hole, and harvesting at the appropriate time. The improved practices increased yields by an average of 62% and 28% in Burkina Faso and Mali, respectively.

Value chain marketing linkages were also assessed in each country. Farmers can market sesame through a farmer group or through a cooperative; they can also sell to a village trader, who buys at the market or at a collection point; or they can sell to field brokers who travel to the farm to buy sesame directly from the producer. Exporters are local business people, or buying agents operating on behalf of foreign traders and processors. Improved value chain financing options were explored for each channel. Processing options were also explored, including organic, certified sesame, and the local production of sesame oil.

For more on lessons learned see: http://common-fund.org/fileadmin/user_upload/Publications/Special_Publications/CFC2014_Paper_Sesame.pdf

[19] ECOWAS. (2015). ECOWAS calls for collective ownership of the Sahel strategy. Available at: http://www.ecowas.int/ecowas-calls-for-collective-ownership-of-the-sahel-strategy/
[20] OECD. (2014). An Atlas of the Sahara-Sahel. Geography, Economics and Security. Available at: http://www.oecd.org/swac/publications/an-atlas-of-the-sahara-sahel-9789264222359-en.htm
[21] See G5 Sahel. (2015). Available at: http://www.g5sahel.org/index.php/qui-sommes-nous/le-g5-sahel

The Community of Sahel-Saharan States (CEN-SAD) has also recently been restructured and revived, following the extraordinary session of the Conference of Heads of State and Government held in N'Djamena, Chad in February 2013. CEN-SAD approved a new treaty aimed at deepening cooperation between states on regional security and sustainable development. The ambitious treaty aims at establishing a comprehensive Economic Union, including the facilitation of free movement of individuals, capital, goods and services[22].

Aligning interests and coordinating support

On the one hand it is encouraging that such a number of 'Sahel strategies' have recently being articulated and resourced, and that the broad outlines of each of these are more or less aligned. This is important because the various strategies can only effectively contribute to the stability of states and an improved quality of life for local populations if there is buy-in or 'ownership' on the part of beneficiaries at the national and regional levels.

On the other hand, there is of course a risk of resource dispersal, given the number of Sahel initiatives and stakeholders. Therefore, there has been a call for a higher degree of co-ordination of international support for the Sahel. The Special Envoy of the UN Secretary General for the Sahel has suggested that the UN, given its convening capacity, expertise in areas of governance, security and resilience, and its capacity to mobilise political will and resources, is well placed to bring together all stakeholders in order to harmonise different Sahel initiatives[23].

> ***"Co-ordination of the regional and international players working in the Sahel is key to the success of the different initiatives for this region. That is one of the UN Secretary-General's key messages."***
> Hiroute Guebre Sellassie, UN Special Envoy for the Sahel[24]

CFC olive oil projects in Algeria

The Common Fund has financed and implemented five olive oil projects in Algeria[25], focusing on both pre and post-harvest interventions. The projects have aimed at addressing the critical success factors of the olive oil value chain. For example, specific projects have focused on genetic olive improvement; conservation, characterisation and collection of genetic resources in olive; recycling of vegetable water and olive pomace on agricultural lands; and the creation of pilot demonstration nurseries and training to improve olive oil quality.

The CFC's investments in olive oil have greatly contributed to disseminating modern cultivation and processing technologies and best agricultural practices in the region. By boosting quality and productivity, whilst mitigating the environmental impact of olive cultivation, the CFC has helped to increase incomes for smallholder farmers and olive oil processors.

For more on CFC olive projects in Algeria, see http://common-fund.org/projects/projects-overview/

Development transformations in the Sahel

Aside from security related challenges, Lambin *et al.* (2014) point to a list of social, economic, environmental and political transformations currently happening in the region. These include rapid urbanisation; migration of young men leading to reduced labour availability in rural areas; increased food imports with fluctuating prices; introduction of new crop varieties, cattle breeds and farming technologies; and increased commodification of agricultural production for urban and international export. Changes are also observed in property right regimes with land privatisation and the emergence of land markets; encroachment of large-holders in areas traditionally dominated by communal land ownership; changing donor policies and priories, and some large investments in external infrastructure projects (such as dams, oil pipelines, mines, irrigation schemes and power grids)[26].

Three transformational issues which are of particular interest for CFC and its mandate for supporting commodity development, are elaborated further in the following section. These are youth employment, climate-smart investments, and water as a resource and commodity.

Targeting youth employment

Unemployment is high in the Sahel, particularly among youth[27]. This is an important issue, in a region with a burgeoning youth population. Youth protests against rising unemployment, feelings of marginalisation and exclusion, and disconnection from global economic and political networks can manifest themselves in both positive and negative ways[28].

[22] CEN-SAD. (2013). CEN-SAD - The Community of Sahel-Saharan States. Available at: http://www.uneca.org/oria/pages/cen-sad-community-sahel-saharan-states
[23] OECD. (2014). An Atlas of the Sahara-Sahel: Geography, Economics and Security. An institutional point of view on the challenges of the Sahara-Sahel. In Chapter 10, Strengthening State Ownership of Strategies and Initiatives and Coordinating international support for stability in the Sahel. Ms Hiroute Guebre Sellassie, Special Envoy of the United Nations Secretary General for the Sahel, page 245.
[24] OECD. (2014). An Atlas of the Sahara-Sahel. Geography, Economics and Security. Available at: http://www.oecd.org/swac/publications/an-atlas-of-the-sahara-sahel-9789264222359-en.htm
[25] Whilst not strictly a Sahel country, the southern part of Algeria is a part of the Sahel zone.
[26] Lambin, E., D'haen, S., Mertz, O., Østergaard Nielsen, J. and Rasmussen, K. (2014). Scenarios on future land changes in the West African Sahel, Geografisk Tidsskrift-Danish Journal of Geography, 114, 1, 76-83.
[27] Geling, A. (2017). Youth inclusiveness in agricultural transformation: the case of Mali. Food and Business Knowledge Platform. Available at: http://knowledge4food.net/wp-content/uploads/2016/12/161130_youth-inclusiveness-agri_mali.pdf
[28] Willemse, K., de Bruijn, M., van Dijk, H. and Muiderman, K. (2015). What are the connections between Africa's contemporary conflicts. The Broker. Available at: http://www.thebrokeronline.eu/Articles/What-are-the-connections-between-Africa-s-contemporary-conflicts

On the positive side, youth are on the forefront of movements challenging governments to be more inclusive, democratic and accountable. Examples include the Balai Citoyen movement in Burkina Faso and the Y'en a Marre movement in Senegal. These grassroots movements mobilised youth to stand up against corruption and grew quickly through the use of social media and with support from well-known artists[29]. But there are also less positive examples. Youth have also been receptive to 'alternative' messaging on social media and recruitment by extremist movements, which can appeal to young people's feelings of oppression and marginalisation[30].

Job creation has been central in debates on the interdependence of economic development and peace held by, amongst others, the World Bank[31]. In 2016, the International Security Development Centre (ISDC) looked at more than 400 programmes, analysing the effect of jobs on peace. The ISDC report suggests that jobs can contribute to peace in three ways; firstly, having a job makes the costs of being part of violent activities higher (e.g. losing a day of work). Secondly, having a job boosts the sense of being part of a group and thereby reduces grievances and conflict risks within that group. Thirdly, bringing people together from different groups (e.g. ethnic groups) can break down the barriers between them[32].

However, while the researchers and policymakers are generally positive about the potential for employment to contribute to peace, there remains a lack of evidence that can empirically support this claim. There is need to find ways to assess what types of jobs lead to stability, and how the process of creating sustainable job opportunities can be supported in the Sahel[33].

Climate smart investments

Development investments will also need to take into account the effect of climate change on the Sahel, materialising in the form of temperature change, rainfall and drought, and the occurrence of sudden, extreme flood events. Sub-Saharan countries are among the most climate-affected countries[34]. According to the UN Environment Programme (UNEP), these changes in climate can act as threat multipliers to existing vulnerabilities. For example, reoccurring drought in Niger has pushed northern pastoralist groups southwards into regions used by sedentary farmers. At the same time, farmers have expanded cultivation into lands used primarily by pastoralists because demand for food has increased. These changes have led to greater competition, tensions and violent conflict between the different groups[35].

Therefore, research and investment will also be required to address the likely impacts of climate change on Sahel communities and their potential effects on stability and security. This should also apply to mobile groups, such as pastoralists, who in the past have been excluded from decentralised decision-making arenas[36]. Sahelian people have long dealt with drought and climate variability, and their knowledge can be used to help develop effective conflict-sensitive climate responses.

Water for commodity development

Water has long been the most important resource in the Sahel region. Investing in improved access to water is therefore a priority for commodity development in the Sahel. The Niger River is a vital water supply, arcing 4,200 kilometres through Guinea, Mali, Niger and entering the Atlantic Ocean in Nigeria. The entire river basin includes Algeria, Burkina Faso, Chad and Cameroon and is considered the lifeline of Sahelian communities[37].

Figure 3 Niger river basin

Source: Wikimedia commons

[29] Roger, B. (2015). Y'en a Marre, Balai Citoyen, Filimbi: l'essor des sentinelles de la démocracy, Jeune Afrique. Available at: http://www.jeuneafrique.com/228193/politique/y-en-a-marre-balai-citoyen-filimbi-l-essor-des-sentinelles-de-la-d-mocratie/

[30] Willemse, K., de Bruijn, M., van Dijk, H. and Muiderman, K. (2015). What are the connections between Africa's contemporary conflicts. The Broker. Available at: http://www.thebrokeronline.eu/Articles/What-are-the-connections-between-Africa-s-contemporary-conflicts

[31] World Bank. (2013). World Development Report on Jobs. Available at: http://go.worldbank.org/F9LTUZLSS0

[32] Brück, T., Ferguson, N., Izzi, V. and Stojetz, W. (2016). Jobs and Peace, A Review of the Theory and Practice of the Impact of Employment Programmes on Peace in Fragile and Conflict-affected Countries. Available at: http://isd-center.org/wp-content/uploads/2016/09/Employment-Interventions-and-Peace-Final-Report-Final-Version-2016-09-16.pdf

[33] Knowledge Platform Security and Rule of Law. (2014). Private Sector Development for employment and stability. Network event, The Hague. Available at: http://www.kpsrl.org/browse/download/t/private-sector-development-for-employment-and-stability-2

[34] Alavian, V. et al. (2009). Water and climate change: understanding the risks and making climate-smart investment decisions. Available at: https://pdfs.semanticscholar.org/71e0/53710152adaea2ece28c7ce81419f7482ab0.pdf

[35] UNEP. (2011). Livelihood Security: climate change, migration and conflict in the Sahel, United Nations Environmental Programme; Turner, D. (2004). Political ecology and the moral dimensions of "resource conflicts": The case of farmer-herder conflicts in the Sahel Political Geography, 23, 863-889

[36] Brockhaus, M., Djoudi, H. & Kambire, H., (2012). Multi-level governance and adaptive capacity in West Africa. International Journal of the Commons. 6(2), pp.200–232. DOI: http://doi.org/10.18352/ijc.331

[37] The Niger River originates in Guinea and the Ivory Coast, passes Mali, Niger and enters the Atlantic Ocean in Nigeria. The Niger Basin also extends over Algeria, Benin, Burkina Faso, Chad and Cameroon. The river basin of the Niger covers 7.5% of the continent and spreads over 10 countries.

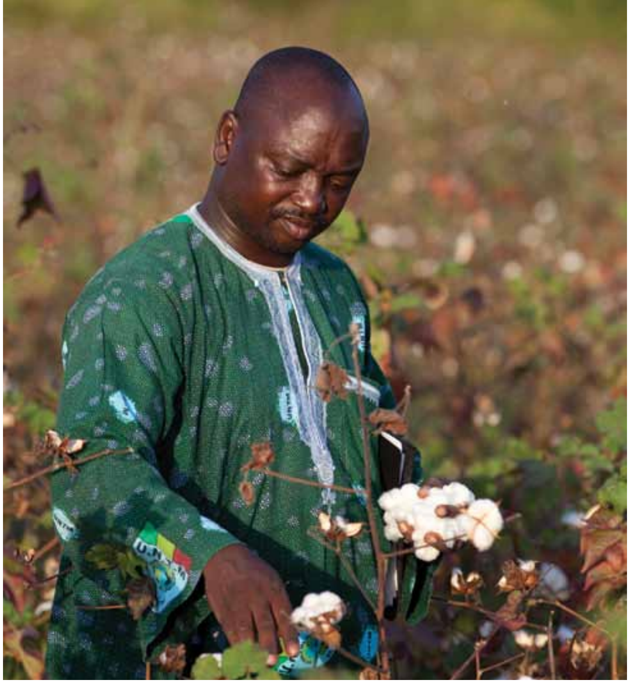


Photo: ©FAO/Swiatoslaw Wojtkowiak

A seemingly promising solution to rainfall dependency is the development of hydroelectric and hydro-agricultural irrigation schemes, a theme explored in detail in the publication *The Niger, A lifeline*[38]. However, as always, understanding the context is important. The Inner Niger Delta supports an estimated 1.5 million people directly, supplying fish, grazing grounds for cattle and fertile land for rice paddies and other crops[39]. But Wetlands International, a global not-for-profit organisation, reports on how dam building and hydropower can negatively affect downstream countries such as Benin, Niger and Nigeria[40]. The situation is clearly complex and sensitive. Whilst it is advantageous to harness water resources for commodity development, environmental assessments must take the concerns of downstream beneficiaries seriously, so as not to exacerbate water resource conflicts.

The importance of institutions for inclusive development

A major challenge when developing untapped potential, is to ensure that broad, inclusive growth follows. For example, the development of mineral and oil revenues in Chad have had negligible impacts on social development in the country. While the mineral and oil resources could generate jobs and ultimately contribute to economic growth and development, this does not necessarily happen[41]. This theme is explored in *Why Nations Fail*, in which Acemoglu and Robinson argue that economic prosperity depends above all on the inclusiveness of economic and political institutions. Institutions are 'inclusive' when many people have a say in political decision-making, as opposed to cases where a small group of people control political institutions and are unwilling to change. The authors also argue that inclusive institutions promote economic prosperity because they provide an incentive structure that allows talents and creative ideas to be rewarded[42]. This suggests that investments in development coupled with better security in Sahel countries, will not have positive, long run impacts, unless accompanied by an improvement in the quality and responsiveness of country's institutions.

Linking development and security, in the short and longer term

The scope of this paper only allows for a superficial analysis of the inherent complexities within the Sahel, and the broader theoretical linkages between security and development. What is certain is that there is no easy pathway forwards. Development investments are not on their own a 'silver bullet', but should be part of a broader package of interventions.

In the short term, regional and international actors broadly believe that the path forwards revolves firstly around security interventions that help restore peace, combat extremism, manage organised crime and restore the rule of law. Resources also need to be available to quickly respond to specific humanitarian crises as they occur.

Concurrently, lasting solutions need to be found. These will need to entail political and institutional reforms, and enhanced regional cooperation on a range of topics, including defence and security matters, socio-economic and cultural development, reconciliation, justice, and humanitarian issues.

Of course, this is easier said than done. To have legitimacy, stakeholders will need to be willing to embrace a wide range of voices in their decision-making processes. If this can be achieved, an improved security situation should facilitate new infrastructure investments that can rebuild trade networks and revive Sahel economies. This is where CFC can step in and mobilise its resources as a supporting partner in commodity value chains.

Authors: Roger Bymolt, r.bymolt@kit Royal Tropical Institute and Karlijn Muiderman

[38] Zwarts, L., van Beukering, P., Kone, B. and Wymenga, E. (eds.) (2005). The Niger, a lifeline. Effective water management in the Upper Niger Basin. RIZA, Lelystad / Wetlands. International, Sévaré / Institute for Environmental studies. (IVM), Amsterdam / A&W ecological consultants, Veenwouden. Mali / the Netherlands. Available at: http://www.altwym.nl/uploads/file/361_1289481552.pdf

[39] Kortlandt, J. (2016). New irrigation plans threaten food production Inner Niger Delta. Wetlands. Available at: https://www.wetlands.org/news/new-irrigation-plans-threaten-food-production-inner-niger-delta/

[40] Food production will increase in the region of Office du Niger, a semiautonomous agency of the Malian government, by 58%. https://www.wetlands.org/news/new-irrigation-plans-threaten-food-production-inner-niger-delta/

[41] United Nations Conference on Trade and Development. (2017). Available at: http://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=1214

[42] Acemoglu, D. and Robinson, J. (2012). Why Nations Fail, the origins of power, prosperity, and poverty. Available at: http://whynationsfail.com

Photo: ©FAO/Asim Hafeez

III

Report on progress of **projects under implementation**

This chapter focuses on progress of projects and highlights trends, patterns and constraints emerging during project approval, supportive agreements and implementation procedures in 2016. The overview brings out salient features, patterns and/or trends with respect to:

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

The aim of the CFC is to enter into partnership with governments, international organizations and other development partners from private and public sectors which support commodity development measures and actions that promote and accelerate development, expansion and modernisation of commodity sectors and contribute to sustainable development in its three dimensions i.e. social, economic and environmental. The CFC supports innovative commodity development financial interventions measures aimed at improving the structural conditions in markets and at enhancing the long-term competitiveness and prospects of particular commodities *inter alia* including:

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

Commitments, financing and disbursements

The **previous operational guidelines** under the Agreement Establishing the Common Fund for Commodities ended on 31 December 2012. At the end of this guidelines, 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.

The **current operational guidelines** became effective on 1 January 2013. Since the start of the current guidelines, the Fund has its projects at various stages of start-up or implementation. These include 30 Regular projects plus a further 24 Fast

Track projects, (a total of 54 projects), with an overall cost of USD 136.4 million, (excluding 6 Investment Funds or Equity financing, as their inclusion in joint projects with a total cost of USD 262.4 million greatly distorts presentation of projects supported/financed with CFC contributions therein). Of the total cost of USD 136.4 million, the Fund financed USD 37.8 million, (about 28%) as financial interventions. The balance account was paid as co-financing and/or counterpart contribution by the proponents under the new operational guidelines. The Fund financing comprise of USD 34.6 million in loans/ equity etc. (92%) and USD 3.2 million in grants (8%).

According to the Fund's audited statements, the direct project related disbursements in 2016 stood at USD 2.41 million as grant and USD 3.32 as loan/equity etc. In 2017 special efforts will be made to streamline the components of the Agreements between the Fund and the Recipient of resources to reduce the delays between the approval of project and commencement of actual implementation on the ground.

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

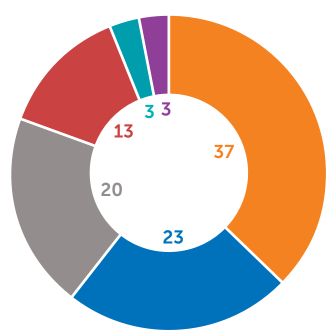
As at 31 December 2016, a total of 157 regular projects had been financially closed. In several cases these projects were completed with some savings from the CFC grants/loans originally approved by the Board. The savings are returned to the pool of Second Account resources or the First Account Net Earning Initiative once the project account is closed.

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

CFC-supported Regular Projects by Type

Project types were reclassified as a result of the current operational guidelines involving more public and private sector participation. The following is the classification of 30 Regular projects in various stages of implementation or start-up:

Type	Number of Projects	Percentage (%)
Finance	7	23
Market Access/Extension	11	37
Partnership	1	3
Processing	4	13
Production	6	20
Technical Assistance	1	3
Total	**30**	**100**



IV

Regular Projects

Approved in 2016

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

Submitting Institution	***Financial Access Commerce and Trade Services (FACTS)***
Location	***Kenya, Uganda***
Commodity	***Miscellaneous Commodities through Supply Chain***
Total Cost	***USD 11,500,000***
CFC Financing	***USD 1,200,000 (including USD 1,000,000 financed by OPEC Fund for International Development (OFID) and USD 200,000 by Dutch Trust Fund)***
Counterpart Contribution	***USD 10,300,000***

Financial Access Commerce and Trade Services (FACTS) East Africa BV is a wholly owned subsidiary of Financial Access Capital Management BV (FACM), a holding company fully dedicated to maintaining and operating finance Supply Chain in the agribusiness in Africa. FACTS East Africa BV owns two subsidiaries, namely FACTS Kenya and FACTS Uganda which have been established to provide Supply Chain Finance (SCF), in the form of factoring, to SMEs in the agricultural value chain. Factoring, as a form of supply chain finance, has been marginally developed in East Africa whereas, in more developed economies, it plays a critical role in injecting much needed short term liquidity in value chains. While most suppliers face a need to finance working capital for 60-90 days, the SCF provides these services in few days to meet such pressing needs.

The better access to working capital (i.e. liquidity) is expected to result in productivity increases, mostly via improved access to inputs. The SCF optimizes cash flow throughout the value chains. It provides early payment to suppliers, longer payment terms for distributors and minimizes risk. The two main products offered include reverse factoring and distribution finance.

The project is expected to improve access to working capital for SME's and to lower the financing costs associated to borrowing resources from money lenders. The project is expected to yield interest savings estimated at USD 1.14 million factored receivables for supplying farmers. As a direct consequence, there will be an increase in productivity, which may lead to improved livelihoods, enhanced food security and stability of vital supply chain.

FACTS started operations in Kenya and Uganda in 2016. CFC and FACTS are negotiating the terms and conditions of the proposed agreement and the disbursement schedule for the CFC loan. The CFC support will give FACTS the resources to grow its portfolio in the region.

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

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

Coumba Nor Thiam (CNT) is the third largest rice processing company in Senegal with 30 years' experience in the production and processing of normal and perfumed rice. Since 1987, CNT has been growing into a more successful rice company with improving sales volumes. It currently employs 2,500 outgrowers on 3,000 hectare (ha) of land and runs a 500 ha of land in its own plantation in the Northern River Valley region. With a milling capacity of 120 ton/day , CNT is currently processing 25,000 ton/year of paddy rice.

The project will focus on the following main activities: (i) Increase the total land under rice paddy cultivation from 3,500 ha to 4,900 ha; (ii) Upscale the CNT's outgrower scheme from 2,500 to 3,250 farmers; (iii) Improve the seed supply to ensure high quality seeds being made available to outgrowers; (iv) Invest in new equipment for land management to improve production capacity and efficiency; and (v) Purchase rice paddy from outgrowers at fair prices, (vi) process rice paddy in the CNT mill, and (vii) sell the milled rice on the national market.

A total of 3,250 farmers are expected to benefit from the availability of new rice plots and improved old plots with canalization, better draining, salinization and levelling. CNT will also provide farmers with microcredit to purchase agricultural inputs and machinery to increase their production efficiency and productivity. CNT will steadily purchase the rice paddy from the farmers offering them a secure income base, contributing to the enhancement of their livelihood and food security. This project will also contribute to reducing the Senegal's dependence on import of rice for domestic consumption. Regarding environmental sustainability, CNT intends to use its entire production capacity using rice husk for generating electricity.

The project is currently at the initial stage of finalization of all applicable terms and conditions of the Agreement. Subject to the successful outcome of the final terms and conditions and expected outcome and impact, the commencement of the implementation of the project by the third quarter of 2017 is envisaged.

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

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

EFUGO Farms Limited (EFL), established in 1987 and based in Abuja region of Nigeria, is producing various crop and livestock products. The project focuses on the production of edible oils (from groundnuts, soybeans, sesame) and non-edible oils (from castor beans, shea butter and neem seeds). There is a large demand for the products due to huge market for these oils and derived products in Nigeria. EFL has already installed a new processing plant but needs resources to acquire additional components such as bleaching machines, weighing machines, etc. Furthermore, current supply of oil seeds is insufficient to run all aspects of oil processing facilities and will engage more than 20,000 farmers, each cultivating about 2 hectares of land, to be organized as contract farmers for the production of oil plants for supply of oil seeds to feed the milling plants. The CFC funds will be used for these additional components and for working capital needed to source seeds from the additional farmers.

Efugo Farms expects to increase its production of vegetable oil from 96 tons per year to 1,080 tons per year thus contributing to import substitution and creating opportunities for exports to neighbouring countries. Through the out grower scheme, the project is expected to increase the number of out grower farmers for oilseeds from 2,000 to 20,000 in one year, with an expected income of 225-275 USD/ha. The project will also create income opportunities for 500 youngsters and women through collection activities of neem seeds and shea nuts with an expected benefit of USD 250-300 USD/ton.

The company is in the process of acquiring and adding to its processing capabilities and is hiring competent staff to manage the new processing facilities. The terms of the CFC contribution have been fully negotiated including a guarantee on the loan by the Federal Government of Nigeria. The execution of the pending agreements and disbursement of the resources is at final stage of completion.

Investing in Livelihood Opportunities for Rural Women in Northern Ghana - CFC/2015/07/0046

Submitting Institution	***Royal Danemac Ltd. Ghana***
Location	***Ghana***
Commodity	***Soya***
Total Cost	***USD 8,399,680***
CFC Financing	***USD 1,300,000***
Counterpart Contribution	***USD 7,099,680***

Royal Danemac Limited, a private company based in Kumasi, Ghana, was established in 2009. The company processes soya beans into soya meal and soya oil. Ghana has a huge demand for soybean products, both for the animal feed sector and for human consumption. Crude soya oil is also expected to be sold to the paint industry.

Royal Danemac intends to produce edible oil for sale in local and international market. The company has installed a new processing plant and a new refinery plant. However, local supply of soybean is lower than the expected demand. The focus of this project is to increase local supply of soya bean, by a form of contract farming, working together with a French NGO, based in Tamale Northern Ghana, and their Starshea network of rural women.

The project is expected to (i) Increase of women farmers growing soya from currently 7,000 to nearly 21,000 in 2022, thus tripling of the number of farmers, (ii) Additional income of USD 100/year/woman farmer, (iii) Positive effect of soybean cultivation on soil fertility and for the local diet if partly used for home consumption, and (iv) increase output of soya meal and soya oil for domestic market from about 3,096 MTs and 504 MTs in 2016 to 4,171 MTS and 679 MTs in 2023.

Fair trade certification of the project is ongoing and will have, when obtained, also have a positive effect on the socio-economic situation of women and their communities. The increased domestic supply of soya meal will lead to larger production from the Ghana domestic processing industry.

The company is in the process of optimizing its processing capacity. The CFC terms and conditions of the identified loan and contributions by co-financiers need to be further confirmed and concertized. The details are expected soon and will lead to finalization of the project.

Kupanua Project - Asili Farms Ltd., Uganda - CFC/2015/07/0078

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

Asili Farms, a fully-mechanized farming company, manages dual-season production of high quality maize and soybeans for supply to regional food processors. Asili became operational in January 2014 and is currently farming on 1,200 ha of land in Western Uganda under a conservation agriculture and precision farming approach to maximize yields efficiently and sustainably. The ultimate strategic goal of Asili is to have commercial farming operations on around 6,500 ha of long term leased land. As part of the Agilis Partners Ltd. Company holding, Asili Farms (AF) benefits from the guaranteed demand from the sister-company Joseph Initiative Limited (JI), which is marketing Ugandan grains and pulses with extensive regional market access.

CFC resources are expected to be used to further expand commercial farm operations as well as to scale out Asili's engagement in training small-scale farmers in commercial maize and soya production as the main source of maize and soya supply for JI. Through value chain integration and volume increase both, AF and JI, reciprocally mitigate risk and increase their viability.

Training of smallholder farmers and their subsequent integration into the supply network of the Joseph Initiative will have a substantial development impact on the "bottom of the pyramid". Asili's role as the "technology transfer centre" of the Agilis Group will provide "state of the art" knowledge for an estimated 50,000 smallholders who will be exposed to adapted curricula and services offered, that will enable them to duplicate Asili's conservation agriculture approach onto their small farms. It is estimated that maize yields will increase from currently 1.5 tonnes per ha/harvest up to 5 tonnes /ha/harvest, and soya yields from 0.75 tonnes /ha up to 2.2 tonnes /ha. Targeted farmers will also be incentivized to scale out their production which will further increase their net income by a projected total of USD 1,400 per year. In addition 270 jobs will be created directly through Asili's core farming operations.

A technical and financial review of the investment has been completed and a financing contract is expected to be entered into soon to commence implementation of the project.

Chicoa Fish Farms SA in Mozambique - CFC/2016/08/0022

Submitting Institution	***Chicoa***
Location	***Mozambique***
Commodity	***Fish***
Total Cost	***USD 1,100,000***
CFC Financing	***USD 400,000 (expected to be financed by OPEC Fund for International Development (OFID)***
Counterpart Contribution	***USD 700,000***

Chicoa Fish Farms S.A. (Chicoa) is a Tilapia fish farm located at Lake Cahora Bassa in Mozambique. After a three year preparation phase, Chicoa is operational since 2015 and currently has a production capacity of 400 MTs Tilapia p.a. Ultimate goal for Chicoa is to have a fully integrated fish farm with 4,000 MTs p.a. production capacity as well as integrated fry and feed production on site. This farm is to be complemented by a network of out grower fish farmers, who will have access to fry and feed input. Chicoa will also serve as a hub for training and advice to farmers.

CFC resources will be used to finance part of a second development phase, which will focus on the establishment of a fish fry hatchery, development of auxiliary infrastructure (electricity and cooling) and the integration of a first group of local fishermen as "outgrowers".

A large proportion of direct and indirect beneficiaries of future economic activities induced through Chicoa belong to an extremely poor group with income below USD 0.6 per day. Chicoa will provide direct employment with training on the job to around 150 locals, who are expected to earn an average yearly salary of USD 3,500. In addition, Chicoa will also start to integrate smallholder outgrowers who are also substantially increase their income. While commencing with 20 outgrowers, the number will rise and be around 250 over time which will incur a net income of around USD 2,000 p.a. from fish farming. While Africa has excellent preconditions for aquaculture and a very large receptive market, the continent is so far completely missing out on the rapid sector development. Chicoa will serve as an example for fish farming operations in Mozambique and East Africa and may lead to the development of a competitive and relevant aquaculture industry in the region. This, in turn, may lead to employment and a more reliable supply of efficiently produced animal protein in a region that suffers from chronic under- and malnutrition.

The assessment and appraisal of the project is currently ongoing and is expected to be completed soon. This will lead to finalisation of the CFC support to the project.

Production and Export of Fair Trade Seasonal Flowers, Ethiopia - CFC/2016/08/0083

Submitting Institution	***Florious Holding BV***
Location	***Ethiopia***
Commodity	***Flowers***
Total Cost	***USD 7,891,796***
CFC Financing	***USD 1,500,000 (including USD 1,000,000 financed by OPEC Fund for International Development (OFID)***
Counterpart Contribution	***USD 6,391,796***

Florius Holding BV, based in The Netherlands, has been growing flowers in Kenya for last 20 years and has more than 14 years' experience in production and marketing of floriculture in Ethiopia. Floris is a global market leader in the high-end market of Hypericum and Veronica flowers. The company has aproven track record of many years in production, marketing and exporting of flowers and plans to start a new flower farm near Bahirdar, Amhara region in Ethiopia, focusing on Fair Trade production.

Florius follows a 'harvest and packed to order' approach, with the option of special mixing and customized packaging of flowers. In 2017, a start of production of flowers will be made with 15 hectares, increasing up to a total of 45 hectares by 2022. The climate in Bahirdar offers some advantages such as mild temoerature and along dry season, which gives a lower insect pressure and makes it possible to grow a variety of seasonal flowers. Flowers are expected to be packed on the farm and exported from Ethiopia by airfreight to the USA and Asia.

The CFC resources will be used for the import of specialized equipment and establishment of irrigation infrastructure, such as an insulated grading and packing house, cold stores, cold trucks and specialized irrigation equipment. The project is expected to produce all flowers that will be exported, thus providing foreign exchange earnings; create 1200 jobs, resulting in overall value of salaries; contract 90% of all employees on a permanent contract basis of which at least 65% are expected to be female as women are more suitable for delicate handling of perishable flowers; and lead to local economic development through local purchases of goods and services from Small and Medium Enterprises engaged to the company.

Major funding of the project is coming from the Florious Holding BV and from a loan (in local currency) from the Development Bank of Ethiopia. Retained earnings will be used for stepwise expansion of the different aspects of the project. Discussions are ongoing for finalization of the CFC support to the project.

Empowering Smallholder Produce Schemes for a Sustainable Cocoa/Coffee Economy in Cameroon - CFC/2016/08/0040

Submitting Institution	***Africa Cocoa and Coffee Farmers' Marketing Organisation (ACCFMO)***
Location	***Cameroon***
Commodity	***Cocoa/Coffee***
Total Cost	***USD 3,000,000***
CFC Financing	***USD 1,500,000***
Counterpart Contribution	***USD 1,500,000***

The project aims to enhance the profitability of cooperatives in Cameroon carrying out training and capacity building activities related to the cost efficient production of coffee and cocoa by small holder famers and the purchase of the crop at fair prices. The African Cocoa & Coffee Farmers' Marketing Organization (ACCFMO), a non-profit NGO , as a supply/marketing facilitator will acquire agricultural inputs to supply to farmers and hire experienced experts to lead farmers throughout the production and marketing process. ACCFMO will supervise input procurement and provide training services to enhance farmers for the efficient and effective use of chemicals.

The ACCFMO intends to integrate the commodity value chain linking farmer organizations to financial institution, input suppliers, local and international traders and to facilitate agricultural finance schemes as Warehouse Receipts to enable farmers' access to credit. ACCFMO aims at empowering at least 26 established cocoa/coffee farmers' cooperatives, with a target of 15,600 farmers at start of the project, which is expected to grow to 44 cooperatives and 26,400 farmers by the end of the foreseen 7 years project life cycle. Activities of the project will focus on: (i) Agricultural inputs supply financing, (ii) Cooperative Development and capacity building for market access, (iii) Market Linkage and Market information Services, and (iv) Quality control of the crop beans.

Farmers' income from commodity production is expected to increase due to the higher productivity from cocoa/coffee farms affected by the project. Yields is expected to increase through training in best agricultural and post-harvest conservation practices and the cost effective supply of agricultural inputs (chemical fertilizers, pesticides) to farmers. The project will assure a stable market access for the cooperatives as ACCFMO will act as facilitator for the full sale of cocoa/coffee crop at fair prices, enabling farmers to reach a foreseen 25% income increase within the project life cycle.

The CFC is currently at the final stage of completion of all technical, operational and financial requirements for start-up of the project.

NPK Fertilisers Granulation Plant, Kenya - CFC/2016/08/0042

Submitting Institution	***MEA Limited***
Location	***Kenya***
Commodity	***Fertilizer***
Total Cost	***USD 19,300,000***
CFC Financing	***USD 1,500,000 ((including USD 1,000,000 financed by OFID)***
Counterpart Contribution	***USD 17,800,000***

MEA Ltd has been in the forefront of providing high-quality fertilizer products to commercial and small holder farmers all over Kenya since 1977. The company is in the process of establishing a new steam granulation plant in Nakuru, Kenya to produce blended NPK fertilisers. The new plant is being established as a separate legal entity, Fertiplant EA Ltd (FEAL). The produced granulated fertilisers are expected to have a much better uptake than the blends currently available in the market. The production process makes the fertilizer more cost effective than imported compound fertilisers and is expected to be more attractive to farmers. The new plant is expected to produce a variety of fertilizer formulations to suit various crops and soil conditions.

There is great variability in the soils found in East Africa's arable areas. In many parts of the region the high population density results in continuous intensive cropping of small plots. On most farms in East Africa, soils are now acutely deficient in phosphorous. Yields of the main staple crop (maize), can be increased fourfold through the combined application of NPK fertilisers that are specifically formulated. This availability of new fertiliser will lead to an increase in average yields of small holder from less than 2 tons/hectare of maize to 3.5 tons/hectare through more effective fertiliser use. This will result in an increase in income of the farmers from USD 500/hectare to USD 800/hectare. The project is also expected to create 81 additional jobs at the new plant.

The construction of the new facility has commenced and is expected to be completed in 2017. The project cost is approximately USD 19 million financed with a debt/Equity split of 55/45. The sponsor and primary equity investors are the shareholders of MEA Ltd. The International Finance Corporation (IFC) is committing to provide the full debt of USD 10.5 million. The CFC support to the project would be subject to confirmation of commitment by IFC.

Startup of Innovative Agriculture Finance Company for Cocoa, Philippines - CFC/2016/08/0064

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

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

Kennemer has launched a new finance company, called Agronomika Finance Corporation, to finance tailor made cocoa loans directly to small cocoa farmers. Agronomika is expected to fund about 17,250 hectares of newly established cacao farms. By providing financing to establish new cacao farms and ensuring a buy-back mechanism for beans, the company is expected to provide a regular and reliable income source to cacao farmers. Agronomika enables Kennemer to expand more quickly, rapidly and efficiently. It also allows Kennemer to meet the needs of the growers with tailored made credit and insurance products.

Kennemer intends to help farmers achieve high quality beans and high yields, enabling them to have sustained improvements in income and quality of life. Smallholder farmers that follow their directed practices may achieve a fourfold increase in yields. By 2025/26 Kennemer expects to be working with 24,000 farmers who will have planted 40 million trees. They are expected to produce 33,000 metric tons of cocoa beans.

In July 2016, Agronomika Finance Corporation received its license from the regulatory authority and secured all operational licenses and permits by October 2016. Agronomika Finance Corporation is incorporated as a Finance Company under the Financing Company Act of 1998 by the Securities and Exchange Commission of the Republic of the Philippines, Department of Finance. The company secured start-up capital through an equity investment by IncluVest (a Netherlands-based Impact Investment Fund) and through debt funding by FMO (the Dutch Development Bank) and IDH. The CFC support to the project would be subject to confirmation of commitment by all partners.

Agri Impact Fund Asia - CFC/2015/07/0034

Submitting Institution	***ICCO Investments BV***
Location	***South and Southeast Asia***
Commodity	***Miscellaneous***
Total Cost	***USD 3,060,000***
CFC Financing	***USD 1,500,000 (including USD 550,000 financed by Dutch Trust Fund)***
Counterpart Contribution	***USD 1,560,000***

ICCO Investments, the impact fund manager of the Dutch NGO ICCO Cooperative, intends to separate the Asian agricultural portfolio from one of its existing cross sectoral funds into a dedicated Agri Impact Asia Fund (AIAF). The CFC is expected to join as 49% shareholder in AIAF.

AIAF provides debt and equity to small and medium sized agricultural production and processing companies that add value to agricultural commodities and products and are active in India, Indonesia, Philippines, Nepal, and other Asian countries. The main commodities targeted are drought tolerant commodities such as millets, pulses and certain fruits and vegetables for which a highly unexploited potential of organic foods has been identified. These crops are usually assumed to be of value addition and little substantial market potential for these commodities have so far hardly been exploited. These commodities also have a proven high nutritional value and are grown largely by small and marginal farmers in remote areas. AIAF aims to contribute to enhance the value chain in the countries by increasing productivity at the farm level, improving the quality of storage, processing and transportation from remote areas, and by developing alternate market systems (like e-commerce, product development, packaging, and advertising).

The fund will invest in agricultural companies that have outgrown the microfinance level, but have good growth perspectives and the potential to create relevant impact. These companies are typically belonging to the 'missing middle' and not able to attract capital at affordable conditions.

The fund initially targets 8 to 10 agricultural companies, involving 20,000 to 30,000 rural smallholder farmers. The average income of the farmers is expected to increase between 10% – 15% stemming from better prices and higher production. About 1,000 to 1,500 persons are expected to be engaged in these activities and supported by the portfolio companies of the fund.

AIAF's portfolio is currently in its development stage, and ICCO Investment and CFC are negotiating the fund's main terms and conditions. Discussions are ongoing on investment options in the other Asian agricultural companies. The CFC is expected to finalise all its operational and financial aspects soon.

V

Fast Track Projects

Approved in 2016

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

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

There are many distributors of chemical fertilizers in Myanmar but only a few of them are engaged in the supply of natural and bio fertilizers. The Swanyee Group is active in selling organic agricultural inputs mainly to small holder farmers in Myanmar. It has a "research" department that has been experimenting with the production of natural fertilisers, in the form of vermiculture. The core of the project is to expand the current levels of vermiculture-based liquid and compost fertilizer, starting from the current low levels of productions that has provided sufficient insight in the production and distribution efficiencies required for successful operations. The successful trials have demonstrated the effectiveness of chemical and natural (vermiliquid) fertilizer that meets the requirements of consumers and makes the same available to consumers at a lower cost.

The project aims to demonstrate that organic fertilizers can be offered at lower costs than chemical fertilizers with effective social, economic and environmental impact. The development impact will be a reduction in the utilization of chemical fertilizers which has a positive environmental impact, in addition to reducing the fertilizer costs for farmers from USD 60/acre to below USD 50/acre. Impact at farmers' level, on the basis of 5 acre production units and two crops per year, is estimated to be USD 100/year (USD 10 x 5 acres x two crops). When considering the targeted number of some 20,000 potential client / farmer families, the overall impact is estimated at approx. USD 2 Million/year. Utilization of chemical fertilizers can substantially be reduced resulting in positive environmental impacts.

The main innovation of the project is the increased use of natural and bio fertilizers and the positive environmental impact. The proceeds of the CFC contribution to the project will be applied exclusively towards financing the bio fertilizer inputs and supporting agricultural training of consumers. On the basis of recommendation made by the Consultative Committee, the CFC support to the project was disbursed in October 2016.

Empowering Women and Youth to participate in Coffee Value Chain through Partnerships with Coffee Value Addition Company and Eco-Tourism in Uganda (Coffee Value Chain, Uganda) - CFC/2015/07/0022FT

Submitting Institution	***Heritage Coffee Company***
Location	***Uganda***
Commodity	***Coffee***
Total Cost	***USD 720,000***
CFC Financing	***USD 120,000 (Loan)***
Counterpart Contribution	***USD 600,000***

Heritage Coffee Company Limited trading as Café Pap was founded in 2003. It runs a leading chain of specialty coffee houses in Uganda. In 2012, Heritage Coffee Company expanded its operations into the tourism industry where it acquired a tourist lodge in Queen Elizabeth National Park called Ihamba Lakeside Safari Lodge. Currently the company works with Gumutindo Cooperative society and women groups in the cooperative who have supplied coffee to the company.

The project aims to build a marketing chain connecting smallholder coffee producers to high value consumers in Uganda. The project intends to establish a connection and strong relationship between smallholder coffee producers and high value consumers in Uganda, namely coffee shops, hotels and lodges where there's high demand for locally produced coffee. The project will rely on eco-tourism model to develop aa premium market for locally produced coffee, creating jobs and income opportunities for vulnerable groups of people in Uganda. To guarantee the quality of coffee supplied to these consumers, the project would train farmers and assist with planting and re-planting of coffee trees. The company will roast coffee in its own coffee roasting facilities to complete the supply chain without intermediaries.

The target project group are smallholder farmers, women and unemployed youth. Their income level from farming is about 20% below the national average and borders on the national poverty line. The project will allow households to triple their income. The capacity building programme of the project would make this opportunity accessible to two vulnerable groups, namely women and unemployed youth. The CFC is financing the project as investor in an impact bond contract and is currently seeking a suitable bond partner to complete the funding model. Positive response is expected soon.

Symposium on Development Impact Bonds (Development Bonds) - CFC/2015/07/0045FT

Submitting Institution	***Koninklijke Instituut voor de Tropen (KIT)***
Location	***Netherlands***
Commodity	***Development bonds***
Total Cost	***USD 55,000***
CFC Financing	***USD 27,500 (Grant)***
Counterpart Contribution	***USD 27,500***

The proposal originates from the discussions in the informal Working Group on the implementation of Development Impact Bonds (DIBs) hosted by the KIT. The project seeks to facilitate greater use of DIBs in the commodity sector by creating wider shared understanding of the DIB financing models as an instrument of achieving material development outcomes in partnership with competitive market players.

The use of DIBs is still in a very preliminary and explorative stage and the working group serves as point of information exchange by members on the design and practical use of DIBs The poor awareness by potential outcome sponsors is a major impediment to expansion of DIBs use.

A symposium to create more awareness among the potential outcome sponsors/commissioners on Development Impact Bonds (DIBs), whose involvement is crucial to bring expand the practical application of DIBs in commodity projects was held. Other stakeholders such as investors, service providers and independent verifiers participated in the event (nearly 100 participants).

The symposium aimed at achieving the goal of enabling greater use of Development Impact Bonds (DIBs) in the commodity sector by creating wider shared understanding of the DIB financing models as an instrument of achieving material development outcomes in partnership with competitive market players. The symposium created more awareness among the potential outcome sponsors/commissioners on DIBs. Other stakeholders such as investors, service providers and independent verifiers were also invited. The symposium was co-organized and jointly funded by the CFC and other development organizations in the Netherlands.

The typical target beneficiaries of a DIB financed project would be a social enterprise in the commodity sector operating in a potentially profitable product niche and having significant social obligations within the community. Such enterprises have a definite economic development role but are failing to attract financing on commercial basis and need to develop a relationship with private financiers to be able to reach sustainability. DIBs offer an opportunity for such enterprises to obtain financing while continuing on the road to attain longer-term commercial viability without compromising their social nature.

Commercialization of Smallholder Honey Value Chain in Malawi (Honey, Malawi) - CFC/2015/07/0084FT

Submitting Institution	***Honey Products Industries (HPI)***
Location	***Malawi***
Commodity	***Honey***
Total Cost	***USD 256,650***
CFC Financing	***USD 120,000 (Loan)***
Co-Financing	***USD 70,500 (Grant)***
Counterpart Contribution	***USD 66,150***

The project promoter is Honey Product Industries ("HPI"), a privately-held company incorporated in Malawi in February 2014. HPI is registered as a private partnership business and 50% owned by promoters. The project aims at inclusive growth that creates employment and business opportunities for young people willing to enter the honey production and processing sector.

HPI main product is liquid honey sourced from a network of small-scale producers, which is then purified and packaged in HPI's facilities, before being sold to supermarkets. HPI has obtained the certification by the Malawi Bureau of Standards, and therefore can sell to high end supermarkets, which represents its main target market. HPI currently supplies an average of 1,500 kg on a quarterly basis and plans to extend its capacity to 100,000 kg per year.

The proposed project entails: (a) replacing the traditional hives with modern hives that are 70% more efficient and environmental friendly, and providing bee keeping kits (uniforms and equipment). The HPI's supply chain is expected to increase its production from current kg. 6,000 per annum to kg 27,000 per annum computed on 200 small holder farmers; (b) replacing and expanding HPI's honey filling line, to reach a total capacity of Kg. 100,000 per year; (c) employing additional 50 people as honey aggregators and trainers.

HPI will purchase the modern hives and bee keeping kits and will sell them to the smallholder farmers contractually linked and participating to the project. The smallholder farmers will pay back HPI gradually in 18 months: the cost of the hives and bees keeping kits will be deducted from their sales of honey to HPI. The combined cost of hives and bee keeping kits is estimated as USD 350 per farmer.

Total project costs include the costs related to replacing the traditional hives with modern hives, providing bee keeping kits to the smallholder farmer participating to the projects, and the modernization and expansion of the honey filling line. The project will be co-financed by a grant from Rural Livelihoods Economic Enhancement Programme (RLEEP), a Malawi government programme funded by the International Fund for Agricultural Development and a grant from Business Linkages Matching Fund (BLMF), a Malawi government programme.

The main development impact of the project is the inclusion of 200 smallholder farmers in honey production and on creation of additional 50 jobs.

Bamboo for Post-Disaster Reconstruction and Livelihood Rehabilitation, Ecuador - CFC/2016/08/0055FT

Submitting Institution	***International Network for Bamboo and Rattan (INBAR)***
Location	***Ecuador***
Commodity	***Bamboo***
Total Cost	***USD 232,766***
CFC Financing	***USD 116,391 (Grant)***
Counterpart Contribution	***USD 116,375***

The project will be implemented in the coastal areas of Ecuador in the provinces of Manabi, Esmeraldas, and Santo Domingo de Los Tsachilas, which are the most affected areas by the recent earthquakes of last April 2016. The Project targets the market for reconstruction materials. Following the earthquakes about 7,000 buildings have collapsed and about 100,000 homes and 2,500 building needs to be restored / repaired.

The project entails the following activities: (i) About 2,500 people are expected to be trained on sustainable bamboo harvesting, furniture production and construction. At least two buy-back guarantees and pricing agreements will be set up for smallholder bamboo producers with civil society and private sector bamboo construction and furniture producers, (ii) Demonstrate use of bamboo construction in post disaster reconstruction and create market and finance linkages. Demonstrative bamboo homes will be designed and built in accordance with high quality and technical standards. Development of reconstruction loan financing for poor households and/ or, marketing agreements with civil society, financial institutions, and local governments to supply bamboo housing and public infrastructure in disaster-affected areas; and (iii) Strengthening of an enabling policy environment for bamboo commodity development by updating the bamboo national construction code and disseminate it widely via social media and formal publications.

Two meetings were organized to exchange experiences on disaster relief, including sharing post-earthquake experiences from CFC-supported projects with INBAR in China and Nepal at UN Habitat III in Quito in October 2016. The Project will be implemented in cooperation with the NGO Hogat de Cristo, a privately-held company Allpa Bambu and the University Eloy Alfaro. The CFC financing has been allocated under the impact bond contract model and the Fund is currently seeking a suitable bond partner to complete the funding.

In terms of development impact, the Project will promote the utilization of bamboo as industrial grade construction material, replacing wood. INBAR has estimated that the income of bamboo producers would increase by 10%-15% and the utilization of bamboo for the reconstruction will reduce the reconstruction costs by about 60%. It is estimated that about 2,500 people will be offered a new home in bamboo.

The Project performance indicators contained in the Development Impact Bond Agreement shall reflect that goal i.e. be fixed in terms of the number of bamboo houses to be built with the new technology introduced by INBAR.

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

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

SANAM is a coffee flour production company, based in Colombia and dedicated to the use of waste (husk and pulp) that are usually discarded in the process of coffee processing. These wastes are transformed into Miel de Café (coffee honey liquid) and Harina de Café (flour) which are used as raw materials and supplements for cosmetic, food, pharmaceutical and feed products. The pulp and husk contain elevated levels of antioxidants, proteins and minerals, which are used as raw materials and supplements for cosmetic, food, pharmaceutical and feed products. SANAM has already tested the process and currently produces 3 tons of coffee flour per day.

The potential for upscaling of this technology is in principle huge, both at national and international level. Colombia is a major coffee producing country and all coffee producing countries face the same environmental problems of coffee waste management.

The current project focuses on the upscaling of the SANAM processing plant to increase production of coffee flour. More than 60% of the requested funds will be invested in assets like machinery, equipment and buildings.

The project will have socio-economic and environmental benefits as under:
(a) **Employment Generation:** the project will create at least 65 jobs, primarily in the rural areas.
(b) **Income increase** of 5-10% for 3,500 farmers. In addition, once the waste is used by SANAM, coffee farmers would not need to pay fines for waste management which will save them money. About 85% of coffee farmers are smallholders (with land up to one hectare) who usually do not have resources for waste management, and
(c) Positive environmental impact as coffee waste will no longer pollute the environment by preventing debris such as mucilage and coffee pulp to be poured into streams and rivers without any treatment as the waste will be processed.

Once the waste is used by SANAM coffee farmers would not need to pay fines for waste management which will give them an opportunity to save their financial resources. About 85% of coffee farmers are smallholders (up to one hectare) who usually do not have resources for waste management.

CFC funding has been operationalized in the form of a loan through ICCO Cooperation. The funds were disbursed in October 2016 and construction work has started.

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

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

Edom Nutritional Solutions (ENS) is a company that produces and sells fortified porridge/maize meal and other staple flours. The company, created in 2013 in Kisumu, Kenya, sources Moringa oleifera leaves from its network of 3,500 small scale farmers. The company processes the moringa leaves to fortify cereal flour to sell these products in economy packs that are affordable to low income consumers and in premium packs for middle/high income populations in megastores. Moringa provides Iron, Vitamins A/B/C, Zinc, Calcium and other micronutrients. The company sells its products through its distribution channel in economy packs/0.25&0.5kg that the majority millions of bottom of pyramid (BoP) consumers living on USD 2-4 can afford, and premium packs/1&2kg for middle/high income populations in megastores.

ENS sources moringa from a network of 3,500 small scale farmers in the region. By locally sourcing the key inputs, ENS has a significant competitive advantage in pricing due to local/regional sourcing of micronutrients as compared to competitors' rather costly imported micronutrients. Wholly organically fortified products are preferred to synthetic/conventionally fortified products. The Government of Kenya in collaboration with the Global Alliance for Improved Nutrition (GAIN) passed a requirement for mandatory fortification of staple flours which is driving demand for fortified flours.

The total investment of USD 240,000 will be used for upscaling of the activities, i.e. the purchase of farm Inputs, solar dehydrators (shared) & storage cocoons for 1,000 farmers with 2 acres each. Counterpart contribution to the project is USD 60,000 with an additional grant of USD 60,000 by the Great Impact Foundation.

The project is expected to lead to:

- 1,000 farmers earning USD 384/month from sales of moringa leaves, which is well above the above the minimum National Monetary poverty line at USD 170/month, and
- increased availability of affordable healthy products for low and medium income consumers.

The CFC resources were disbursed in October 2016 and the implementation of the project has commenced.

Photo: ©FAO/Daniel Hayduk

VI

Projects Approved Under the New Guidelines

Grants

Miscellaneous including Intergovernmental Organisations

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	***Miscellaneous***
Total Cost	***USD 418,000***
CFC Financing	***USD 335,000 (Grant)***
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 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 lead the high-level dialogue on commodities which started in 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 points at 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 updates on 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, and other ACP countries***
Commodity	***Pineapple etc.***
Total Cost	***USD 1,600,000***
CFC Financing	***USD 475,000 (Grant of which USD 230,000 is financed by OPEC Fund for International Development (OFID))***
Co-financing	***USD 562,500 (Shell Foundation)***
Counterpart Contribution	***USD 562,500 (Windward Strategic ltd.)***

Project Description

The project seeks to establish a portfolio of sustainable consumer brands across two commodity sectors for the benefit of commodity producers. For that, the CFC provides 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 is directed towards sugar and pineapple value chain. 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 will be channelled to small farmers and other involved labourers.

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 committed resources.

Current Status

The project is operational since November 2013. While the project was successful to win one of the world's biggest sugar traders as a powerful commercial partner for distribution and marketing of the sugar brand, the development of the brand and the negotiation of a licensing contract conditions took longer than expected. Finalization of negotiations is underway and it is expected that the sugar trader will meet the obligations and pay a licensing fee for every ton of sugar marketed through the new brand. This licensing fee will be distributed between the sugar producing farmers, Windward and the CFC.

Efforts to create a pineapple brand, however, were discontinued due to a very difficult market environment and technical difficulties witnessed within the initially selected pineapple producing partner company. It was therefore decided 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 chilli sauce instantly became a market leader and a significant number of beneficiary smallholder chilli producers are expected to actively participate after a recovery in Zimbabwean economy.

Photo: ©FAO/Christena Dowsett

Loans

Coffee

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

Submitting Institution	***Sangany Café***
Location	***Madagascar (LDC)***
Commodity	***Coffee***
Total Cost	***USD 2,336,000***
CFC Financing	***USD 1,078,000 (Loan of which USD 500,000 financed by OPEC Fund for International Development (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, benefitting 10,000 farmers. Main shareholders of Sangany Café are Fair and Sustainable Participations BV, the Netherlands, and HERi Africa GmbH, Germany.

Projections of the project are based on a detailed analysis conducted in the field regarding coffee production and commercialization, level of access by farmers to fair credit and improved technologies and product and market diversification. Coffee quality needs to be improved to enable access to export markets.

Current Status

The finalization and formal registration of all relevant documents for the CFC financed intervention took considerable time. The first disbursement of the CFC loan, an amount of USD 230,000, was made in July 2016. In the course of 2016, Sangany succeeded in attracting a new shareholder, ZITAL SA based in Madagascar. Furthermore, Sangany Café merged with Sangany Spices to make more efficient use of resources to increase production and improve quality of the traditional export crops in south-eastern Madagascar, targeting the same farmers who grow both coffee and spices. A partnership has been developed with the MFI CECAM, which offers credit to smallholders. These credits are guaranteed by delivery contracts to Sangany. A partnership with providers of mobile payment systems has been established for quick, reliable, fast and safe payment after delivery, linking the payment system to Sangany's financial planning and monitoring system allowing efficient control and supervision of collection points and field staff.

Sangany has set-up fully equipped collection points in the main production areas (warehouse, balances, humidity meters, computerized management system). Additional investments in buildings and equipment is expected to be made in 2017. In the coffee sector Sangany works towards achieving the criteria of the 4C Association and obtaining UTZ certification. In the spice sector Sangany is applying the Sustainable Agricultural Code promoted by Unilever. An updated business plan for the period 2017-2021 has been prepared focusing on the sustainable development of the coffee and spice chains. The volume of collected coffee is expected to increase from approximately 300 tons in 2016 to 2.000 tons in 2022. In 2021, Sangany will handle at least 600 tons of cloves and 100 tons of pepper. Sangany will collaborate, directly or through farmers' organizations, with more than 10.000 smallholders. With the increase of volumes handled by Sangany additional jobs are expected to be created.

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 750,000 financed by OPEC Fund for International Development (OFID) and USD 750,000 by the Dutch Trust Fund) as loan and USD 150,000 as a returnable grant)***
Counterpart Contribution	***USD 2,194,660 - Root Capital; USD 87,220 - COOPAC Holding Ltd.***

Project Description

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 CFC support in form of loan will be used to construct 5 washing stations in Congo DRC and to provide working capital for sourcing coffee in Congo DRC and Rwanda and exporting produced coffee.

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

Current status

For this project, CFC conducted a site visit in August 2015 to assess the current situation on the ground and discuss future plans and monitoring prospects with the proponents. The loan agreement and the security arrangements of the project were prepared but finalization of the same took more time than expected as an earlier borrower of COOPAC had a debenture on current and future COOPAC assets in Rwanda. The loan component of the earlier borrower was fully repaid by COOPAC in October 2016. On finalisation of all financial and legal issues, the CFC loan and security documents were signed by both parties in December 2016. After obtaining the certificate of de-registration for the earlier mortgage, the CFC security documents are expected to be registered and the first disbursement of the loan and the disbursement of returnable grant will be effectuated. This will lead to early commencement of the project.

Maize

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

Submitting Institution	***Joseph Initiative Ltd. (JI)***
Location	***Uganda***
Commodity	***Maize***
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 whole-salers. Joseph Initiative Ltd. (JI) takes an integrated approach to trading, combining rural collection centres with village buying agents to collect maize in small quantities from remote farmers and making payments to them on the spot. This trading model provides a predictable market that incentivizes smallholders to improve quality and intensify production.

Joseph Initiative's business model concentrates on "bottom of the pyramid" farmers producing 1 metric ton or less per year, as they are below the aggregation thresholds for commercial traders. A reliable market and access to inputs and finance will increase farmers' incomes. 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 financing resources provided by the CFC have been invested in a new processing facility and are being used as working capital which is crucial for the growth of a grain trading business. JI continues to grow and has been able to attract additional strategic equity investors in 2016. In the same year 13,000 smallholder farmers delivered maize to the companies village outlets for bulking and processing. Strategic investors such as Dutch Impact Investing Fund and the philanthropic arm of De Rijke Family (Kruidvat) continued with their participation in the project.

To further integrate smallholder farmers into the value chain, JI plans to use its established village collection centre network to provide extended services for smallholders such as the provision of fertilizer, pesticides and improved hybrid seed material coupled with seasonal loans extended by local Financial Institutions who show interest to expand into agricultural lending. In addition, JI is currently developing systematic training curricula for their supplier farmers, which would lead to an increase of their yields, and therefore also to JI's trading volume.

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

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

Project Description

The Dutch development organisation, ICS, is active in the maize value chain in Western Kenya. Agrics Ltd, the Kenyan subsidiary of ICS, sells high quality agricultural inputs to smallholder maize farmers. With CFC's financing, Agrics will upscale its agricultural input business by enlarging the supply of high quality seed to a network of smallholder maize farmers in Western Kenya.

ICS and Agrics work with local community-based organizations and farmer groups for the distribution of inputs. The project will have a direct impact on the productivity of smallholder farmers, increasing their food security and household income, by offering affordable input and improved agriculture practices. Agrics also provides services to buy the inputs on credit. This is coupled with the use of mobile payment services by the farmers.

The objective of the project is to involve up to 100,000 smallholder farmers in 2019, by increasing their production and productivity up to 250%.

Current Status

The initial intention of the project was to finance the subsidiaries Agrics and Nafics ltd, the latter being the former trading arm of ICS offering Kenyan farmers storage capacity for their maize. Early 2016, CFC was informed of the difficulties in use of cash resources by Nafics Ltd. ICS, therefore, as a prudent organisation decided to discontinue the trading operations of Nafics. The loan was finally disbursed in May 2016, subject to collateral on ICS and Agrics. The funds have been fully used to finance Agrics' seed input business. The trading activities, intended to be done by Nafics, were taken over by Agrics and its supporting partners.

In 2016, Agrics sold agricultural inputs to about 24,000 farmers. The productivity of maize production increased by 79%, generating an income after harvest of USD 390 per farmer. Agrics encouraged all farmers to make use of mobile payment services. About 200 jobs have been created for local community based organizations and farmer groups, contracted by Agrics for an average income of about USD 950. The outcome of the extension taken in various parts of the project appear very promising.

Vegetables

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

Submitting Institution	***Solagrow plc.***
Location	***Ethiopia***
Commodity	***Vegetables***
Total Cost	***USD 6,255,000***
CFC Financing	***USD 1,100,000 (loan), (USD 750,000 financed by the Dutch Trust Fund), and 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 and offers For outgrowers collective marketing of produce is offered on a voluntary basis. 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.

Through CFC funding, it is anticipated that some 1600 new jobs will be created and that the establishment of surrounding outgrower schemes will eventually 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 around each of its farms and reach another 25,0000 farmers.

Current Status

After disbursement of CFC resources, Solagrow was able to procure additional machinery and equipment for expansion of its farming operations. During the implementation of the project, Solagrow encountered unforeseen operational expenses due to loss of inputs, such as seeds, fertiliser, and damages incurred on farm equipment which deprived it from potato planting in 2016. This placed Solagrow in a very precarious liquidity position which ultimately led it to restructure adjustments to its operations. Several corrective measures were taken to identify steps required to adjust its farming operations. Solagrow was still cooperating with some 600 out grower farmers which were being provided with input, technical assistance, mechanization services, and market access to high value markets through Solagrow marketing. With long term leases over a total of 650 ha land, established infrastructure and some standing lucrative off take agreements with the leading Ethiopian branches of international companies, i.e. Heineken, Bavaria, Holland Dairy, HZPC Holland BV, KogaVeg, Simba, and others, the business case of Solagrow remains promising. At the same time the potential to scale out the out grower farmer model and the contribution to local food supply is substantial.

The CFC has extended additional funding to bridge the gap required to fulfil the needs to meet the preparation of land and plants and seeds for the next harvesting season which will lead to a substantial increase in the work of Solagrow.

Financial Services

Miscellaneous

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

Submitting Institution	***MatchMaker Fund Management (MMFM)***
Location	***Burundi, Kenya, Malawi, Rwanda, Tanzania, Zambia***
Commodity	***Miscellaneous***
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, while desirable, is well below the level of 125%-140% generally required by banks.

The SIF successfully opened its lending operations upon reaching its initial size of Euro 4 million. 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 of 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

By the end of 2016, SIF employed about 400 persons, disbursed 56 loans reaching the total loan portfolio size of over USD 3,800,000 with outreach to over 7,600 smallholder farmers. Because of the rising scale of its operations, SIF is now engaged in its second round of fundraising efforts to reach the target size of Euro 10 million. More details can be seen on http://www.smeimpactfund.com/our-portfolio/meet-our-smes.aspx

Micro Leasing

Miscellaneous

Micro Leasing in Commodity Value Chains - CFC/2012/01/0113

Submitting Institution	***Equity For Tanzania Ltd. (EFTA)***
Location	***Tanzania***
Commodity	***Miscellaneous***
Total Cost	***USD 290,000***
CFC Financing	***USD 145,000 (Loan)***
Co-financing	***USD 145,000***

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 agreement with was signed in November 2015 and EFTA is currently working on the detailed conceptual modalities with the second project partner, the Dutch foundation Hooge Raedt Social Venture (HRSV), after which project implementation can commence.

The fund will allow small agricultural enterprises to purchase equipment to upgrade technology and thereby improve commodity production, processing and manufacturing. This is intended to generate 180 new jobs and increase smallholder incomes by raising commodity production levels, lowering crop waste, strengthening local markets for commodities and allowing small businesses to diversify into value addition and thus increase income. Through leases of processing equipment, PEAK I will reach out to 17,500 smallholders who will serve an increased demand for raw materials. The project seeks to serve as a demonstration pilot to show that leasing arrangements, also for low cost equipment, can be structured efficiently and be commercially viable for financial institutions.

EFTA financed its first lease in 2004, and over the following five years it has invested a total of USD 465,000 across 75 investments in small businesses from their first branch in Moshi.

Partnership

Miscellaneous

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

Submitting Institution	***Africa Agriculture and Trade Investment Fund (AATIF)***
Location	***Africa***
Commodity	***Miscellaneous***
Total Cost	***USD 183,000,000 (current fund size)***
CFC Financing	***USD 2,000,000 (Equity – First Account)***
Co-financing	***Main other current investors are KfW and Deutsche Bank. The associated grant based Technical Assistance (TA) Facility is being financed by the German Ministry for Development Cooperation and Economic Development (BMZ)***

Project Description

AATIF, as an Impact Investing Fund, seeks to realise the potential of Africa's agricultural production, manufacturing, service provision and trade for the benefit of the poor. The Fund aims to provide additional employment and income to farmers, entrepreneurs and laborers alike. Increasing productivity, production, and local value addition by investing in efficient value chains and providing knowledge transfer are paramount. In this context, a dedicated effort will especially be made to support out-grower schemes.

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

So far AATIF has provided finance for four farming operations and for six credit lines for financial intermediaries and regional banks that want to enter the local market for agricultural SME lending. A first conducted impact assessment (supervised by the CFC as TA Facility Manager) indicates a strong impact through AATIF funding of a commercial farm in Zambia: within four years the farm was able to increase locally marketed food production from 4,000 MTs to 14,000 MTs. In the same period more than 100 additional farm jobs were created. In addition the AATIF TA Facility completely refurbished a nearby school and provided a school bus for safe transport from farm premises to the school. This is already been reflected in increased pupil attendances and better exam results. The details of action taken by AATIF can be made available upon request.

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

Submitting Institution	***Africa Agriculture SME Fund***
Location	***Africa***
Commodity	***Miscellaneous***
Total Cost	***USD 36,000,000 (fund size)***
CFC Financing	***USD 2,000,000 (equity), and USD 100,000 (as a grant)***
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 invested invest into the AAF-SME fund which 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. The AAF-SME fund 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.

AAF-SME is being 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 out-grower schemes.

The 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 8 different agricultural SME's across Sub Saharan Africa (SSA) that focus on different value chain segments from mixed farming operations to organic fertilizer production. Most investees have in the meantime overcome the difficult transition phase from an SME type business towards a transparent shareholder entity and have entered a growth phase. Compared to 2015, these companies jointly increased their annual production of foodstuffs from 30,000 MT to 62,000 MT. In addition, AAF-SME investments have led to the creation and stabilization of more than 600 jobs. In 2016, 2,200 smallholders supplied AAF-SME funded companies with raw materials. The details of action taken by AAF-SME can be made available upon request.

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

Submitting Institution	***EcoEnterprises Partners II L.P. (EcoE II)***
Location	***Latin America***
Commodity	***Miscellaneous***
Total Cost	***USD 35,250, 000 (fund size)***
CFC Financing	***USD 500,000 (equity), USD 25,000 (as a grant)***
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 invests in small companies with a proven business model at expansion stage which are active in the sustainable agriculture and forestry (products) sector in Latin America. 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 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. As of to date, a similar fund focusing on sustainable food and timber production with a clear commercial focus does not exist.

EcoE II investments will demonstrate that the sustainable use of natural resources can be 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

After CFC joined EcoE II in 2014, the fund has today fully invested its capital into 10 companies. These companies are engaged in eco/organic niche products such as tea, juices, baby food and dried fruit which commonly source raw materials from smallholder producers. All companies are showing substantial growth in sales of products that are produced in an environmentally and socially sustainable manner. To date, investments of the fund have led to the creation of 1,100 jobs and connected some 11,000 raw material suppliers (i.e. collectors, smallholder farmers, etc.) with the investee companies, who increase their income through delivering to a reliable off-taker. Positive environmental impact spreads over 2.7 million ha of land which, due to the investments made is being sustainably used or protected forest. The details of action taken by EcoE II can be made available upon request.

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

Submitting Institution	***Moringa Agroforestry Fund S.C.R.***
Location	***Latin America/Africa***
Commodity	***Miscellaneous***
Total Cost	***EUR 63,000,000 (fund size)***
CFC Financing	***USD 1,500,000 (equity), and USD 75,000 (as a grant)***
Co-financing	***Main other current investors are FMO, PROPARCO, the Spanish Government (AECID) and the Latin American Development Bank (CAF)***

Project Description

The CFC provides 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). At the same time Moringa investments are required to have a demonstrable positive impact on the environment and the livelihoods of local populations. while generating a clear positive impact on local populations and the environment. Moringa invests 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. Through its investments, Morgina 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.

Moringa investments will be complemented through a Technical Assistance (TA) Facility that provides grant funding for projects to strengthen the developmental aspects of individual investments. This TA Facility is managed by the CFC.

Current Status

The CFC joined Moringa in 2014. By end 2016 Moringa has made three investments (two in Latin America and one in Africa). The first investment into an existing coffee plantation in Nicaragua, that is developing an agroforestry based out grower scheme is starting to show social impact after two years of investment, with 800 new jobs created and the first out growers integrated. The other two recently made investments (an exporting West African cashew processing company and a Central America based citrus/coconut processor for the US market) also emphasize the expansion of their out grower network around a central processing plant by several thousand farmers. The details of action taken by Moringa can be made available upon request.

Withdrawn

Tea

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), and USD 45,000 (as a grant)***
Counterpart Contribution	***USD 1,671,429***

Project Description

CFC and China Yunnan Shuangjiang Mengku Tea Co.Ltd (YSMT) seek to set up a joint venture (JV) to conduct market promotion, production and training activities to develop organic black and Pu'er tea originating from Shuangjiang and neighbouring counties. The target markets are Beijing, Tianjin and Kunming where the organic tea market expands quickly due to the increasing awareness of its good impact on health and environment.

The project focusses on market promotion, production and training activities to expand production and consumption of organic black tea and Pu-er tea. Specific objectives are: (1) strengthening YSMT's marketing competitiveness, increasing its organic tea marketing share in the profitable tea market in China. It also puts emphasis on enhancing smallholders' capacity on organic tea productivity and quality enhancement by using environmentally friendly technologies and techniques, and producing organic tea by conversion of existing tea gardens. 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.

Current Status

As a result of protracted delays and difficulties encountered in operationalizing foreseen activities, the proponents of the project have decided to withdraw the proposal.

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***
Commodity	***Flowers***
Total Cost	***USD 3,430,000***
CFC Financing	***USD 1,000,000 (direct equity investment in a Chinese JVCincl. USD 500,000 financed by OFID), and USD 50,000 (as a grant)***
Counterpart Contribution	***USD 2,430,000***

Project Description

The project seeks to provide finance for a Chinese ornamental flower and tree company to invest in an expansion of their flower and tree production equipment and infrastructure, and flower trading facilities. In addition, funds will also be used for the development of a demonstration site and the 130 ha of land for flower and tree seedling production will be developed together with beneficiary smallholders. Based on a joint venture contract, the CFC will be entitled to part of the revenue of the operation. The investment will ultimately provide quality flower seedlings to 5,000 flower growers.

Current Status

This project is intended to be financed through a contractual joint venture agreement in the People's Republic of China. After project approval, several technical, operational and legal issues associated to CFC becoming a Joint Venture partner and transfer of foreign exchange could not be resolved to the satisfaction of both partners. As a consequence, the proponents of the project decided to withdraw the proposal.

Cashew

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

Submitting Institution	***ACFIME (Agence Communautaire pour le Financement de la MicroEnterprise)***
Location	***Burkina Faso***
Commodity	***Cashew***
Total Cost	***USD 800,000***
CFC Financing	***USD 400,000 (Financed by the OPEC Fund for International Development (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 8000 clients were women. ACFIME intends to expand by targeting 3000 cashew producers. Collaboration between producers, processing factories, traders and ACFIME will sustain the further development of the cashew value chain.

Current status

Due to unexpected developments witnessed in the cashew market, ACFIME requested CFC to put this loan on hold till May 2016 awaiting final recommendation of the Government. While waiving a commitment fee, certain conditions were to be fulfilled by mid-May 2016 to expedite implementation of the project. However, these conditions were not fulfilled by that time. It was explained by the proponents that due to market developments the business case has changed considerably, resulting in a considerable lower number of farmers that would benefit from the project. Consequently, CFC informed the applicant that the loan application was no longer applicable or valid under the current circumstances and that the applicant was encouraged to resubmit their proposal at the next Call for Proposals.

Shea Nut

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

Submitting Institution	***Star Shea Ltd.***
Location	***Ghana***
Commodity	***Shea Nut***
Total Cost	***USD 1,560,000***
CFC Financing	***USD 560,000 (Financed by the OPEC Fund for International Development (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

Financing for the project was approved under the DIB model and no suitable partner could be identified. The financial situation of Star Shea did not enable it to engage in its network expansion project as intended and the CFC resources commitment to the project were withdrawn.

Sisal

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 (of which USD 1 million is financed by OPEC Fund for International Development (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 to provide energy for the five sisal decortication factories of the borrower Katani Ltd. The expected surplus energy will be made available to around 6,000 households in 12 neighboring villages in the vicinity of the biogas plants, which currently rely on kerosene fired lamps and firewood and charcoal for cooking.

Current Status

Since two years after approval of the project no substantial progress towards implementation was achieved, hence the CFC commitment to the project were withdrawn.

Spices and Herbs

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 had foreseen the modernization and up scaling of GETCO LTD, a seed producer company established in Dhaka, Bangladesh, enhancing its R&D, processing and packaging facilities by setting up new infrastructure and purchasing modern equipment. The CFC project focussed on the optimization of a fully integrated business model for developing, testing, breeding, producing, preserving, packaging and marketing of high quality vegetable and rice seeds to be sold on the national market. The project as well intended to set up a Green House to adequately support seed variety development. The increased supply of quality seeds of higher yielding varieties would increase crop production, which in turn expected to improve the socio-economic condition of the farmers and contribute to national food security. The project was expected to have a duration of seven years, including a two year grace period.

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 of the same forwarded to the Central Bank of Bangladesh to confirm their authorization of the loan in USD currency and the repatriation of funds to the CFC as per the proposed approved Agreement. As no authorization relating to the Loan and the repatriation of funds to the CFC has been obtained from the Central Bank of Bangladesh by October 2016, two years after EB approval, the CFC's commitment to the project were withdrawn.

Potato

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***

Project Description

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.

Current Status

The company demonstrated disappointing financial results in 2015 and in 2016 its management team had been replaced. Upon consultation with the new management team it has become apparent that they were no longer interested in attracting CFC financing to pursue its retail sales project as originally envisaged. The project will not be able to implement as approved, and the CFC commitment to finance the project were withdrawn.

Tea

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***

Project Description

The project entails the construction of 85,000 square feet tea storage capacity located in Hendala Wattala. The new warehouse will replace two rented facilities that the borrower 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.

Improvement of the tea storage facility will improve 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 through reducing the tea cash cycle to three weeks. Moreover, by offering state-of-the-art warehousing services, the hygiene and safety of warehousing services will be significantly enhanced.

Current Status

During negotiations of terms and conditions for the CFC loan, no financing structure in line with CFC policies, could be commonly entered into. This project will not be able to implement as approved and the CFC commitment to finance the project were withdrawn.

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***

Project Description

The project seeks to establish a medium sized processing plant 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. Key product line will be dairy products, supplemented by dehydrated vegetables and edible oils, fruit juice and grains.

The proponent seeks to integrate 150 smallholder producers into its supply chain and convert their farming operations to organic farming practices. These farmers would receive support from extension officers and be able to become part of a high end value chain with better remuneration for their products.

Current Status

Since the project has not made any substantial progress since approval in 2015 due to protracted negotiations on the terms and conditions for the CFC loan, both, CFC and the proponent, agreed to formally withdraw the proposal.

Tropical Timber

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

Submitting Institution	***International Tropical Timber Organisation (ITTO)***
Project Executing Agency	***Economic Community of Central African States (ECCAS)***
Location	***Cameroon, Gabon and Central African Republic (LDC) with dissemination to the Democratic Republic of Congo (LDC) and the Republic of Congo***
Commodity	***tropical timber***
Total Cost	***USD 1,887,714***
CFC Financing	***USD 1,253,345 (Grant of which USD 600,000 is financed by OPEC Fund for International Development (OFID))***
Counterpart Contribution	***USD 634,369***

Project Description

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.).

Current Status

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 will be required to the project to proceed. Having considered the possible adjustments and their costs, it was felt that the project could not be implemented effectively.
As the result, the ITTO and CFC agreed to discontinue further support for the project.

VII

Summary of

Ongoing Regular Projects 2016

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 of whichUSD 1,000,000 financed by OPEC Fund for International Development (OFID))***
Counterpart Contribution	***USD 733,300***

The project aims 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, for production and assembly of pre-fabricated bamboo housing panels, by commercializing the technology developed through an INBAR project in China.

Project activities commenced in 2009 and are implemented by the International Centre for Bamboo and Rattan (ICBR) and supervised by the International Network for Bamboo and Rattan (INBAR). With a project dissemination workshop held in Beijing in April 2016, project activities have come to an end and the project is expected to close formally soon.

As the main project activity, bamboo species from both Nepal and Ethiopia have been sent to ICBR in China for conducting strength and durability tests by world leading experts in bamboo technology. At the same time an expert was hired to carry out a comprehensive study on bamboo house design, associated costs, and potential marketing channels.

In each country, a pilot processing facility for the production of bamboo panels was established. 80 technicians from Ethiopia and Nepal were trained in China to fully understand and take into effect the processing facility. Around 1,000 smallholder bamboo farmers were engaged in outgrower arrangements with bamboo processors, and 1,100 farmers received training in sustainable bamboo cultivation practises.

With the exchange and tests of bamboo species, blueprints for the appropriate design, and promising results of a market analysis for cost efficient bamboo housing, 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 USD 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 Government authorities. These show keen interest to use bamboo composite products in the reconstruction of housing response to a recent earthquake.

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 based on a market assessment which shows that poor communities which grow bamboo are in potentially strong competitive positions against other global producers. It will support Ecuadorian and Peruvian smallholders to produce bamboo efficiently and competitively in the market by training, field trials and agricultural development. It will also support the public sector at local and national levels to create an enabling environment for bamboo related businesses and farmers through exchange visits, training of officials, and through support to national and local policy development.

Project activities have been completed in the course of 2016 and the project is in the process of formal closure. Five pilot sites in Ecuador and three sites in Peru have been equipped with basic machinery, and in more than 160 workshops nearly 4,000 farmers and small business entrepreneurs were trained in bamboo cultivation, harvesting and processing. 4 platforms were created to promote links between private enterprises and producers. New business ventures are taking shape between member of the platforms, one of them being the Association Rio 7 and GEND Bamboo to export bamboo culms to United States of America. Training and communicational materials were produced and shared with bamboo stakeholder in both countries. A construction manual adapted for Peru and promoted by the Ministry of Housing. A manual for bamboo propagation, plantations and management adapted for Peru and promoted by regional governments of Lambayeque, Piura and Amazonas.

A partnership with the private sector was developed for designing of new bamboo products in each country, and four platforms were established to promote links between private sector processing companies and smallholder bamboo producers. Investment events have been organized and, based on the project experience, the project team has made policy recommendations to the local and central governments. In Ecuador a national bamboo brand has been developed in cooperation with the Ministry of Agriculture.

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, 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 aims at management and prevention of major pests and diseases witnessed at the prevailing cocoa diseases which have the potential to destroy the entire cocoa economy in West and Central Africa.

The five countries participating in this project (Cameroon, Côte d'Ivoire, Ghana, Nigeria and Togo) represent 98% of the African cocoa production about 2.8 million MTs out of a total world production of 4 million MTs. These countries face the continuous challenge to protect their crop against indigenous and exogenous pests and diseases, which constitutes 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 through indigenous cocoa pests and diseases by raising 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 was launched in April 2013 in Accra, Ghana and is currently operational in all the five targeted countries. 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 agreed to consider PY1 to be from January to December 2014. Though each country is at a different level of implementation of project activities, there are common approaches to implementation strategies. >>

A Mid-Term Review (MTR) of the project was held in Accra, Ghana in March 2016. A Regional Workshop was held in Abidjan in November 2016 to train 22 plant quarantine officers, extension agents and scientist from all 5 participating countries in Pest Risk Analysis (PRA) of exogenous pests.

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) was implemented. The number of Farmers trained on pests & diseases identification, orchard management (pruning, weeding) and demonstration of efficient pesticide application has been effective, confirming the strong project ownership of the final beneficiaries.

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	***USD125,580 (cash)***
	USD127,365 (in kind)
Co-financing	***USD52,647 (AFD)***
	USD34,797 (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 projects 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 practical objectives as shown below.

- The project 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 as another vulnerable group affected by price volatility.

- The project created an inventory 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 resumed strongly after earlier delays due to the Ebola outbreak. Based on the progress made, the final workshop of the project is scheduled to be held in Sierra Leone in 2017.

- Training programmes and local experts have been prepared in Sierra Leone and Togo with training programmes rolled out in all four participating countries.

The PEA supported national implementation partners and local experts in guiding producer organizations through cocoa price risk management options during the 2016 cocoa season. A post-season assessment will be held to assess the PRM strategies and tools adopted and their impact. A "Guide" to cocoa trading by smallholder cocoa farmers in unregulated markets, based on the survey findings that suggests how different actors in the cocoa sector can support smallholder farmers to mitigate the risks associated with price is under preparation. A handbook for POs is also under consideration drawing on the feedback from the roll-out of the training.

Coffee

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 (Loan Guarantee)***
Co-financing Loan Guarantee	***USD 4,421,780 (Rabobank, Banque populaire du Rwanda, Oromia Bank)***
Counterpart Contribution	***USD 351,250***

The project seeks to improve access for smallholder farmers and their cooperatives to commercial loans to purchase and install improved coffee processing equipment and to purchase and export the resulting high quality coffee produced. CABI coordinates grant based activities while Rabobank coordinates the loan operations and also provides co-financing. ILLY Cafe is also expected to provide co-financing to the project. The local participating banks (Cooperative Bank of Oromia and the Banque Populaire du Rwanda) benefit from capacity building in credit assessment and management. The CFC provided USD 2,000,000 as a collateral to support a risk sharing solution between local lending banks, Rabo Rural Fund and CFC.

The project addresses five components: (i) Access to commercial loans by smallholder coffee farmers, (ii) Scaling up and out improved coffee production and processing practices, (iii) Strengthening of primary cooperatives and Unions in order to make them bankable, (iv) Enhanced access to production and market information, and (v) Project coordination, supervision and monitoring.

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% between 2011/12 and 2013/14, with the exception of one cooperative (Turengerekawa) which has shown a decline of 10%.

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 limited, there has been a significant increase in access to finance through the Cooperative Unions in Ethiopia. 35% of the participating cooperatives accessed their finance through these Unions. In total 56% of the cooperatives gained access to finance through a commercial bank or a union. In Rwanda, the role of service providers in providing finance and access to markets remains dominant. These service providers play a risk mitigation role for the smallholder farmers but at an exorbitant cost to the smallholder farmer. The challenge for the Rwanda coffee farmers is how to make best use of these service providers, make the market activities transparent and lower the cost of their services.

The institutional environment in which the farmers are supported is managed to ensure that leaders of farmer cooperatives are able to share with other members and farmers what they have learnt to increase sustainability. In addition to this, the financial education provided increases in sophistication commensurate with the leaders' increasing responsibilities, instead of repeating the basic training at all levels of leadership.

The results of the project were shared and discussed with farmers and relevant stakeholders at a final workshop in November 2016. The end-of-project report will be available by mid-2017.

Photo: ©FAO/IFAD/WFP/Petterik Wiggers

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***

This 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). The project is to serve as a model for resettlement of persons displaced by war through providing a sustainable income base.

The activities of the project include: (i) Establishment of commercial coffee nurseries under private management, (ii) Farmer Field Schools facilitated by lead farmers that run through the annual coffee cycle of garden maintenance, cherry picking, post-harvest handling, washing, dry milling, marketing and export, (iii) Creation of micro washing station groups and establishment of micro washing stations (MWS) with 50 to 100 members, and (iv) Establishing commercial relationships between the cooperatives and international buyers, toasters and support agencies.

Improved planting material (high yield and disease resistant) was produced and disseminated through a network of local nurseries. Coffee extension services are provided (Office National du Café (ONC)) and Farmer Field Schools organized to support local coffee farmers in the adoption of good agricultural practice to increase productivity. The sustainability of the project is promoted by enhancing of the coffee sector in the DRC through a multi-stakeholder consultative process. Some details of the project can be seen on https://www.veco-ngo.org/en/project/coffee-kivu-and-ituri-congo.

A mid-term evaluation took place in 2016. Of the target outreach of 4,300 farmers, 3,530 were reached and empowered by offering them extension services and wet processing facilities under their own management. Decentralised small-scale coffee washing and grading is a new introduction in the area. Already 55 small washing stations are now operational in the area. Rejuvenation of coffee is promoted by production and sale of seedlings of disease-resistant coffee varieties. Farm coffee production increased, even at older trees. Higher prices contributed to doubling the income of the farmers: whereas they received 16 dollar cents per kg of home-dried coffee, farm-gate price of the project farmers reached around 30 cents on average. The cooperatives report that farmers' average income doubled in two years' time to reach 600 dollar. The remaining challenges of international marketing and working capital credit will be addressed in 2017, the final project year.

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 project has a direct link with the earlier funded CFC project on Commercial Standardization of Instrument Testing of Cotton (CFC/ICAC/33).

The project which started in 2012 has been implemented in Kenya and Mozambique, by the national regulatory bodies. With a fully functional classification system, ginners can negotiate for better prices of their cotton lint based on quality parameters. Granted that national governments are overseeing the cotton sector, ginners will be able to pay a higher price to farmers and both countries will realize better price for their produce.

Relative to their production capacities, Mozambique has set-up three classing facilities in the main cotton producing regions of Beira, Nampula and Montepuez; whereas Kenya laboratory is located in Nairobi, acting as a hub for the scattered ginneries. Construction of the four cotton classing facilities was realized ensuring the Ambient Air Management Systems (AAMS) is consistent to accepted standards of 21°C$\pm$1 and 65% rH$\pm$2. The database management system is fully installed with individual labs able to connect to administrator's work station in Maputo/Nairobi before results are published. Training was undertaken for 10 and 2 cotton classifiers from Mozambique and Kenya, respectively, plus 4 technicians responsible for managing the system at the central level. Ginning factories that are operational are assigned with a specific identification codes to match with software requirement. To overcome language barrier, the system's manual have been translated into Portuguese for easy understanding.

In the project it is expected that ginners and farmers alike will continue procuring the benefits brought by the existence of the facilities in their respective countries. Most of spinning mills in Kenya now have a requirement to testing of samples at the national classing facility before accepting bales at their mills.

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 seeks 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 inland communities in the five target countries (Bangladesh, India, Indonesia, Pakistan and Sri Lanka). Technical assistance facilitated market development and to ensured quality of freshwater fish products marketed.

The project was launched in 2011. In the meantime all activities have come to an end and the project is approaching formal operational completion in early 2017.

Implemented activities ranged from training for some 350 fisherman and technicians on issues such as innovative packaging and presentation of fish products to primary fish handling, value added fishery products production, training on quality and safety. Besides training also market exposure was facilitated through the organization and participation of trade promotion events, trade matching missions, investment promotion events were visited and organized. The project also provided guidance and assistance for many commercial enterprises in their efforts in product and market diversification, improving plant layout, selection of machinery and equipment, modification and upgrading etc. This triggered subsequent investment of two companies in Bangladesh and one company in India, in an upgrade of their facilities and to expand their production lines to include value-added products. The enhanced products quality, packaging and presentation introduced by the project proved beneficial in domestic markets and facilitated the exports to neighboring countries.

Project findings were disseminated through a series of seminars and workshops in Bangladesh and Indonesia.

Jute

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 overall objective of the project was to demonstrate the competitiveness of the kenaf sector and to prove that it can contribute substantially (possibly 50% or higher) to increased income from kenaf production for an estimated 150,000 producers of the fibre, many of whom are living below the poverty line. The specific objective of the project was to make a sustainable, operational link between on the one hand improved production and processing practices, and on the other hand the increased uptake of the fibre by the private industry. The project was designed to strengthen the capacity of the producers to meet the demands set by the fibre users/industry, in terms of quality of the material, at competitive cost and with an assured, reliable system of (high volume) supply.

The implementation of selected project activities commenced in 2009. The initial activities came off the ground relatively slowly, which was in part related to formal procedures governing production and exchange of vegetative materials. In addition, project management arrangements were not as effectively and efficiently set up as expected. This led to change in the project management structure. During 2011, after changes in the project management structures at the Project Executing Agency (PEA) level, improvements were noted but overall progress was still beyond what was expected.

For a way forward, firm work plans was agreed upon for the remaining project activities. A budget-neutral project extension was agreed upon by CFC on the strength of a complete work plan and budget running up to mid-2014. Unfortunately, no substantive improvements and progress could be achieved, and communication with the PEA remained slow, cumbersome and not very effective. Only by mid-2014, the PEA reported to CFC that it did not see positive possibilities to further continue project implementation. On the condition that UNIDO would undertake diligent consultations with the national counterparts, to ensure a counterpart-accepted joint assessment of the limited chances of project success, CFC confirmed that it would not object to a cessation of the project. In 2015, UNIDO communicated that they are following up with counterparts on the effective closure of the project. To have a complete assessment and finally closure of the project, CFC has requested for a final Project Completion Report, which is expected soon.

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 project was launched in December 2011 in Kingston, Jamaica, and it completed its life cycle in June 2016 following a six month cost-neutral extension. Activities have provided support to infrastructure and related services that have re-enforced pre-existing government owned facilities and so provided a basis for expanding domestic meat production from small stock in the future. The animal stock for breeding and multiplication has been completed in both countries. Nevertheless, the delays in the finalization of the breading stock caused delays in the implementation of the breading program and in the distribution of animals to farmers which were below the forcasted targets. Animal reproductive facilities were renovated with the purchase of new equipment and utilized to conduct training workshops in breeding and animal husbandry for local farmers and extension staff from across the Caribbean. High protein fodder production and demonstration facilities in both countries have been maintained and expanded at the project fields and a variety of high-protein plants (mulberry, moringa, mulato, trichantera and leucaena) were distributed to farmers.

In Jamaica, the improved breeding stock that had been distributed to six satellite groups started producing offspring which in June 2016 totaled 98 improved animals. The refurbishment of the training abattoir at Hounslow has been completed during the extension period. It was used to conduct Meat Science and Meat Fabrication trainings and a Food Safety Workshop.

In T&T, the delay in establishing the full breeding herd due to an outbreak of Scabby Mouth Virus (ORF) virus led to the late initiation of the breeding and distribution components. The animals infected by ORF disease have been replaced by pure breed tock animals previously imported by the Ministry of Agriculture. Three satellite farms have been established and they have distributed 130 animals (sheep and goats) to farmers for breeding & fattening. 107 farmers, extension officers, and scientists have received training in breeding, husbandry and meat processing. Farmers and butchers were also trained on value addition, slaughtering and meat fabrication and utilisation of by-products. Further updates on consolidated key performance indicators will be outlined in the the project completion report which is under preparation by CARDI.

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 is to 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 for palm oil, kernel oil and/or oil cake (i.e. Green Valley of Bakingili: 5tons/hr, GIC BAMSO of Sombo: 2 tons/hr, NCMS of Teze: 2 tons/hr, CEPOPU of Mkpot: 2 tons/hr) and Nigeria one site (Akwa Ibom: 2 tons/hr) for developing a small-to-medium scale oil palm processing unit. The project has been successful in construction and equipping of pilot centres and the valuable trainings conducted. For each of the project centers, the following number of farmers (members and non-members of the association), are delivering to the mills: Green Valley - 150 members, Sombo-472 members and non-members, Teze-247 members and Mkpot-100 members, Akwa Ibom-200 members.)
There has been considerable delay in the operationalization of the oil mills because of various technical and administrative reasons. However, by the end of 2016 all four oil mills in Cameroun are reported to be operational and working efficiently. The relevant Ministry put in place an Association of Palm Oil Equipment makers "Association des Constructeurs des Equipements de Transformation des Fruits de Palme (ACET-FP)" who have received several trainings in the design and manufacture of such equipment as the boiler, sterilizer, screw press and the digester using modern automated technology as Computer Aided Design/Computer Aided Manufacturing (CAD/CAM). They were also trained in preventive and regular equipment maintenance. 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. Preparations are ongoing for the shipment of the equipment for the oil mill in Nigeria. This oil mill is expected to be operational in 2017.

Project completion report is available with CFC and can be made available on request.

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.

Operational since November 2013, it is being implemented in four selected Mediterranean countries: Algeria, Egypt, Morocco and Tunisia. Its main objective is to increase the productivity and quality of the olive crop, operating under four project components: a) establishing a pilot nursery centre in each selected country; b) demonstrating modern methods for the production of certified quality olive plants; c) piloting production of 25,000 high quality olive plants per year and disseminating and promoting the use of local genetic material; d) training and technology dissemination in improved olive orchard management.

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 pilot nurseries will serve as a centre of excellence for the demonstration of modern propagation techniques and updated technologies in nursery plant production. Olive plants of selected local varieties complying with optimal phyto-sanitary standards and adapted to specific environments, climates and soil proprieties 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 project conducted a Mid Term Review (MTR) mission in Marrakech, Morocco in February 2016. Results indicated that the project is proceeding at a different speed in the 4 countries but at an overall satisfactory path, showing promising opportunities to achieve its objectives by completion in November 2017. Up to last quarter of 2016, the Tunisian nursery produced 49,900 olive plants of 13 cultivars and sold 32,400 to farmers. Up to 16 training sessions have been carried out for farmers, technicians and other. The Egyptian collaborating center (CC) has been able to propagate 48,200 plants of 5 different cultivars and sell 22,200 to farmers at production cost. It has organized 19 training sessions for farmers, technicians and other stakeholders. The Algerian CC, who experienced some delays in setting up the pilot nursery, was able to make a considerable progress in 2016. However, the number of plants produced was still low (21300 plants) but well diversified (33 cultivars). All the saleable olive plants were sold to public and private project partners. The Algerian CC carried out 19 trainings and 103 dissemination events. The Moroccan CC experienced a delay in setting up project facilities due to the delocalization of the research center to a new site. However, using the existing infrastructures and with the cooperation of private nurseries, the center produced 55,600 plants from 17 cultivars. 26,000 plants were distributed free of charge to nurseries and farmers. Detailed information and photos are available on the project website: www.olive-pilot-nurs.com.

Photo: ©FAO/Marco Longari

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 program. The program 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.

Activities commenced in 2010 and terminated in late 2016. Formal closure procedure is currently underway.

The project has met its objectives of providing higher yielding sugarcane varieties that can now replace the old poorly performing varieties that are still under cultivation by cane growers in the sub-region. 40 improved sugar cane varieties were imported from Brazil, Sudan, Mauritius and Swaziland and tested, while the most promising varieties were selected for formal national approval and multiplication of planting material. In Nigeria the breeding program has already led to the availability of approved new sugar cane plant stock which is being disseminated amongst smallholders. Eventually around 6,700 small cane farmers in different outgrower schemes will benefit from the distribution of the improved varieties, which is resilient and lead to higher yields. In Cote d'Ivoire, cuttings of improved sugar cane varieties will be made available to around 3,300 farmers.

Some of the salient features are:

Project benefits and lessons learnt – A number of benefits accrued as follows: Capacity development for regional cane Scientists and Technicians; Enlargement of cane gene pool for further R&D; Identification of important regional pests and disease situations e.g. stem borer, YLS, ScMV, etc.; Provision of new higher yielding cane varieties for growers in the sub-region.

Development lessons - National Cane Variety Importation Programme (Motivation to import 110 varieties in Nigeria, Booklet on newly imported varieties published); Regional Networking (Enhanced regional cooperation among cane scientists); Bilateral Cane Exchange Programme (Variety exchange programme between Nigeria & Cote d'Ivoire through which Nigeria hopes to acquire French varieties).

Operational Lessons - Lessons on scope and complexity of project activities like variety importation, quarantine, bulking valuable for future; Pre-selection screening of test varieties against common diseases needed to prevent inclusion of un-necessary entries; Need for more diligence in the selection of evaluations sites to prevent loss of valuable time and efforts on unsuitable sites; Schedule project staff training to coincide with commencement of field studies & optimal utilization of skills; Design innovative means of compelling CIs on payment of counterpart fund and timely rendering of SOEs will ease project funding and drawdown).

The project largely met its objectives of providing higher yielding sugarcane varieties that will replace the old poorly performing varieties that are currently under cultivation by cane growers in the sub-region. Overall all imported 40 test varieties have helped to enlarge the genetic pool and breeding germplasm available in the participating countries. The project has enhanced the technical capacities of the collaborating scientists and technicians in sugarcane evaluation and selection as well as their capacity for effective dissemination of new technologies. The will form the foundation to ensure the subsequent release of further improved sugar cane varieties and the realization of more cane and sugar tonnage per hectare in the future, which will in turn lead to enhanced incomes for smallholder farmers.

Photos: ©FAO/Giulio Napolitano

VIII

Regular Projects

Approved, but not yet operational

Loans

Zinc

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***

Project Description

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.

Current status

Following project investment, KAKPL is expected to compete in national and international B2B markets in the builder's hardware and sanitary ware, with higher product quality and production capacity, a wider product range and strengthened direct sale channels. The established modern die-casting plant will also be 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 assessment of the project has been successfully concluded the due diligence process in the second half of 2016 following an on-site due diligence of the existing factory in Delhi, India. The proponents have indicated that they will take up manufacturing of components at new premises located in industrial areas out of Delhi. The Reserve Bank of India (RBI) is considering approval of the declared financial terms of the CFC loan specified by the proponents. KAKPL was requested by the CFC to investigate the opportunity for the Government of India to serve as an intermediary for taking up the loan for the project as a "Government Loan" at terms and conditions to be prescribed by the Government.

Hides and Skins

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 (of which USD 200,000 is financed by OPEC Fund for International Development (OFID))***

Project Description

The purpose of the project is to establish an production facility for leather gloves, 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. Gloves produced in the factory would be dressing gloves, sport gloves, military gloves and industrial gloves.

Current status

The CFC conducted a site visit to assess the current prevailing situation on the ground and discuss future plans including marketing prospects. The construction work has started at the intended site. It is expected that after about one year of operation of the glove factory 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.

Administrative and legal procedures to operationalize the loan of the project is underway. It was expected that syndicate banking with the Development Bank of Ethiopia (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 National Bank of Ethiopia approval of the CFC loan has been obtained. Consultations are ongoing with the Ethiopian Development Bank and the proponent regarding the security arrangements for the CFC loan. On finalisation of all financial and legal issues, the implementation of the glove factory is expected 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	***USD 1,500,000 (loan)***
Counterpart Contribution	***USD 1,500,000***

Project Description

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 interventions in form of a loan from CFC, the project will focus 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.

Current Status

For this project all relevant supporting documents have been prepared. The main expected development impact of the project would be achieved from job creation, i.e. an expected 6,500 new jobs over the 7 year lifespan of the project, resulting from a stronger and more value adding leather value chain. In addition, the planned upstream capacity building activities would lead to a large number of women and youth to be linked to the value chain. The Government of Zimbabwe is committed to provide a security for this financial intervention. The modalities for finalization of government guarantee are under consideration.

Cashew

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

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

Project Description

Tolaro Global, a cashew company in Northern 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.

Current situation

For this project all relevant supporting documents including a draft Non-Binding Term Sheet has been discussed with the applicant. 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.

As one of the initial co-financiers has withdrawn from the proposed project in Benin, the outcome of the approval process by another main co-financier is awaited. By the end of 2016, an equity investor has already invested in the cashew factory. Based on this new development, updated financial projections have been prepared by the proponent. Implementation of the project is expected to be completed soon in 2017.

Photo: Asif Akbar/freeimages.com

Artemisinin

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 (of which USD 1,000,000 is financed by OPEC Fund for International Development (OFID))***
Co-financing	***USD 1,953,000***

Project Description
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 including 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.

Current situation
With a loan of USD 1,490,000 from CFC, 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 million per annum. This amount has been calculated based on the Bionexx production reaching an annual 31 ton of Artemisinin, corresponding to an annual production of 61 Million ACT treatments.

The CFC has entered into the Loan Agreement with Bionexx in December 2016. The disbursement of CFC support is expected in the first half of 2017.

Photo: ©FAO/Giulio Napolitano

IX
Regular Projects
Completed in 2016

Rubber (Natural)

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. 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 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 meeting the requirements of processors.

The project has successfully completed a series of 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 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 a clear evidence of farmers' adoption of technologies and systems observed in Asia.

To enhance and expand availability of an international clone exchange program was conducted. Under this program, African rubber growing countries, which do not have national breeding programs, are expected to benefit from the exchange of up to 40 improved rubber clones from Asia with the result of enhancing the productivity their rubber plantation. Such activities reached their completion in November 2014.

The final review meeting held in Accra, Ghana, in February 2015, 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 were trained in nursery and propagation management, pest & diseases control, budding techniques, and rubber intercropping. The final report was received in early 2016 and can be made available upon request.

Photo: ©FAO/Giulio Napolitano

Rubber (Natural)

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: (i) planting of good quality planting materials of high yielding clones; reduction of immaturity period; (ii) successful integration of high value arable crops with rubber thus providing sustainable income for the smallholder during the immature phase; and (iii) 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 completion following a budget neutral 12 month extension. It was implemented by the Rubber Research Institute of Nigeria (RRIN) in collaboration with the ICRAF in five rubber growing states of Nigeria (Akwa Ibom, Delta, Edo, Kaduna and Ogun). Some key project outcomes include:

- 2,038 smallholder farmers across 5 targeted states 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 have been established and utilized 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 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 increase income during the mature and immature phases of rubber);
- One week study tour was conducted to India in January 2014 for 5 farmers and 4 government officials (RRIN, Federal Ministries of Trade and Investment and Agriculture and Rural Development) to expose participants to relevant new practices.
- 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 159ha 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

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) (of which USD 921,515 is financed by OPEC Fund for International Development (OFID))***
Co-financing	***USD 151,600***

The aim of the project was to strengthen the knowledge-base of tea small-holder farmers and rejuvenate tea stocks of 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 aimed 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 was implemented by the Indonesia Tea Board (ITB) and the FAO Intergovernmental Group on Tea was acting as the Supervisory Body. The project was launched in February 2010 and completed in June 2015. During implementation of the project it was noticed that the project has a significant possibility to raise tea leaf productivity and quality as well as improving price paid with best effort on empowering of small holders with good connection with market and right pricing structures from processing factories who purchase tea leaf.

The implementation of entire project benefitted the participants to increase productivity, quality, income and change the farmers mind set and attitude to be self-supporting, independent and having business oriented view. As a result of project implementation a total of 1,500 smallholder tea farmers in Indonesia and Bangladesh were trained on technical aspects sustainable tea growing in an environmentally friendly manner. At the same time around 1,550 ha of tea plantations of these farmers were rejuvenated. This led to an overall leaf yield increase between 13% (in some areas in Bangladesh) to almost 79% (in Indonesia). Tea leaf quality witnessed improvement and farmers were able to increase their daily income from an average of USD 2.3 to USD 4.8 per day (in Indonesia). The outcome of the project can be made available upon request.

Coffee

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) (of which USD 1 million financed by OPEC Fund for International Development (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 was 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. As a result, a multiple certification approach was 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 exposes the participants to various market options. In addition, existing new and emerging coffee sustainability initiatives has improved market efficiency, raise value addition in production and processing and ensure improved coordination between coffee producers and final coffee market.

The implementation of project activities was successful. The overall outcome is that the project has significant impact on farmers i.e. the target of 6,030 beneficiaries was exceeded over the period that the project was implemented - more than 48,993 farmers have been impact by the project interventions in the region. Furthermore, capacity building and training activities, of these beneficiaries, with respectto the project components were exceeded excluding certifiers / verifiers, and trainers. The up-scaling of the impacts spread the benefits to the remaining coffee producers in the region. The project was concluded 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 project has closed.

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 is to be achieved through improving quality and productivity as well as organizational and management capabilities.

In addition to grant financing for capacity building 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 have been made available to small holder coffee farmers through collaboration with Banco Rural (Rural Bank) of Guatemala. However, positive developments within the countries enabled provision of local loans as required and as a result both countries did not effectively purse the loan facility offered by the project.

The identification of Cooperatives and Producer Organizations/Federations in Guatemala and Jamaica was completed and activities related to institutional strengthening started in both countries utilizing the proceeds of the CFC grant.

Some of the impacts of the project are as 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 using demonstration plots;
- In Jamaica, a special workshop was given addressing quality control; and
- Wet mills were rehabilitated;

The project was operationally and financially completed. 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.

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

Submitting Institution	***HIVOS, The Netherlands***
Location	***Kenya, Tanzania, Uganda***
Commodity	***Coffee***
Total Cost	***USD 20,820,000***
CFC Financing	***USD 1,500,000 (Loan of whichUSD 1,000,000 financed by OPEC Fund for International Development (OFID) and USD 500,000 by the Dutch Trust Fund)***

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. The different partners involved in this project (coffee traders, farmer organisation and knowledge institutions) formalised their collaboration and contributions to the project in a Memorandum of Understanding (MoU) within the 4S@scale collaboration. The Ministry of Foreign Affairs, The Netherlands will contribute with a grant of USD 7,100,000.

Key proposed 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 targeted training and support to women and youth.

Current Status

The CFC financial intervention was planned to be used 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 did not fully meet the expected outcome and was behind schedule because of the changes in the government policy and prevailing business environment. On request of the project initiator, the second disbursement of the loan was retracted and the full repayment was made of the outstanding loan and interest amounts in April 2016. Keeping in view the changed policy, the CFC project was closed.

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) (of which USD 500,000 from the OPEC Fund for International Development - OFID)***
Counterpart Contributions	***USD 1,661,667***
Co-financing	***USD 1,383,000***

Main goal of the project was 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 with the off-taker 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 were sought to 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 built 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 sought 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.

The main goals were fully achieved include: Capacitating smallholder farmers to cultivate sorghum and at the same time linking them with the local brewery industry as an off-taker. In 2015 some 50,000 farmers (that is 100% above the initial project target) cultivated sorghum as a cash crop with yields that increased from below 1 t/ha to an average of 1.7 t/ha. This directly resulted in higher household incomes and improved livelihoods for participating farmers, but also triggered other economic benefits along the complete value chain, e.g. for input supply, aggregators and farm service providers, etc.. The project triggered some favorable amendments of the Kenyan legislative framework for processing of local ingredients into food products and EABL, the main off taker for the sorghum, now brews a beverage that is exclusively produced with local ingredients and thus enjoys a considerable tax benefit. This enables the brewery to market the brand "Senator" in the lower price segment, which deters a vulnerable segment of the population from consuming "home brews and distills" which lead to health problems and cause casualties. The complete report of the project can be made available upon request.

Photo: CFC

X
28th Meeting of the **Governing Council**

The 28th Annual Meeting of the Governing Council was opened by Mr. Aly Touré, Chairperson of the Governing Council and Alternate Governor of Common Fund for Commodities (CFC) for Côte d'Ivoire. Mr. Parvindar Singh, Managing Director of the CFC, delivered a statement on the activities of the Common Fund during 2016.

The Governing Council

The Agenda of the meeting was adopted. As is the custom for the Annual Meeting, twelve national delegations delivered national statements, including Sweden which delivered a statement on behalf of the OECD group.

The Common Fund for Commodities continues to aim to support constructive and reachable solutions to the problems of dependence on commodities, decline in international commodity prices and persistent volatility. Acting within its mandate in the international development community, alongside with direct project financing the Common Fund supported international coordination by sharing its experience. The CFC emphasized practical approaches driven by commodity sector development in discussions with participants of the High-level Midterm Review of the implementation of the Istanbul Programme of Action (IPoA); the fourteenth session of the United Nations Conference on Trade and Development (UNCTAD 14); FAO Committee on Commodity Problems (CCP); the High-Level Seminar on "Accelerating Sustainable Energy for All in Landlocked Developing Countries through Innovative Partnerships"; and the High-level meeting on Sustainable Energy.

The Governing Council considered the "Extension of the date of Entry into Force of the Amendments to the Agreement Establishing the Common Fund for Commodities" and decided to extend the date of entry into force of the amendments to the

Agreement to 10 January 2018 with the possibility of a further extension to be granted by the Council at its Twenty-Ninth 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 2018. The Governing Council took note of the report on the Fund's activities under the First Account Net Earnings Programme and under the Second Account during the year 2016. The Governing Council approved the Administrative Budget for 2017 and the 2015 Audited Financial Statements.

The Governing Council considered the report by the Executive Board about the demanding and complex challenges currently posed for the investments made by the CFC particularly due to the difficult and intractable global investment climate. To adapt the CFC to these new challenges, the Executive Board will continue deliberations in the Working Committee on the Investment Policy of the CFC. The Governing Council approved the Amendments to the Financial Regulations and Rules of the Common Fund for Commodities as recommended by the Executive Board.

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

The Governing Council, by consensus, re-elected Mr. Aly Touré of Côte d'Ivoire, as Chairperson for the period up to and including the Twenty-Ninth Annual Meeting of the Governing Council. The Chairperson and Vice-Chairpersons of the Governing Council for the year 2017 are as follows:

Chairperson for 2017

Mr. Aly Touré (Côte d'Ivoire)

Vice-Chairpersons for 2017

African Region Group:
H.E. Ms. Jacqueline Marie Zaba-Nikiema (Burkina Faso)
Asian and Pacific Region Group:
H.E. Mr. Sheikh Mohammed Belal (Bangladesh)
Latin American and Caribbean Region Group:
Mr. Alejandro Mitri (Argentina)
OECD Group: Ms. Anna Tofftén (Sweden)
China: Mr. Guosheng Zhang
Russian Federation: To be communicated

Photo: CFC

XI

Financial Reports

Balance Sheet - First Account, as of 31 December 2016 (expressed in USD & SDR)

	2016 USD	2015 USD	2016 SDR	2015 SDR
ASSETS				
Cash and Cash equivalents				
Cash in Bank	15,416,300	22,600,500	11,467,600	16,309,500
Time Deposits	1,562,300	1,334,100	1,162,100	962,700
	16,978,600	**23,934,600**	**12,629,700**	**17,272,200**
Investments				
Debt Securities	62,981,900	62,878,700	46,850,000	45,375,900
Participations in Investment Funds	6,037,300	2,347,100	4,490,900	1,693,800
	69,019,200	**65,225,800**	**51,340,900**	**47,069,700**
Promissory Notes	**31,788,100**	**34,142,800**	**23,646,100**	**24,638,900**
Amounts Receivable From Members				
Amounts Receivable From Members	11,080,400	11,440,000	8,242,300	8,255,600
Provision For Overdue Members Capital Subscription	-10,265,500	-10,598,300	-7,636,100	-7,648,200
	814,900	**841,700**	**606,200**	**607,400**
Prepayments	**289,800**	**46,400**	**215,600**	**33,500**
Loan Receivable	**0**	**174,200**	**0**	**125,700**
Other Receivables				
Accrued Income on Investments	524,400	723,000	390,100	521,700
Recoverable Taxes on Goods & Services	200,000	23,000	148,800	16,600
Other receivables	1,900	88,900	1,400	64,200
	726,300	**834,900**	**540,300**	**602,500**
Total Assets	**119,616,900**	**125,200,400**	**88,978,800**	**90,349,900**
LIABILITIES AND EQUITY				
Liabilities				
Accrued Liabilities	846,700	772,100	629,700	557,200
Payable to EU/EC	1,600	1,600	1,200	1,200
Turkey settlement	156,600	156,600	116,500	113,000
Luxembourg settlement	647,400	647,400	481,600	467,200
Austria settlement	0	1,737,700	0	1,254,100
	1,652,300	**3,315,400**	**1,229,000**	**2,392,700**
Capital Subscriptions & Accumulated Surplus				
Paid-in-Shares of Directly Contributed Capital	100,909,700	102,453,900	75,063,200	73,934,900
Net Earnings Programme	18,313,500	18,692,100	13,622,800	13,489,000
Accumulated Surplus	-1,258,600	739,000	-936,200	533,300
	117,964,600	**121,885,000**	**87,749,800**	**87,957,200**
Total Equity and Liabilities	**119,616,900**	**125,200,400**	**88,978,800**	**90,349,900**

Balance Sheet - Second Account, as of 31 December 2016 (expressed in USD & SDR)

	2016 USD	2015 USD	2016 SDR	2015 SDR
ASSETS				
Cash and Cash equivalents				
Cash in bank	17,679,700	26,366,500	13,151,300	19,027,200
Time Deposits	4,000,000	0	2,975,500	0
	21,679,700	**26,366,500**	**16,126,800**	**19,027,200**
Investments				
Debt Securities	58,076,400	52,959,600	43,201,000	38,217,800
	58,076,400	**52,959,600**	**43,201,000**	**38,217,800**
Promissory Notes	**5,099,600**	**5,267,000**	**3,793,400**	**3,800,900**
Amounts Receivable From Members				
Amounts Receivable From Members	326,200	336,900	242,600	243,100
Provision For Overdue Members Capital Subscription	-326,200	-336,900	-242,600	-243,100
	0	**0**	**0**	**0**
Loans				
Loan Receivable	4,161,200	4,811,900	3,095,400	3,472,500
Provision for Overdue Loan	-1,177,200	-677,200	-875,700	-488,700
	2,984,000	**4,134,700**	**2,219,700**	**2,983,800**
Other Receivables				
Accrued Income on Investments	848,300	1,009,900	631,000	728,800
Receivable from Dutch Trust Fund	230,000	0	171,100	0
Other Receivables	1,300	0	1,000	0
	1,079,600	**1,009,900**	**803,100**	**728,800**
Total Assets	**88,919,300**	**89,737,700**	**66,144,000**	**64,758,500**
LIABILITIES AND EQUITY				
Liabilities				
Turkey Settlement	234,900	234,900	174,700	169,500
Belgium Settlement	332,100	343,000	247,000	247,500
Luxembourg Settlement	74,900	75,600	55,700	54,600
Payable to Dutch Ministry	2,233,000	2,233,000	1,661,100	1,611,400
Payable to EU/EC	136,300	142,200	101,400	102,600
Other Payables	0	89,000	0	64,200
	3,011,200	**3,117,700**	**2,239,900**	**2,249,800**
Capital Subscriptions and Accumulated Surplus				
Paid-in-Shares of Directly Contributed Capital	24,495,800	24,662,600	18,221,600	17,797,600
Accumulated Surplus	61,412,300	61,957,400	45,682,500	44,711,100
	85,908,100	**86,620,000**	**63,904,100**	**62,508,700**
Total Equity and Liabilities	**88,919,300**	**89,737,700**	**66,144,000**	**64,758,500**

Income Statement for the period 1 January to 31 December 2016 – First Account (expressed in USD & SDR)

	2016 USD	2015 USD	2016 SDR	2015 SDR
Income				
Net Income from Investments	2,402,700	2,931,200	1,729,000	2,094,900
Other Income	87,800	304,000	63,200	217,300
Unrealized (loss)/gain on participations in investment funds	1,210,600	108,300	871,100	77,400
Realized Exchange (loss)/gain on Operations	35,300	-10,900	25,400	-7,800
Unrealized Exchange (loss)/gain on translation of Balance Sheet items	-2,764,600	-4,851,200	-1,989,400	-3,467,100
Total Income	**971,800**	**-1,518,600**	**699,300**	**-1,085,300**
Expenses				
Staff Salaries & Benefits	2,443,200	2,113,200	1,758,100	1,510,300
Operational Expenses	348,500	343,600	250,800	245,600
Meeting Costs	182,400	179,900	131,300	128,600
Premises Costs	284,700	276,800	204,900	197,800
Project Preparation Facility	0	0	0	0
Information Dissemination	0	0	0	0
Contingency/Extra ordinary items	0	0	0	0
Total Expenses	**3,258,800**	**2,913,500**	**2,345,100**	**2,082,300**
NETT (LOSS)/PROFIT	**-2,287,000**	**-4,432,100**	**-1,645,800**	**-3,167,600**
Statement of Comprehensive Income				
(Loss)/Profit for the year	-2,287,000	-4,432,100	-1,645,800	-3,167,600
Items that will not be reclassified to profit and loss	-1,543,400	-3,495,400	-1,110,600	-2,522,500
Items that will be reclassified to profit and loss	-90,000	-15,600	-64,800	-11,300
Total comprehensive income for the year	**-3,920,400**	**-7,943,100**	**-2,821,100**	**-5,701,400**

Income Statement for the period 1 January to 31 December 2016 - Second Account (expressed in USD & SDR)

	2016 USD	2015 USD	2016 SDR	2015 SDR
Income				
Net Income from Investments	2,095,000	2,361,900	1,507,500	1,688,100
Income from Loans	123,500	97,300	88,900	69,500
Voluntary Contribution in cash	0	1,862,300	0	1,331,000
Contribution DTF I	230,000	1,585,000	165,500	1,132,800
Realized Exchange (loss)/gain on Operations	81,000	-100	58,300	-100
Unrealized Exchange (loss)/gain on translation of Balance Sheet items	-231,200	-779,900	-166,400	-557,400
Total Income	**2,298,300**	**5,126,500**	**1,653,800**	**3,663,900**
Expenses				
Project Payments	2,343,400	1,029,100	1,686,300	735,500
Provision for overdue loans	500,000	0	359,800	0
Total Expenses	**2,843,400**	**1,029,100**	**2,046,100**	**735,500**
NETT (LOSS)/PROFIT	**-545,100**	**4,097,400**	**-392,300**	**2,928,400**
Statement of Comprehensive Income				
(Loss)/Profit for the year	-545,100	4,097,400	-392,300	2,928,400
Items that will not be reclassified to profit and loss	-166,800	-1,281,400	-120,000	-915,800
Items that will be reclassified to profit and loss	0	0	0	0
Total comprehensive income for the year	**-711,900**	**2,816,000**	**-512,300**	**2,012,600**

Directly Contributed Capital, as at 31 December 2016 (USD)

	First Account			Second Account		
	Outstanding Constibutions*	Payments		Outstanding Constributions*	Payments	
		Cash	Promissory Notes		Cash	Promissory Notes
Afghanistan	0	399,412	346,003	0	0	0
Algeria	0	862,744	0	0	0	0
Angola	0	61,786	0	0	339,823	385,546
Argentina	0	0	355,862	0	635,460	41,580
Bangladesh	133,788	95,062	0	0	308,154	329,527
Benin	4,613	344,491	329,527	0	0	0
Bhutan	0	3,424	3,295	0	338,969	326,231
Botswana	4,613	344,491	329,527	0	0	0
Brazil	0	1,692,815	0	0	701,208	0
Bulgaria	701,252	284,202	0	0	0	0
Burkina Faso	4,613	344,491	329,527	0	0	0
Burundi	0	34,239	32,953	0	308,154	296,574
Cameroon	0	990,853	0	0	0	0
Cape Verde	0	342,393	329,527	0	0	0
Central African Republic	9,226	346,588	329,527	0	0	0
Chad	13,840	364,254	329,527	0	0	0
China	0	3,807,113	3,661,040	0	0	0
Colombia	0	1,060,568	0	0	0	0
Comoros	0	342,393	329,527	0	0	0
Congo	1,047,699	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	42	1,273,830	0	0	0	0
Cuba	0	291,399	280,137	0	393,960	278,497
Denmark	0	599,933	376,978	0	718,430	0
Djibouti	0	388,206	329,527	0	0	0
Ecuador	0	126,968	0	0	699,028	0
Egypt	0	616,445	484,404	0	0	0
Equatorial Guinea	0	734,443	0	0	0	0
Ethiopia	36,907	187,975	164,763	0	171,197	164,763
Finland	0	586,004	563,490	0	154,611	24,362
Gabon	287,703	455,118	0	0	0	0
Gambia	9,227	346,588	329,527	0	0	0
Germany	0	5,954,753	5,667,858	0	657,485	91,886
Ghana	0	1,085,935	0	0	0	0
Greece	0	347,901	329,527	0	0	0
Guatemala	0	423,346	0	0	408,621	0
Guinea	23,067	13,911	3,295	0	338,969	326,231
Guinea-Bissau	0	342,393	329,527	0	0	0
Haiti	13,840	348,685	329,527	0	0	0
Honduras	36,248	37,758	0	326,231	339,823	0
India	0	370,828	352,593	0	560,088	85,534
Indonesia	0	449,328	108,744	0	579,573	126,794
Iraq	1	878,501	0	0	0	0
Ireland	0	3,455	3,295	0	615,094	98,209
Italy	0	2,558,455	2,458,268	0	612,520	108,231
Jamaica	0	48,056	46,134	0	612,816	118,438
Kenya	0	906,469	0	0	0	0
Dem, People's Republic of Korea	685,415	0	0	0	0	0
Republic of Korea	0	517,919	497,585	0	0	0
Kuwait	0	941,579	0	0	0	0
Lao People's Dem, Republic	0	387,130	332,822	0	0	0
Lesotho	0	342,393	329,527	0	0	0
Madagascar	0	48,209	0	0	703,374	0

Directly Contributed Capital, as at 31 December 2016 (USD)

	First Account			Second Account		
	Outstanding Constibutions*	Payments		Outstanding Constributions*	Payments	
		Cash	Promissory Notes		Cash	Promissory Notes
Malawi	13,840	348,685	0	0	0	329,527
Malaysia	0	832,788	817,226	0	0	0
Maldives	0	34,239	0	0	308,154	329,527
Mali	13,840	40,531	32,953	0	308,154	296,574
Mauritania	36,907	395,774	329,527	0	0	0
Mexico	0	170,697	0	0	770,650	142,132
Morocco	0	471,279	3,295	0	375,021	121,658
Mozambique	0	439,549	310,777	0	0	0
Myanmar	18,453	342,665	332,163	0	0	0
Nepal	4,613	310,251	296,574	0	34,239	32,953
Netherlands	0	752,209	1,416,964	0	730,118	0
Nicaragua	0	98,166	0	0	653,459	0
Niger	4,613	344,491	0	0	0	329,527
Nigeria	0	124,171	115,334	0	624,220	88,938
Norway	0	347,901	339,412	0	608,489	93,337
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	97,095
Russian Federation	6,145,671	6,368,048	0	0	0	0
Rwanda	13,840	348,685	329,527	0	0	0
Samoa	0	342,393	329,527	0	0	0
Sao Tome and Principe	0	734,443	0	0	0	0
Saudi Arabia	0	360,373	346,003	0	0	0
Senegal	0	959,157	0	0	0	0
Sierra Leone	13,840	348,685	329,527	0	0	0
Singapore	0	227,143	220,783	0	411,896	58,337
Somalia	334,140	344,491	0	0	0	0
Spain	0	2,547,890	0	0	619,883	0
Sri Lanka	0	422,309	408,613	0	0	0
Sudan	110,721	290,011	230,669	0	102,718	98,858
Swaziland	0	94,101	342,706	0	262,885	0
Sweden	0	874,180	869,950	0	640,618	94,168
Syrian Arab Republic	0	916,910	0	0	0	0
United Republic of Tanzania	59,974	198,462	164,763	0	171,197	164,763
Thailand	0	485,578	451,451	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	83,041	380,145	329,527	0	0	0
United Arab Emirates	1,027,355	0	0	0	0	0
United Kingdom	0	3,166,031	2,758,431	0	664,193	0
Venezuela	0	878,775	0	0	0	0
Yemen	9,227	688,981	659,053	0	0	0
Zambia	178,300	912,100	0	0	0	0
Zimbabwe	0	725,106	0	0	0	0
TOTAL	**11,080,472**	**68,306,642**	**31,788,121**	**326,232**	**19,415,954**	**5,079,797**

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

Voluntary Contributions, as at 31 December 2016 (USD)

	Pledge (3rd 5YAP)		Payments Cash up to 31 Dec. 2015	Payments Cash 2016	Payments Total	
Country	Currency	USD (1)	USD	USD	USD	SDR
Austria	USD	2,000,000	2,000,000	0	2,000,000	1,487,730
Belgium (3)	EUR	3,000,000	3,235,542	0	3,235,542	2,406,807
Cameroon	USD	0	7,994	0	7,994	5,946
China	USD	2,000,000	2,000,000	0	2,000,000	1,487,730
Denmark	DKR	2,098,460	794,987	0	794,987	591,363
Ecuador	USD	0	45,311	0	45,311	33,706
Finland	USD	2,000,000	2,011,089	0	2,011,089	1,495,979
France (3)	USD	15,000,000	2,385,648	0	2,385,648	1,774,600
Germany	USD	22,549,790	22,549,790	0	22,549,790	16,773,999
India	USD	5,000,000	5,000,000	0	5,000,000	3,719,325
Indonesia	USD	1,000,000	1,000,201	0	1,000,201	744,014
Ireland	USD	250,000	250,000	0	250,000	185,966
Italy	USD	15,000,000	14,999,999	0	14,999,999	11,157,974
Japan (3)	USD	27,000,000	32,231,940	0	32,231,940	23,976,212
Luxembourg (3)	USD	150,000	149,989	0	149,989	111,572
Madagascar	USD	8,643	8,616	0	8,616	6,409
Malaysia	USD	1,000,000	999,922	0	999,922	743,807
Netherlands	USD	17,000,000	19,560,207	0	19,560,207	14,550,153
Nigeria	USD	150,000	150,000	0	150,000	111,580
Norway	USD	22,490,000	22,446,462	0	22,446,462	16,697,137
OPEC Fund	USD	45,400,000	28,250,000	0	28,250,000	21,014,186
Papua New Guinea	USD	0	70,055	0	70,055	52,111
Republic of Korea	USD	300,000	300,000	0	300,000	223,159
Singapore	USD	250,000	250,000	0	250,000	185,966
Sweden	USD	2,345,996	2,345,996	0	2,345,996	1,745,105
Switzerland (3)	USD	6,000,000	3,000,000	0	3,000,000	2,231,595
Thailand	USD	1,000,000	1,000,000	0	1,000,000	743,865
United Kingdom (2)	STG	5,252,923	7,399,909	0	7,399,909	5,504,533
		198,245,812	174,443,658	0	174,443,658	129,762,529

(1) Amounts pledges have been converted to USD equivalent using the IMF rates of 31/12/16

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

(3) Not a member of CFC

2016 Administrative Budget, Summary

Item	Approved Administrative Budget 2016	
	USD	EUR
Staff Costs	2,480,800	2,255,200
Operational Costs	686,000	623,600
Meeting Costs	238,600	216,700
Contingency	11,000	10,000
TOTAL	3,416,400	3,105,500

To: the Governing Council of the Common Fund for Commodities

Grant Thornton
Accountants en Adviseurs B.V.
Laan der Continenten 160
P.O. Box 2259
2400 CG Alphen aan den Rijn
The Netherlands

T 088 - 676 90 00
F 088 - 676 90 10
www.gt.nl

REPORT OF THE INDEPENDENT AUDITOR ON THE ABBREVIATED FINANCIAL REPORTS

Our opinion

The summary financial statements 2016 (hereafter: 'the abbreviated financial reports') of the First Account and Second Account of the Common Fund for Commodities, based in Amsterdam, is derived from the audited financial statements 2016 of the First Account and Second Account of the Common Fund for Commodities.

In our opinion the abbreviated financial reports are consistent, in all material respects, with the audited financial statements 2016 of the First Account and Second Account of the Common Fund for Commodities.

Abbreviated financial reports

The abbreviated financial reports do not contain all the disclosures required by the International Financial Reporting Standards. Reading the abbreviated financial reports and our report thereon, therefore, is not a substitute for reading the audited financial statements of the First Account and Second Account of the Common Fund for Commodities and our auditor's report thereon. The abbreviated financial reports and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our auditor's report on those financial statements of June 28, 2017.

The audited financial statements and our auditor's report thereon

We expressed an unmodified audit opinion on the audited financial statements 2016 of the First Account and Second Account of the Common Fund for Commodities in our auditor's report of June 28, 2017.

Responsibilities of management board for the abbreviated financial reports

Management is responsible for the preparation of the abbreviated financial reports in accordance with the accounting policies as applied in the 2016 financial statements of the First Account and Second Account of the Common Fund for Commodities.

Our responsibilities

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

Amsterdam, June 28, 2017

Grant Thornton Accountants en Adviseurs B.V.

Drs. P.N. van Vuure RA

--this document is signed digitally--

Photo: ©FAO/Giuseppe Bizzarri

Annex I

Governors and Alternate Governors as of 31 December 2016

Chairperson of the Governing Council during 2016:

Mr. Aly Toure (Côte d'Ivoire)

Vice-Chairpersons:

Africa: Mr. Nagi Iskander Awad Masoud (Sudan)
Asia and Pacific: H.E. Mr. Adam M.J. Sadiq (Sri Lanka)
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. Ms. Suraya Dalil	-
Algeria	H.E. Mr. Nourredine Ayadi	Mr. Abderahmane Zino Izourar
Angola	Mr. Sebastião de Sousa e Santos Júnior	-
Argentina	H.E. Mr. Héctor Horacio Salvador	Mr. Alejandro Mitri
Bangladesh	Mr. Hedayetullah Al Mamoon	H.E. Mr. Sheikh Mohammed Belal
Benin	H.E. Mr. Charles Borromée Todjinou	Mr. Stephane Beria
Bhutan	H.E. Mr. Kinga Singye	Mr. Kinley Wangchuk
Botswana	H.E. Mr. Samuel Otsile Outlule	Mr. Micus Chiwasanee Chimbombi
Brazil	Mr. Petro Miguelda Costa e Silva	Mr. Leonardo Luis Gorgulho Nogueira Fernandes
Bulgaria	Mr. Petar Dimitrov	-
Burkina Faso	H.E. Ms. Jacqueline Marie Zaba-Nikiema	Mr. Christian Somda
Burundi	Ms. Pelate Niyonkuru	Mr. Emmanuel Niyungeko
Cabo Verde	Minister of 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	Ms. Liang Hong	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 H.E. Mr. Zénon Mukongo Ngay	-
Congo	Mr. François Bossolo	-
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. Teshoge Toga Chanaka	Mr. Nahom Girma Fikresilassie
Finland	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	Ms. Andrea Jünemann	Mr. Holger Rapior
Ghana	Hon. Dr. Ekwow Spio-Garbrah	H.E. Mr. J. Tony Aidoo
Greece	Mr. Dimitrios Koutsis	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, Brussels	-
Haiti	Mr. Hervey Day	H.E. Mr. Pierre André Dunbar

Country	Governor	Alternate Governor
Honduras	Mr. Jacobo Paz Bodden	Mr. José Adalberto Sorto
India	Mr. Alok Vardhan Chaturvedi	H.E. Mr. J.S. Mukul
Indonesia	Amb. Hasan Kleib	Mr. Syurkani Ishak Kasim
Iraq	Mr. Kadhim M. Jawad Hasan	Mr. Kadhim Ali Abdullah
Ireland	H.E. Mr. John Neary	-
Italy	Ms. Giorgia de Parolis	Mr. Dario Sabbioni
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. Ilho Yoo	Mr. Juyeol Lee
Kuwait	c/o H.E. Mr. Shamlan Abdulaziz M.SH. Al-Roomi	
Laos	Mr. Manohack Rasachack	H.E. Mr. Khamkheuang Bounteum
Lesotho	Minister for Foreign Affairs	H.E. Ms. Mamoruti A. Tiheli
Madagascar	c/o Ambassador	Mr. Eric Beantanana
Malawi	H.E. Mr. Tedson Aubrey Kalebe	Mr. Mike Jamu Mwanyula
Malaysia	Datuk M. Nagarajan	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. José Antonio Meade Kuribreña	Mr. 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	c/o Ambassador	Mr. Ghanshyam Bhandari
Netherlands	Ms. Eva Oskam	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	c/o First Secretary
Pakistan	Mr. Syed Mahmood Hassan	H.E. Ms. Iffat Imran Gardezi
Papua New Guinea	Mr. William Dihm	c/o Mr. Kapi Maro
Peru	H.E. Mr. Carlos Herrera Rodríguez	Mr. Javier Pella
Philippines	H.E. Mr. Jaime Victor B. Ledda	Mr. José I.C. Laquian
Portugal	Mr. Mário Centeno	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. Ahmad S. Alteraifi	Mr. Saeid M. Alkahtani
Senegal	H.E. Mr. Momar Diop	Mr. Joseph Bentaux
Sierra Leone	Ms. Isatu Haja Kabba	Mr. Charles Mereweather-Thompson
Singapore	H.E. Ms. Yee Woan Tan	-
Somalia	c/o H.E. Ms. Faduma Abdullahi Mohamud	-
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	-
Thailand	Mr. Apai Suttisunk	Mr. Surapong Cheasakul
Togo	H.E. Mr. Kokou Nayo M'Béou	Mr. Kodjovi Védomé Afokpa
Trinidad & Tobago	c/o Mr. Devant Maharaj	c/o Permanent Secretary
Tunisia	H.E. Ms. Elyes Ghariani	Ms. Faten Bahri
Uganda	Ms. Elizabeth Tamale	H.E. Ms. Mirjam Blaak Sow
United Arab Emirates	c/o H.E. Mr. Saeed Ali Alnowais	-
United Kingdom of Great Britain and Northern Ireland	Ms. Louise Thomas	-
United Republic of Tanzania	Mr. Adolf F. Mkenda	H.E. Ms. Irene F.M. Kasyanju
Venezuela	Mr. Rubén Darío Molina	H.E. Ms. Haifa Aissami Madah

Country	Governor	Alternate Governor
Yemen	H.E. Ms. Sahar Mohammed Abduljabbar Ghanem	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
Andean Community (CAN)	c/o Mr. Walker San Miguel Rodríguez	-
African Union (AU)	c/o Ms. Tarana Loumabeka	Director for Trade and Industry
Caribbean Community (CARICOM)	Amb. Irwin LaRocque	Ms. Desiree Field-Ridley
Common Market for Eastern and Southern Africa (COMESA)	Mr. Sindiso Ndema Ngwenya	Mr. E.A. Mohammed
East African Community (EAC)	Amb. Richard Sezibera	Director for Trade
Economic Community of West African States (ECOWAS)	c/o Mr. James Victor Gbeho	-
European Union (EU)	Mr. Regis Meritan	Mr. Michiel de Knoop
Southern African Development Community (SADC)	c/o Ms. Stergomena Lawrence Tax	-
West African Economic and Monetary Union (WAEMU/UEMOA)	c/o Mr. Cheikhe Hadjibou Soumare	-

Annex II

Member States, Institutional Members and Votes as of 31 December 2016

Country	Region	No. of votes	LDC
Afghanistan	Asia	357	X
Algeria	Africa	395	
Angola	Africa	391	X
Argentina	LAC	496	
Bangladesh	Asia	426	X
Benin	Africa	347	X
Bhutan	Asia	343	X
Botswana	Africa	347	
Brazil	LAC	1,024	
Bulgaria	Europe	417	
Burkina Faso	Africa	347	X
Burundi	Africa	343	X
Cameroon	Africa	389	
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
Malawi	Africa	351	X

Country	Region	No. of votes	LDC
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	
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	
WAEMU/UEMOA	Africa	0	
TOTAL		**57,364**	

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

Institutional Members of the Common Fund for Commodities

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
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

Institutions with memoranda of understanding

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

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

Abbreviations

ACP	African, Caribbean and Pacific
AECID	Spanish Government
AFD	Agence Française de Dévéloppement
AfDB	African Development Bank
AU	African Union
BDS	Business Development Services
BMZ	German Ministry for Development Cooperation and Economic Development
CAF	Latin American Development Bank
CARDI	Caribbean Agricultural Research and Development Institute
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
ECCAS	Economic Community of Central African States
EcoE II	EcoEnterprises Partners II L.P.
ECOSOC	United Nations Economic and Social Council
ECOWAS	Economic Community of West African States
EFTA	Equity For Tanzania Ltd.
EIB	European Investment Bank
EU	European Union
EUCORD	European Development Co-operative
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.
GIZ	Deutsche Gesellschaft Für Internationale Zusammenarbeit
IADB	Interamerican Development Bank
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.
KIT	Royal Tropical Institute
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
SMEs	Small and medium sized enterprises
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
VPoA	Vienna Programme of Action
WHO	World Health Organization

Visiting Address
Rietlandpark 301
1019 DW Amsterdam
The Netherlands

Postal Address
P.O. Box 74656, 1070 BR Amsterdam
The Netherlands
t +31 (0)20 575 4949
f +31 (0)20 676 0231
e managing.director@common-fund.org
i www.common-fund.org

Editor
Royal Tropical Institute, Amsterdam

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Anita Simons, symsign, Amersfoort

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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."