Annual Report **2017**

common fund for commodities

Cover photos:

Above: **Nepal- Village of Bhagawoti Kauledhara. Farmers' Field School female members working in the fields trying new agricultural techniques.** Photo: ©Chris Steele-Perkins/Magnum Ph

Below: **Coffee beans ripening on a tree in the North of Thailand.** Photo: Shutterstock

Photo: ©FAO/Swiatoslaw Wojtkowiak

Annual Report **2017**

Common Fund for Commodities

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Foreword

It is a great pleasure to present the Annual Report of the Common Fund for Commodities (CFC) for 2017. This Report highlights work done during the year and contains a summary on major initiatives undertaken by the Fund. In this report you can see CFC supported commodity projects in different locations in Africa, Asia and the Latin America and the Caribbean, covering a range of commodities from bamboo and rattan to fertilizers, sugar, and tropical fruits.

For 28 years the CFC has been constantly evolving keeping in view the prevailing circumstances and the changes occurred worldwide It has moved from an organization dealing only with issues relating to commodity development to social, economic and environmental issues on commodities, and subsequently to a larger emphasis on innovation and impact. All this has become feasible with the continuous support of Member countries, International Commodity Bodies, and other international organizations.

For us 2017 has been an eventful year of consolidation of activities initiated to fulfill the CFC's vision of the future role of commodities for the benefit of small farmers. We continue 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 also prioritize innovative commodity development projects with high development impact and replicability as well as financial sustainability.

We at the Common Fund are happy that the Member countries have reemphasized their commitment to the Fund to enable CFC to fulfil the mission prevailing in the international development paradigm. We are glad that more sustained efforts have been made to expand activities of the Fund. These initiatives would not have been possible without unstinting support of the Member countries and the OPEC Fund for International Development (OFID).

During the year, the CFC continued to concentrate on implementation of project, its core function. The CFC approved sixteen regular projects and an additional two Fast Track projects. The projects are now being selected to improve the quality of the CFC portfolio in the context of the mission and vision of the CFC, supplemented with sustainable development of the commodities. The CFC's support to the approved projects including Fast Track projects in 2017 stood at about USD 17.25 million.

The collaboration between the CFC and the private sector has also been strengthened. For the first time, the CFC actively engaged not only with the enterprises proposing projects, but also with organisations and institutions seeking to invest in projects pursuing Environmental, Social and Governance (ESG)

Photo: CFC

Parvindar Singh,
Managing Director

goals in the Developing Countries alongwith financial returns, broadly known as Impact Investors, or Triple Bottom Line Investors. This new and rapidly expanding area of investment opens interesting new opportunities in financing projects in commodity development, and the CFC continues its work and advocacy in this direction.

Further, on broader policy advocacy matters, in 2017, the CFC participated in several high-level events, in line with the Fund's mandate to articulate the need for an open and flexible strategy as a pillar of sustainable growth and development cooperation. In this Report, we have special reports on:

(i) The Sustainable Development Goals and Impact Measurement – A CFC Journey,
(ii) Understanding the Dynamics of Circular Financial Flows in the Commodity Sector and their Significance for Development, and
(iii) Building the pillars of an agricultural marketing system. The case of ACE, Malawi.

These highlight the diversity of tasks being undertaken by the CFC, and how CFC assesses impacts of the projects. They provide insights into their possible role and contribution to development in the future, particularly for leveraging resources. With another productive year behind us, the CFC has now set it sights on Agenda 2030 and the SDGs and in particular the aspirational 'global Goals':

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

The CFC remains committed to making a concrete and identifiable contribution to sustainable development. In this, the Fund looks forward to a fruitful co-operation with international organizations, ICBs, other development partners and civil society. I thank you for your continued support to CFC.

Parvindar Singh

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CFC at a glance

The Goals of the CFC

The principles of the CFC underscore equitable distribution of economic, social and environmental benefits from commodity production, processing and trade in the long-term interest of both Developed and Developing countries.

The CFC aspires to achieve the goal 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. In particular, the CFC aims 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.

Towards this goal, the Fund provides financial support for innovative projects with high impact promoting the interests of the small holder farmers and small and medium enterprises (SMEs) engaged in commodity production, processing and trading in Developing Countries.

Main Activities

The Fund supports and expands its financial interventions in commodity value chains in partnership with the public and private sector, development institutions, and civil society. In particular, the CFC invests in realizing 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.

Key Themes

The CFC provides technical and financial support to all aspects of the value chain from production to consumption i.e. from 'field to the fork'. The CFC support can extend across local, national, regional and international markets. Examples of specific target areas include:

- Production, productivity and quality improvements,
- Processing and value addition,
- Product differentiation,
- Diversification,
- Marketing,
- Technology transfer and upgradation,
- Introduction of measures to minimise the physical marketing and trading risks,
- Facilitation of trade finance, and
- Risk Management, including price risk, weather risk etc.

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.

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.

Box 1 - The Organization of the Common Fund for Commodities

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.

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

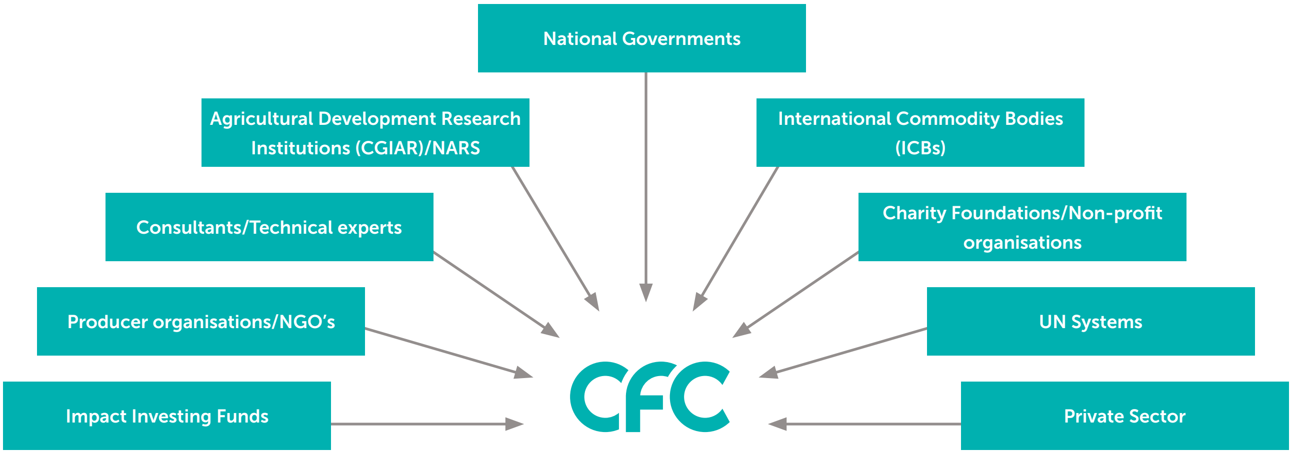
The Headquarters of the Common Fund are located in Amsterdam, The Netherlands.

Partner Institutions

The CFC works in partnership with 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 and other forms of 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 interventions,
- share CFCs values, including internationally recognized principles concerning human rights, labour standards, environment and anti-corruption, 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



Box 2 - Agreement Establishing the Common Fund for Commodities: 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.*

Feature Articles

Photo: ACE

Photo: ACE

Building the pillars of an **agricultural marketing system** The case of ACE, Malawi

Introduction

Smallholder farmers across the world are subject to the whims of the weather. But in Malawi, one of Africa's least developed countries, farmers are particularly vulnerable as they depend on a single rainy season. A bountiful harvest can also be a double-edged sword - a glut in supply brings a significant drop in prices, leaving many farmers trapped in a cycle of poverty.

Of course, prices do not remain low throughout the year. As supply becomes relatively more scarce, prices start to rise again, creating another problem for poor rural and urban households that need to purchase food. Finding a way to rebalance supply and demand across the year would therefore benefit everyone.

In a normal functioning market, seasonal price fluctuations are an opportunity for producers to benefit from temporal arbitrage - that is, storing and holding the product on the expectation of a higher price in the future. In reality, however, there are several factors compelling Malawi's smallholders to sell their crop at harvest time when prices are at their lowest.

Having just endured many months without agricultural income, farmers are understandably cash poor and have household expenses that need to be paid. Credit is also difficult to come by on reasonable terms. Even in Village Savings and Loan Associations (VSLAs), the nominal interest rate on loans is set at between 5% and 20% per month for short-term loans.[1] Therefore, borrowing money while waiting for grain prices to rise is a risky prospect for any farmer. Storage availability and quality can also be a problem. Farmers and their cooperatives often do not have access to secure facilities and therefore run the risk of theft. Furthermore, poor quality storage may result in post-harvest losses from aflatoxin, rodents and decay.[2]

[1] Ksoll, C., Bie, H., Jonas., Lønborg, J. and Rasmussen, O. (2016). Impact of Village Savings and Loan Associations: Evidence from a Cluster Randomized Trial. Journal of Development Economics, Volume 120, May 2016, Pages 70-85. Available at: https://www.sciencedirect.com/science/article/pii/S0304387815001352

[2] Precise figures are hard to come by. IFAD (2012) estimates post-harvest losses in Malawi to be as high as 40% of production, while other studies estimate losses in the grain sector in Eastern and Southern Africa to be around 13.5% of the total value of grain production. World Bank. (2011). Missing Food: The Case of Postharvest Grain Losses in Sub-Saharan Africa. Washington, DC. World Bank. https://openknowledge.worldbank.org/handle/10986/2824 License: CC BY 3.0 IGO. It is estimated that about 20-25% of the food grains produced in Africa is wasted due to improper or inadequate storage. Wehling,P. and Garthwaite, B. (2015). Designing Warehouse Receipt Legislation. Regulatory Options and Recent Trends, FAO, Rome. Available at: http://www.fao.org/3/a-i4318e.pdf

Traders of different sizes are also affected by these issues, although on a different scale. Working capital is expensive, and the high cost of secure storage prompts many traders to move the commodity on reasonably quickly, which exacerbates price volatility during the year and weakens the country's food security.

Grain trading in Malawi

Grain trading in Malawi, as in many developing countries, used to be conducted through a state-run marketing board. For decades, Malawi's Agricultural Development and Marketing Corporation (ADMARC) worked to facilitate the marketing of agricultural produce and inputs and enhance the smallholder agricultural sector. However, by the 1990s, ADMARC was increasingly criticised for its stifling bureaucracy, lack of transparency, corruption, and an emphasis on tax collection.[3] Further questions about the coherence of its policies, the efficiency of the marketing board under government control, ongoing financial losses, and failure to provide food security led to pressure on the country to liberalise, which it did in the early 2000s.

Unfortunately, the private sector was not sufficiently developed to take advantage of market liberalisation. Constrained by poor storage and transport infrastructure, poor access to credit facilities and weak institutions to address legal disputes, the private sector struggled to reliably meet the country's food needs in the lean season. Private sector buyers were also often unwilling to procure from smallholders in remote rural areas, where long distances and poor infrastructure involve additional costs.[4]

Because Malawian agricultural markets did not act competitively, ADMARC remained as a residual buyer and seller, operating designated floor and ceiling prices. ADMARC's role allowed for some long-distance maize trading between surplus and deficit areas and created some competition in areas which lacked competing buyers.[5] Malawi's foray into liberalisation had shown that systemic weaknesses in its marketing system needed to be addressed.

Vibrant agricultural commodity exchanges an answer?

Similar scenarios have been observed in many other sub-Saharan countries, where weak, disjointed and atomistic conditions in poor rural areas undermine the ability of existing markets to develop and constrain economic growth. One possible answer is to develop a coordinated, vibrant exchange mechanism to facilitate the development of agricultural supply chains.[6] Agricultural commodity exchanges help facilitate trade by governing contractual relations between market participants, mitigating information asymmetries and decreasing transaction costs between buyers and sellers.[7] The number of commodity exchanges in Africa have substantially increased in the last two decades, but many have languished due to a range of challenges (Table 1).

Table 1: Typical challenges experienced by African commodity exchanges

Challenge	Primary causes
Failure to attract sufficient trade volumes for profitable trade	Small domestic commodity markets, thinly traded
High transaction costs and prohibitively expensive to operate	Small domestic commodity markets, high start-up costs
Insufficient trade services, such as hedging quality, price and delivery risk	Lack of investment and development in the exchange
Limited participation of financial institutions	Multiple reasons associated with perception of risk
Weak storage infrastructure	Inadequate public and private investment
Poor transport infrastructure	Inadequate public investment
Poor communications infrastructure	Inadequate public and private investment
Market manipulation or conflicts of interest among brokers	Weak legal and regulatory environment
Missing contract safeguards and weak contract enforcement	Weak legal and regulatory environment
Asymmetric trade risks between buyers and sellers	Conflicts of interest, thinly traded markets
Perceived likelihood of policy interventions	Governance
Unstable macroeconomics	Governance

Source: Authors work, adapted from various sources[8]

[3] Robbins, P. (2010). Review of the Role of Commodity Exchanges in Supporting Smallholder Farmer Market Linkages and Income Benefits.
[4] Morua Hernandez, V. (2012). The Agricultural Commodity Exchange for Africa. Mapping the Progress of Structured Trade Systems in Malawi. Available at http://www.bidvolumeonly.org/media/7618/The%20ACE%20Model%20Valeria%20Morua%20-%20Revised.pdf
[5] Jayne, T.S., Mangisoni, J. and Sitko, N. (2008). Social Analysis of Malawi's Maize Marketing Reforms, Report for the World Bank, Malawi, pp. 1-2, 40-1. Available at http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.151.1687&rep=rep1&type=pdf
[6] Dorward, A. and Kydd, J.G. (2005). Making Agricultural Market Systems work for the Poor: Promoting Effective, Efficient and Accessible Coordination and Exchange. Available at http://eprints.soas.ac.uk/8918/
[7] Morua Hernandez, V. (2012). The Agricultural Commodity Exchange for Africa. Mapping the Progress of Structured Trade Systems in Malawi. Available at http://www.bidvolumeonly.org/media/7618/The%20ACE%20Model%20Valeria%20Morua%20-%20Revised.pdf
[8] Rashid, S., Winter-Nelson, A. and P. Garcia (2010). Purpose and Potential for Commodity Exchanges in African Economies. IFPRI Discussion Paper 01035, IFPRI, Washington, DC; Jayne, T., Sturgess, C., Kopicki, R. and Sitko, N. (2014). Agricultural Commodity Exchanges and the Development of Grain Markets and Trade in Africa: A Review of Recent Experience. Working Paper 88. Available at https://ageconsearch.umn.edu/bitstream/188568/2/wp88.pdf; Dentoni, D. and Dries, L. (2015). Private Sector Investments to Create Market-supporting Institutions: The Case of Malawian Agricultural Commodity Exchange. Available at http://ageconsearch.umn.edu/bitstream/205709/2/AAEA%20 2015%20ACE%20final.pdf

Photo: ACE

George Funsani, Kafulu Warehouse manager, demonstrates maize being sorted before it is put in the warehouse

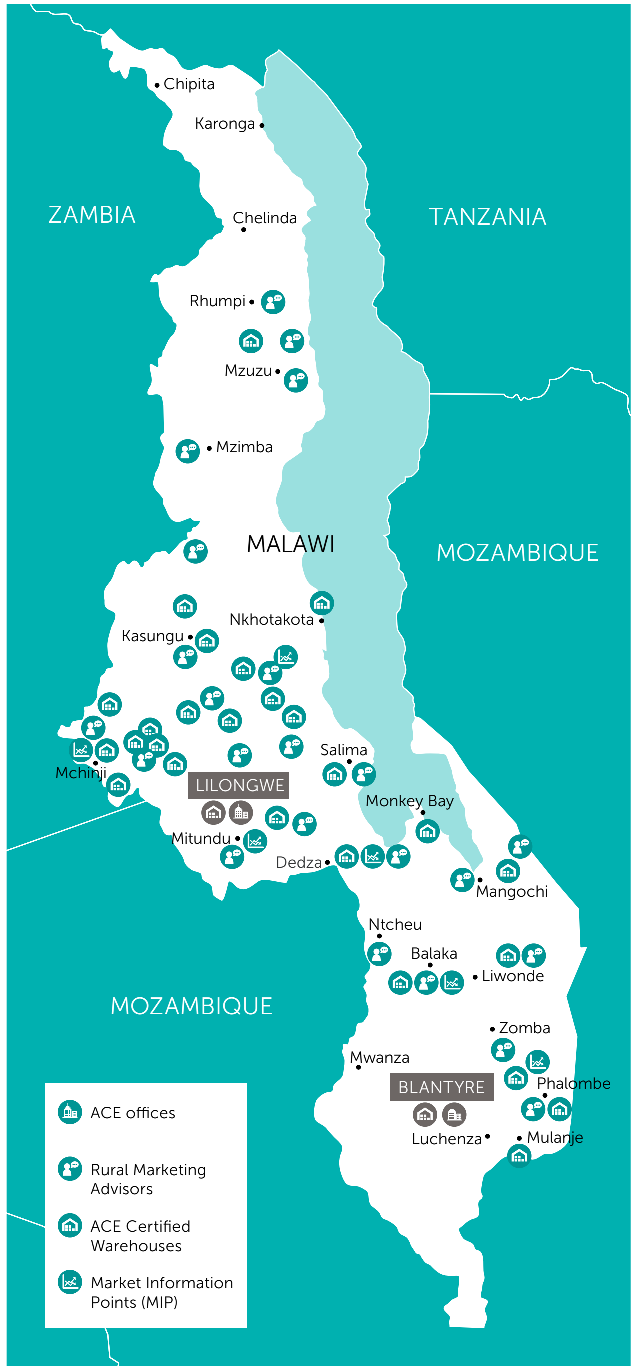
Agricultural Commodity Exchange for Africa (ACE)

The Agricultural Commodity Exchange for Africa (ACE) is Malawi's attempt to mature the marketplace for agricultural commodities. ACE was established in the mid-2000s with donor funding from the United States Agency for International Development (USAID) in a partnership with the National Small Farmers' Association of Malawi (NASFAM). The Common Fund for Commodities (CFC) initially contributed funds for operational support and regional sensitisation and, later in 2011, collaborated with the European Union (EU) to jointly fund the introduction of the warehouse receipt system (see below). ACE has continued to forge many important partnerships with the development community and the private sector.[9]

The overall objective of ACE is to create impact through a more efficient and transparent marketing system for agricultural commodities. For the country, well-functioning markets are vital to reducing price volatility, which has spurred economic development and enhanced nation-wide food security. For producers and traders, ACE is an opportunity to engage in structured trade, access higher-value markets, reduce transaction costs, and reduce risks associated with storage, credit and contractual arrangements.

Marketing systems are notoriously complex and defy simple solutions. For this reason, ACE has been built on three interlinked pillars; market information, trade facilitation and a warehouse receipt system (Figure 2).

Figure 1: ACE locations in Malawi

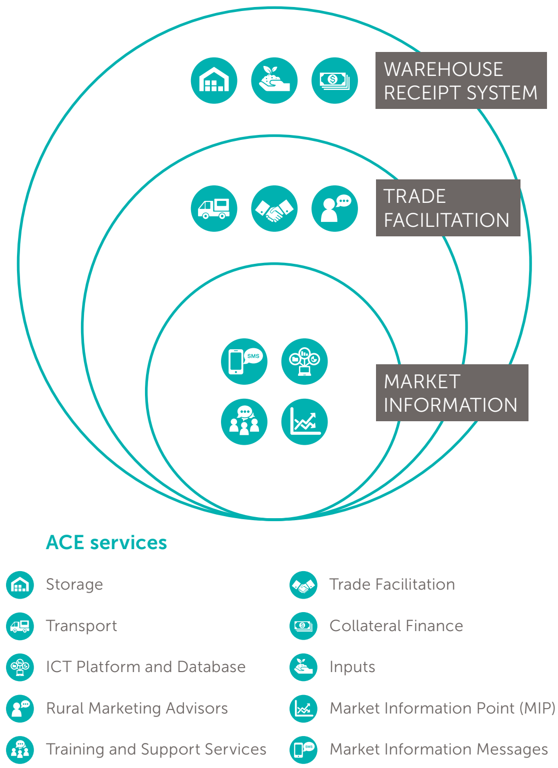


Source: ACE Rural Strategy 2020

[9] ACE. (n.d). Current and Past ACE Projects. Available at http://www.bidvolumeonly.org/about-ace/funded-projects.aspx
The USAID-funded projects, such as the Market Linkages Initiative and Integrating Nutrition into Value Chains, support the technological side of ACE.
The Alliance for a Green Revolution in Africa (AGRA) has provided critical support when it comes to training and sensitisation efforts.

The pillars of ACE

Figure 2: ACE pillars and supporting services



Source: ACE Rural Strategy 2020

Pillar 1 – Market information

Market information is important for all market players, but particularly for smallholders and their cooperatives based in remote rural areas. Reliable market information helps them decide when the best time is to sell and from whom they can obtain a competitive price.

Under this pillar, ACE collects weekly price information from markets in Lilongwe and Blantyre for key agricultural commodities. ACE then factors in the cost of transporting the commodity to rural warehouse locations and disseminates these discounted prices via its online platform and SMS-based market information system. Any organisation, company or project working with farmers is free to register their clients on the ACE system. Market information is further disseminated through ACE-operated rural market information points and a nationwide network of rural marketing advisors, who support clients in marketing their commodities.

Pillar 2 – Trade facilitation

ACE is neither a buyer, nor a seller. Its core function is to facilitate trade in grain (maize) and legumes (soybean, groundnuts, pulses) via its online trading platform. In the early days of its establishment, ACE facilitated trade through an Offer Volume Only (OVO) system. This works like a normal auction where buyers compete on price for set volumes offered by suppliers. Like other African commodity exchanges, ACE initially struggled to grow under the OVO system. As the platform was not well-established, market actors lacked confidence in the exchange and both buyers and sellers were concerned about contractual defaults. Buyers were worried that sellers would not provide either the volume or the quality of the commodity agreed, while sellers were sceptical that buyers would always pay on the terms of the agreement.[10] Such risks were exacerbated by weak contract laws in the country, and a lack of institutional capacity for contracts to be enforced.

An important addition to the ACE trading platform was the introduction of a Bid Volume Only (BVO) contract in 2010. The BVO system is basically a reverse auction, where buyers first bid to buy a commodity. Buyers define the terms and volume they wish to purchase, but without a specific price. Potential suppliers can then place offers to sell, competing with each other on price. The buyer is free to select any of the offers. Buyers are also free not to select any offers if they deem prices to be too high. Once a bid or offer has been negotiated and accepted, ACE generates a binding contract. If there is a dispute, traders must abide by the exchange's arbitration rules.[10]

The introduction of the BVO system was particularly important to facilitate the procurement needs of the World Food Programme (WFP) under its Purchase for Progress initiative. Observing the functioning of the BVO system, some commercial processors then also increased trade volumes on the exchange. The introduction of the BVO system was an important way for ACE to grow its trade volumes year on year.[11] However, as ACE only charged a 0.2% commission on these direct trades, other revenue streams were still needed for ACE to achieve financial viability.

Overall, the ACE virtual trading platform offers sellers access to higher-value output markets, with bids to buy and offers to sell promoted by ACE's market information services (pillar 1). Since trading on an exchange like ACE involves a degree of technical capacity, ACE's Rural Marketing Advisors are on hand to help farmers and farmer groups work with the system and integrate into the formal market.

[10] Dentoni, D., Dries, L. (2015). Private sector investments to create market-supporting institutions: The case of Malawian Agricultural Commodity Exchange

[11] The exception was 2017, in which Malawi's grain markets suffered due to a combination of factors including too much grain from humanitarian support in the marketplace, bad trade policies, and barriers to export markets.

However, to really grow, ACE had to instil greater confidence in market actors to trade on the exchange. A warehouse receipt system was identified as a vital pillar to complement the trading platform.

Pillar 3 – Warehouse receipt system

Early on, ACE realised that it would struggle to increase traded volumes without a successful warehouse receipt system that could back up the exchange. Understanding the importance of this crucial component, the CFC jointly funded the introduction of the warehouse receipt system, including the construction of the first three rural warehouses and the integration of other privately owned 'ACE-certified' warehouses in the system.[12]

The warehouse receipt system enables farmers (individuals or cooperatives) and traders to securely store grains and legumes at ACE-certified warehouses for a period of time after harvest. The system essentially works as follows: when a farmer or other depositor wishes to deposit a quantity of produce at a certified ACE warehouse, it is first cleaned, graded, re-bagged and stacked. In Malawi, there are no de facto national grading standards so ACE grades have been defined using both National Food Reserve Agency and WFP criteria.[13] A warehouse receipt is then issued to the owner, stipulating the quantity and the quality grade of the commodity as evidence of location and ownership. A warehouse receipt is a standard storage and collateral management contract between the depositor and the storage operator.[14]

The security of ACE-certified warehouses provides farmers with a viable option not to sell at the point of harvest when supply is high and prices are at their lowest. By storing their produce in ACE-certified warehouses, farmers and other depositors can simply wait until prices become more favourable later in the year.

But more than this, the warehouse receipt can be used as collateral for a loan, backed by the claim that the commodity is securely held in the warehouse. Prior to ACE, commodity finance was only available to selected stakeholders on a balance sheet basis due to lender's perceived risks. Now, the assurance that the warehouse receipt provides enables depositors to access much more affordable credit from banks and other formal lenders. The system can therefore solve the liquidity problem that small producers face at harvest time, which compels them to sell at low prices. This is also beneficial to the banks, who may be able to reach a new set of customers.[15]

Furthermore, the warehouse receipt system is integrated with the exchange (pillar 2). When the warehouse receipt is offered for sale on the exchange platform, the buyer can be sure that the underlying commodity exists, that it is in secure storage, and that they will get the quantity and quality stated. This is guaranteed by the ACE storage facility operator.[16] In this way, the warehouse receipt system reduces risk to the buyer and allows for the development of 'sight-unseen' trade to develop. This encourages more trade, more competition and greater access to higher-value markets for quality. Multiple warehouse receipts can even be aggregated and sold together, which can lead to economies of scale and result in a price premium.

ACE now has 19 active warehouses representing 81,574 metric tonnes of storage space available for third party deposits.

CFC's initial investment in the warehouse receipt system has been a catalyst for the growth of the ACE network of warehouses. ACE now has 19 active warehouses representing 81,574 metric tonnes of storage space available for third party deposits. From this, ACE operates a nationwide network of eight rural warehouses owned by partner farmer associations or private sector partners; cumulatively they offer depositors access to 5,050 metric tonnes of storage space.[17]

[12] The CFC jointly funded the project with the EU. The project was entitled 'Warehouse Inventory Credit – Malawi Component' (CFC/FIGG/38FA)

[13] Grain quality standards define the maximum percentages of defective and broken kernels, foreign matter and moisture permitted for a specific grade

[14] ACE (2012). Warehouse Receipt System in Malawi: A Strategy, a Solution. Agricultural Commodity Exchange for Africa, Malawi. Available at http://www.bidvolumeonly.org/media/1326/wrs_strategy_paper.pdf

[15] Work still needs to be done to fully develop appropriate financial products. ACE has played a central role encouraging banks to undertake this new business and develop financial products. In 2012, First Merchant Bank (FMB) was the only bank to participate directly, granting ACE an overdraft facility of K25 million (US$39,500) at an interest rate of base plus 2%. Warehouse receipts were financed at 70% of their market value, of which the bank covered 75% and ACE the remaining 25%. Given this set-up, ACE is expected to take on the first 25% of a loss on a warehouse receipt. Unfortunately, in 2017, the price of pigeon peas collapsed when India stopped importing from Malawi, which resulted in FMB freezing this facility. ACE needs to develop risk tools to get this facility back online.

[16] The storage operator is liable in case of a default and the warehouse receipt system requires that the storage facilities are comprehensively insured: the warehouse receipt owner has to take out on-site insurance, not only for the infrastructure but also for stock on-site, as part of their registration with ACE. This includes third party storage. However, there is no guarantee that, should a problem arise and loss or damage occur to products on warehouse receipt, the warehouse receipt owner will be refunded. The insurance company will pay the insured warehouse owners but the warehouse receipt owner will depend on the integrity of the warehouse operator to make good on his losses. If not, the only recourse would be through legal action. Dentoni, D., Dries, L. (2015). Private sector investments to create market-supporting institutions: The case of Malawian Agricultural Commodity Exchange,

[17] In 2017, ACE experienced USAID budget cuts which resulted in the closing of some rural sites. ACE is working to bring more storage into operation again through private sector partnerships. Previous storage figures are available here: ACE. (n.d.). Warehouse Receipt System. Available at http://www.aceafrica.org/

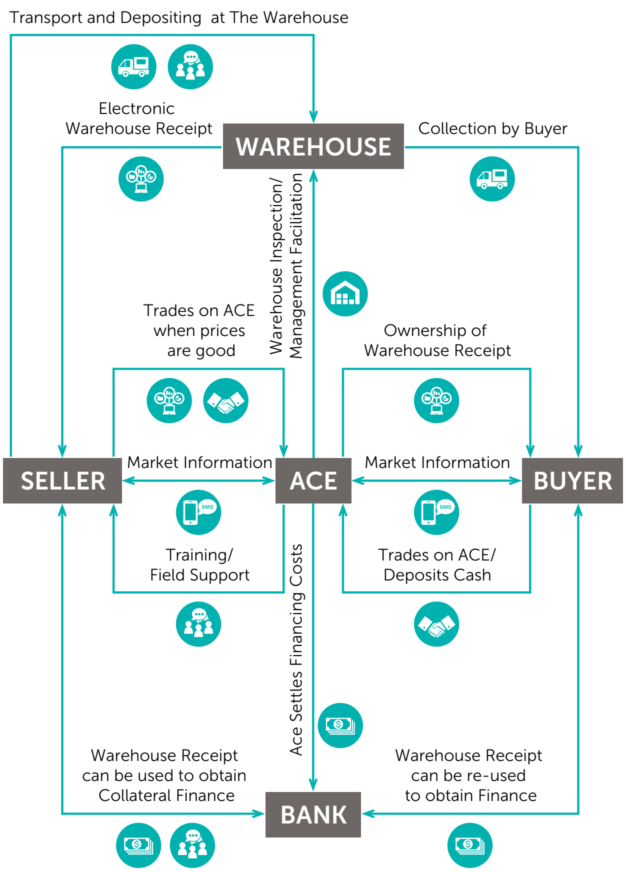
Overall, the warehouse receipt system reduces post-harvest losses and protects participating farmers and farmer groups against low market prices at harvest time. Moreover, it allows depositors to profit through temporal arbitrage and, in the meantime, access affordable credit from formal lenders. The warehouse receipt system greatly strengthens the trading system, which supports the development of quality markets and enables depositors to reach more buyers. It gives buyers the confidence to trade in commodities on a sight-unseen basis and allows for the trade of warehouse receipt contracts without having to transport the produce, which lowers the cost of trade.

ACE-certified warehouse owners benefit through the fees they charge for storage, and creditors benefit through interest on loans and reduced exposure to risk. ACE also benefits from the higher commission charged on a warehouse receipt trade compared with that charged on a direct trade. Through a reduced glut on the market in the harvest period, and an increased availability of supply during months of relative scarcity, the marketing system is now more balanced, which reduces commodity price volatility. Ultimately, this contributes to a stronger marketing system which is good for rural economic development and increased food security.

Figure 3: The life of a warehouse receipt

Photo: ACE

Figure 4: ACE warehouse receipt system



Source: ACE Rural Strategy 2020

ACE market-supporting institutions

ACE has overcome challenges by providing a mix of market-supporting institutions that increase trader confidence and the efficiency of transactions, reduce uncertainty and generate larger commodity trade volumes. For example, ACE has been a forerunner in trying to standardise commodity quality standards in the country. It has also worked to define a regulatory framework for warehouse receipts. Across Africa, specific warehouse legislation and formal regulatory structures have tended to follow, rather than lead, the development of ACE's successful receipt system.[18] Insurance is another area that ACE has been prominent in developing. Insurance is important for protecting the grain stored in certified warehouses against natural perils and theft. It is equally important to guarantee financial performance, which is important for the integrity of the system and the confidence of financial institutions.

ACE has often found that farmers and their organisations lack capacity, at first, to engage in structured marketing. Therefore, ACE has tried to work proactively with institutional partners to strengthen the producer end of the value chain through training and sensitisation, input loans and mobile money.

The way forward for ACE

ACE has been able to overcome many of the challenges that have constrained other exchanges, but it is not resting on its laurels. Recently, ACE engaged in a series of workshops and interviews with stakeholders and staff to identify the weaknesses of its model and threats in the system. The process culminated in the development and formulation of the ACE Rural Strategy 2020 which will guide ACE's programmatic planning, decision-making and rural activities for the next five years.[19] The strategy document recognises the need for ACE to strengthen its internal monitoring systems and continually learn from experiences in the field so that it can continuously adapt, improve and scale its services, in line with the changing needs of its clientele.

In particular, the ACE Rural Strategy 2020 highlights the need for more direct support services to farmers and rural clients. One of ACE's biggest challenges is the relatively low adoption rates by farmers and small rural enterprises in spite of the great potential benefits ACE offers. ACE's internal assessment showed that its 'three pillars' approach is the right one, however farmers and farmer organisations need even more bespoke training and closer support from capable field staff to be able to take advantage of ACE services. This would even extend beyond ACE's core business, and so ACE needs to leverage the right partnerships to support farmers on issues such as production quality, farmer group strengthening and a stronger input supply chain.

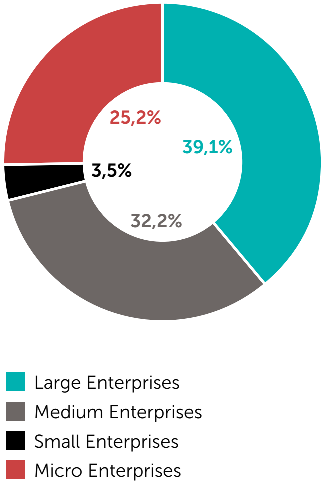
Recently, ACE's advocacy efforts have contributed to improved governance in the sector. The Ministry of Industry, Trade and Tourism has recently drafted a Warehouse Receipts System Bill, which was approved by the Cabinet Committee on Legal Affairs in May 2017 and appoints the Reserve Bank of Malawi as the regulator.[20] The Act, if approved, will bring in revised rules and regulations which is expected to bring more stability to the markets.

[18] Onumah, G. (2010). Implementing Warehouse Receipt Systems in Africa: Potential and Challenges. Paper prepared for the Fourth African Agricultural Markets Program Policy Symposium, organised by the Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA) of the Common Market for Eastern and Southern Africa (COMESA). September 6-7, 2010, Lilongwe, Malawi.

[19] Cronjaeger, P., Fischer, F., Møller, K S., Morris, A., Hernandez V M. (2016). ACE Rural Strategy 2020. Available at http://www.bidvolumeonly.org/NewsLetters/ace_rs_75dpi.pdf

[20] Gondwe, A., Baulch, B. (2017). The Case for Structured Markets in Malawi. IFPRI. Strategy Support Program, Policy note 29. Available at http://massp.ifpri.info/files/2017/08/MaSSP-Policy-Note-29_The-case-for-structured-markets-in-Malawi-revised-11.24.17.pdf

Figure 5: Overall trades on the ACE platform, disaggregated by size of seller (2015)

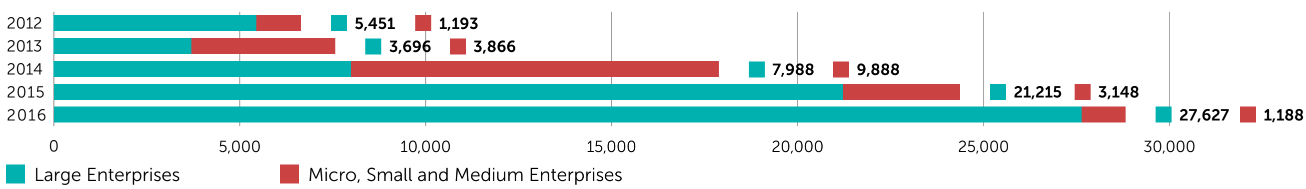


Source: ACE Rural Strategy 2020

Photo: ACE

ACE warehouse manager George Funsani demonstrates ACE certified maize being weighed

Figure 6: Warehouse deposits by type of depositor (metric tonnes)



Source: ACE Rural Strategy 2020

The ACE Rural Strategy 2020 also highlights the fact that ACE needs to become more economically viable and financially sustainable. ACE generates revenue through commission on the exchange and will shortly introduce a warehouse receipt fee. (Storage fees go directly to the ACE-certified warehouse owner, which is often a farmer organisation). Therefore, ACE needs to make the right investments in infrastructure and personnel to continue to grow its trade volumes and turnover. This involves targeting its interventions to the right clients in high potential areas (rather than to the many). Financial sustainability became an even greater concern in 2017 when ACE experienced significant funding cuts from USAID, combined with particularly challenging market conditions in the country. In response, ACE is conducting a further review of its commercial model. In the medium to long-term, ACE strives to become an economically viable and donor-independent organisation, while still following its vision to support farmers and promote inclusive, pro-poor growth in Malawi.

ACE is in demand because it is able to deliver tangible benefits to all types of actors in the marketing system. Crucially, it has demonstrated that smart investments in a well-designed institution can begin to transform a marketing system. Up to now, ACE has shown a willingness to evolve its model, adapt to the needs of the market, and pilot innovative schemes. If ACE can deliver on the 2020 strategy, its many supporters believe it will revolutionise agricultural trade in the region and deliver on the promise of inclusive rural development.

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The **Sustainable Development Goals** and **Impact Measurement** – A CFC Journey

Introduction

The Sustainable Development Goals (SDGs) are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. Building on the Millennium Development Goals, they balance the three dimensions of sustainable development: economic, social and environmental. The goals are interconnected, but at the base of their heart they aim to tackle the root causes of poverty and set the world on a more prosperous and sustainable path.

Each country carries primary responsibility for its own economic and social development, but acting in collaborative partnership is widely believed to be the best way to take bold and transformative steps towards a more sustainable and resilient world.[1] Recognising this, SDG 17 explicitly calls for an enhanced 'Global Partnership for Sustainable Development' which involves bringing together governments, civil society, and the private sector to mobilize all available resources.

This call to action has been taken up by the Common Fund for Commodities (CFC) and has inspired many other types of investor to consider how they too can contribute to the SDGs.

Investing in the SDGs

Over the past 20 years or so, Environmental, Social and Governance (ESG) criteria have gained prominence in investment decisions. ESG investments are typically associated with responsible investing and 'no-harm' policies, underpinned by risk management and screening of harmful products and practices.

[1] United Nations. (2015). Transforming our World: The 2030 Agenda for Sustainable Development. Resolution adopted by the General Assembly on 25 September 2015. Seventieth session, Agenda items 15 and 116. Available at https://tinyurl.com/ya6loaoo

Figure 1: The 17 Sustainable Development Goals (SDGs)

But financial capital can do more than just responsibly generate a financial return for shareholders. Investors can proactively seek results that contribute toward the achievement of the SDGs.

The 2030 Agenda for Sustainable Development recognises that private business activity, investment and innovation are major drivers of productivity, inclusive economic growth and job creation, and calls upon all businesses to apply their creativity and innovation to solve development challenges. Furthermore, private capital can help to close the large investment gap between what is needed to achieve the SDGs and available resources[2].

Table 1: Investment strategies for impact[3]

				Impact Investment		
	Traditional	Responsible	Sustainable	Thematic	Impact-first	Philanthropy
	Competitive returns	Competitive returns	Competitive returns	Competitive returns		
		ESG risk management	ESG risk management	ESG risk management	ESG risk management	
			ESG opportunities	ESG opportunities	ESG opportunities	ESG opportunities
				High-impact solutions	High-impact solutions	High-impact solutions
	Finance Only	← The New Paradigm →				Impact only
Focus	Limited or no focus on ESG factors of underlying investments	Focus on ESG risks ranging from a wide consideration of ESG factors to negative screening of harmful products	Focus on ESG opportunities, through investment selection, portfolio management and shareholder	Focus on one or a cluster of issue areas where social or environmental need creates a commercial growth opportunity for market-rate or market-beating returns	Focus on one or a cluster of issue areas where social or environmental need requires some financial trade-off	Focus on one or a cluster of issue areas where social or environmental need requires 100% financial trade-off

Source: Bridges Ventures (2012), Bridges Ventures & Impact Investing: An Overview, p. 3

[2] The United Nations Conference on Trade and Development (UNCTAD) says achieving the Sustainable Development Goals (SDGs) will take between USD5 to USD7 trillion, with an investment gap in developing countries of about USD2.5 trillion. http://www.undp.org/content/undp/en/home/blog/2017/7/13/What-kind-of-blender-do-we-need-to-finance-the-SDGs-.html

[3] Eurosif. (2012). European SRI Study. Adapted from Bridges Ventures (2012), Bridges Ventures & Impact Investing: An Overview. Available at https://tinyurl.com/y6udhj2c

Institutional investors and the SDGs

Institutional investors have a fiduciary duty to pursue risk-adjusted, market-rate returns. Even so, some traditional investors have put the SDGs squarely on their agenda and are looking for win-win scenarios that fit with their investment ethos and thematic focus, without necessarily compromising on market-adjusted rates of return. Several initiatives have been established which collectively call for greater investments in companies and projects that contribute to the SDGs.[4] The initiatives also generally aim for greater convergence, collaboration, and coordination between a broad spectrum of actors. One such example is the Dutch SDG Investing Agenda,[5] which aims to catalyse significant SDG investment through the systematic deployment of blended finance instruments, encourage Dutch institutions to invest with impact, stimulate the uptake of sustainability indicators and standards, and identify and address regulatory barriers and incentives to SDG investment.

Development finance institutions and the SDGs

Development finance institutions (DFIs)[6] typically provide credit when financial needs are not sufficiently served by private banks or local capital markets, with the intention to promote strategic sectors of the economy, such as agriculture, infrastructure, manufacturing, green industries, financial institutions, international trade and tourism, among others. They have a long history of promoting economic growth and supporting social development and are in the process of mapping their development impact to the SDGs. For example, the International Finance Corporation (IFC), part of the World Bank Group, aligned its overarching goal of ending extreme poverty by 2030 with SDG 1 and its goal of boosting shared prosperity with SDG 10. At the strategic sector level, IFC has linked investment in infrastructure, agriculture, financial inclusion, health and education with SDGs 2, 3, 4, 6, 7, and 9. Across sectors and regions, employment and economic growth, gender equality, environmental and social sustainability, and climate-change have been mapped to SDGs 8, 5, 12, and 13. Furthermore, IFC has prioritized partnership with private investors to mobilize new sources of finance – aligned with SDG 17.

The CFC and the SDGs

According to the Global Impact Investing Network (GIIN), impact investors[7] do not regard SDG alignment as a dramatic departure from their previous activities, but rather have helped impact investors refocus and reenergize their existing activity.[8] The CFC is no exception.

Following the adoption of new operational policies in 2012, the Fund has been working to expand its use of loans to small and medium-sized enterprises in the commodities sector, in conjunction with other financial instruments such as equity investments and development impact bonds. The commodities sector carries higher risk than many other sectors, but it is also the main channel connecting commodity-dependent developing countries to the global markets. CFC's contribution makes this connection more effective. With good risk management practices, like adaptive learning and tailored risk management systems, the CFC is able to have an impact where institutional investors fear to tread, whilst remaining on a financially sustainable footing itself.[9] Financial sustainability is a long-term imperative for CFC and other 'impact first' investors because it enables financial returns to be reinvested in the SDGs.

As commodities lie at the heart of economic development in most developing countries,[10] CFC sees its work contributing directly and indirectly to many of the SDGs. However, the Fund is considering focussing and sharpening its new impact measurement strategy on a few core SDGs including:

- **Goal 1.** End poverty in all its forms everywhere.
- **Goal 2.** End hunger, achieve food security and improved nutrition and promote sustainable agriculture.
- **Goal 8.** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- **Goal 10.** Reduce inequality within and among countries.

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[4] See for example, Contouren Agenda Verantwoord Ondernemen (Pensioen Federatie); 'Next Level' agenda (VNO-NCW); Invitation to Collaborate on the SDGs (NVB); Platform for Sustainable Development (DNB); SDG Working Group (UNPRI)

[5] SDGI. (2016). Building Highways to SDG Investing. Invitation to Collaborate on a Dutch Sustainable Development Investing Agenda. Available at https://www.sdgi-nl.org/report/

[6] DFIs are government-backed institutions that invest in private sector projects in low and middle-income countries to promote job creation and sustainable economic growth, and to contribute to the SDG, alongside aid agencies and development banks. DFIs may be bilateral, such as the Netherlands Development Finance Company. DFIs may also be multilateral, private sector arms of international financial institutions that have been established by more than one country, and hence are subject to international law. Their shareholders are generally national governments but could also occasionally include other international or private institutions.

[7] Although there is an on-going debate about the precise definition and scope of action, its generally accepted that, 'Impact investments are investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets, and target a range of returns from below market to market rate, depending on investors' strategic goals.' GIIN. (n.d). What you need to know about impact investing. Available at https://thegiin.org/impact-investing/need-to-know/

[8] This potential has already been demonstrated. For years, and in some cases decades, some investors have been driving progress in areas such as affordable housing, access to financial services, and sustainable energy – impact areas that very clearly line up with SDGs. See GIIN. (2016). Achieving The Sustainable Development Goals: The Role Of Impact Investing. Available at https://tinyurl.com/ybr5qq9r

[9] See, for example: Bymolt, R. and Kleijn, W. (2015). Balancing Risk and Striving for Impact – Finance to SMEs in Developing Countries. Available at http://tinyurl.com/oswdxgo

[10] A large proportion of the population depend on them for their livelihoods and they also typically account for the greatest part of these countries export earnings. See UNCTAD. (2013). Facts and figures on commodities and commodities trade. Available at https://tinyurl.com/y8o3v4gd

Figure 2: The CFC's focus on SDGs

SDG 1: No poverty – end poverty in all its forms everywhere

Extreme poverty rates have been reduced by more than half since 1990. While this is a remarkable achievement, one in five people in developing regions still live on less than USD1.90 a day. There are millions more who make little more than this daily amount, many of whom are vulnerable to slipping back into poverty. Poverty is more than the lack of income and resources to ensure a sustainable livelihood. Its manifestations include hunger and malnutrition, limited access to education and other basic services, social discrimination and exclusion in decision-making. Economic growth must be inclusive to provide sustainable jobs and promote equality. The CFC contributes to SDG 1 by investing in businesses that improve people's livelihoods throughout the supply chain.

SDG 2: Zero hunger – end hunger, achieve food security and improved nutrition and promote sustainable agriculture

The world is able to produce sufficient food to feed everyone adequately. However, in spite of progress throughout the past two decades, one in nine people in the world today still suffer from chronic hunger. Agriculture, forestry and fisheries can provide nutritious food for all and generate decent incomes, while supporting people-centred rural development and protecting the environment. The CFC invests in companies that work to increase smallholder's productivity, through technical assistance, access to proper inputs, improved infrastructure and access to credit. CFC also supports projects that build farmer's resilience to external risks. In these ways, the Fund helps to ensure that people get access to safe, nutritious and sufficient food all year round.

SDG 8: Decent work and economic growth – promote inclusive and sustainable economic growth, employment and decent work for all

In many countries, having a job doesn't guarantee the ability to escape from poverty. According to the ILO, almost 1.4 billion workers are estimated to be in vulnerable forms of employment. Those workers are more likely to be informally employed, have fewer chances to engage in social dialogue and are less likely to benefit from job security, regular incomes and access to social protection. The CFC supports projects that generate employment with decent working conditions. By investing in small and medium-sized enterprises, the Fund helps to create several quality jobs, promoting inclusive and sustainable growth, in the world's most vulnerable regions.

SDG 10: Reduced inequalities – reduce inequality within and among countries

Recently, the world has witnessed great advancements in the fight against poverty. Millions of people have experienced a remarkable rise in their living standards during the last few decades. However, much of this progress was not equally spread among countries and large disparities still remain between different regions. Additionally, in some cases economic growth was accompanied by an increase in inequality within countries. The CFC invests in projects in the world's most vulnerable regions, helping people to earn a fair share of the global value created from commodities, thereby reducing inequality.

SDG measurement

Investors widely agree that impact measurement is central to building support for SDG investments. Increasingly, investors want to have more detailed social and environmental performance data so they can have a better understanding of non-financial returns on investment and re-allocate investment capital accordingly. Unfortunately, impact measurement remains a challenge that virtually all investors continue to wrestle with. Steadily improving impact data will allow investors to better monitor, manage and communicate their contributions to selected SDGs, which is expected to motivate greater capital investment. Companies can also benefit directly from impact measurement – those able to show that their business has a real impact may be more successful in attracting investment capital.[11]

SDG indicators

It might seem logical to track SDG related investments against a selection of the 232 official SDG indicators.[12] Unfortunately, the official SDG indicators do not easily lend themselves to the measurement of impact resulting from investments.[13] This is because many SDG indicators are of

[11] Bymolt, R. (2016). Measuring What Matters: The Pathway to Success in Impact Investment. Available at http://tinyurl.com/zuvdeaj
[12] UN Stats. (2018). SDG Indicators Metadata Repository. Available at https://unstats.un.org/sdgs/metadata/
[13] See, for example, the first indicator 1.1.1: Proportion of population below the international poverty line, by sex, age, employment status and geographical location (urban/rural).The meta file for indicator 1.1.1 describes a methodology that is more sophisticated than most projects can operationalize. Available at https://unstats.un.org/sdgs/metadata/files/Metadata-01-01-01a.pdf

a 'macro' nature, designed to be used at a national or global level, rather than a fund or project level. Others are general and have context-specific attributes such as 'safe', 'equitable', 'fair', 'inclusive' that can be variously interpreted[14]. Presently, there is not an official guideline for how the private sector and civil society should report their contribution to the SDGs. Nevertheless, the SDGs are increasingly influencing how organisations, networks, and governments measure and report their impact. In fact, there is even an SDG target for sustainability reporting.[15]

Given the aforementioned problems with using SDG indicators, how should investors monitor and report their social and environmental impact in a clear and consistent way? Fortunately, many sustainability standards and indicator sets are already widely used among companies and investors. In many cases, it is possible to effectively 'map' existing sustainability indicators to the SDGs, enabling investors to have a sense of continuity and consistency in their impact measurement. The downside is that there isn't a standardised agreement about which indicator sets should be used, and which SDG goals and targets certain indicators should be mapped to. There are, however, several ongoing efforts in this regard.[16]

How institutional investors are approaching SDG measurement

Among institutional investors, one collaborative effort to map indicators to the SDGs is being carried out as part of the Sustainable Finance Platform chaired by the Dutch Central Bank (DNB).[17] The aim is to determine a select set of core indicators that are 'relevant, credible and practicable' and develop a guide for investors wishing to measure the contribution of their assets to the SDGs. It is hoped that this will allow for comparability and aggregation of impacts, harmonization of data requirements for reporting companies, and consolidated reporting to stakeholders.[18]

How DFIs are approaching SDG measurement

DFIs have more experience working together to develop impact measurement frameworks. One example is the Harmonized Indicators for Private Sector Operations (HIPSO), which is used as a basis for measurement by 25 different international finance institutions from around the world. The advantage of HIPSO is that it reduces the administrative burden on companies supported by multiple DFIs and allows for some comparison of results between DFIs. The disadvantage is that the 27 HIPSO indicators are relatively limited and focus only at output level of the results chain.

Table 2: Commonly used indicators and standards for business

Indicator/standard	Description	Source
Harmonized Indicators for Private Sector Operations (HIPSO)	Set 27 harmonised indicators for DFIs to track development results	https://indicators.ifipartnership.org
Impact Reporting and Investment Standards (IRIS)	Catalogue of generally-accepted performance metrics (indicators) used by many impact investors	https://iris.thegiin.org
Global Reporting Initiative (GRI)	Global standards for sustainability reporting on a range of economic, environmental and social impacts.	https://www.globalreporting.org
International Labour Organization (ILO) Decent Work Indicators	Covers ten substantive elements corresponding to the four strategic pillars of the Decent Work Agenda	http://www.ilo.org
Women's Empowerment Principles	Gender specific guidance on how to report on implementation of each of the seven Women's Empowerment Principles.	http://weprinciples.org/Site/Weps-Guidelines/
CDP	CDP runs the global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts.	https://www.cdp.net
SDG Compass	Inventory that maps commonly used business indicators against the Sustainable Development Goals (SDGs).	https://sdgcompass.org/business-indicators/

14 Sustainable Finance Platform. (2017). SDG Impact Indicators: A Guide for Investors and Companies.
15 Target 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle; Indicator 12.6.1: Number of companies publishing sustainability reports
16 For example, see the SDG Compass, which provides guidance for companies on how they can align their strategies as well as measure and manage their contribution to the realization of the SDGs. https://sdgcompass.org/
17 The Sustainable Finance Platform is a cooperative venture of DNB (chair), the Dutch Banking Association, the Dutch Association of Insurers, the Federation of the Dutch Pension Funds, the Dutch Fund and Asset Management Association, the Netherlands Authority for the Financial Markets, the Ministry of Finance, the Ministry of Infrastructure and the Environment, and the Sustainable Finance Lab. The aim of this platform, set up by DNB in 2016, is to promote and encourage a dialogue on sustainable finance in the financial sector.
18 Sustainable Finance Platform. (2017). SDG Impact Indicators: A Guide for Investors and Companies.

Photo: ©FAO/Luis Tato

In general, DFIs tend to have more capacity to monitor and evaluate social and environmental impact than other types of investor, with many having their own evaluation departments. IFC, for example, monitors results using project-level indicators, and maintains a 'line of sight' to its focus SDGs (as discussed above). IFC is currently in the process of updating its development outcome tracking system (DOTS) with a new model coined the Anticipated Impact Measurement and Monitoring (AIMM). AIMM will attempt measure a range of output indicators from the project selection phase right through the project life-cycle and also capture broader indirect effects. Based on this, IFC hopes to create market typology assessments that can identify characteristics of a 'well-functioning' sector, and contrast this with the reality on the ground.

How CFC is approaching measurement of SDGs

The CFC is committed to having a robust and efficient impact measurement and management practice. Following a deep review process, the Fund will begin implementing its new impact strategy by the end of 2018. CFC aims to get a better understanding of the effects of its investments on people and on the planet and to find ways to improve outcomes. Like others, CFC realised that the SDG indicators were too general and that it needed a reliable set of indicators to communicate results to different stakeholders.

CFC doesn't have the same in-house capacity to conduct evaluations as some DFIs. Therefore, the Fund is considering drawing on the Impact Reporting and Investment Standards (IRIS), a catalogue of commonly used metrics in the industry.[19] This would first involve mapping relevant IRIS indicators to the Fund's focus SDGs and then monitoring these indicators across investees and over time. Adopting IRIS would enable CFC to share a common language with other investors and meaningfully compare its contribution to the SDGs.

Measurement challenges remain

Progress on the standardization of indicators for the SDGs is encouraging, but one should not be under the illusion that this solves all measurement challenges. Due to the shear diversity of investment types and myriad ways that each investment can have an impact, it is virtually impossible for a narrow set of agreed indicators to accurately reflect an investment's contribution to the SDGs.

Most indicator sets used by impact investors are quantitative and focussed on the output level of the results chain, including IRIS (Figure 3, highlighted). Outputs are the immediate results of an investment activity and should not be thought of as a proxy for longer-term, sustainable impact because output level results do not always lead to positive impact. For example, the indicator 'number of farmers reached' says nothing about the intensity or quality of support they received, the extent to which support changed farming practices, and whether or not this led to higher yields and ultimately better livelihoods. Likewise, generic output indicators may not do full justice to a particular investment that had a tremendous positive effect on a community. Nevertheless, output level results are still an important element in a theory of change that the describes a pathway to impact.

[19] According to GIIN, about 62% if impact investors use IRIS to some extent, with more than 5,000 organisations using the IRIS system in 2017. The IRIS is a catalogue that pulls together the most useful metrics from across the impact investing industry, making it easier to create a system to measure performance. The IRIS catalogue is available online. Its user-friendly platform presents the definition of each metric, with instructions of how organizations should report them. Each of the more than 500 metrics has a code associated with it, to facilitate the report communication. They are updated every two years, based on the feedback received from users. Available at https://iris.thegiin.org

Figure 3: Impact pathway and typical data requirements at each level of results[20]

	Input	Activity	Output	Outcome	Impact
Definition	Resources that are deployed in service of a certain set of activities	Actions, or tasks, that are performed in support of specific impact objectives	Tangible, immediate practices, products and services that result from the activities that are undertaken	Changes, or effects, on individuals or the environment that follow from the delivery of products and services	Changes, or effects, on society or the environment that follow from outcomes that have been achieved.
Qualitative data	Description of inputs	Description of activities	Description of outputs	Case studies describing outcomes	Qualitative evaluation of impact
Quantitative data	Volume of inputs	Volume of activities delivered	Numbers of outputs delivered / beneficiaries reached	Outcomes measured using quantitative indicators	Impact measured using robust measurement framework
Financial data	Financial value of inputs	Cost of activities	Cost per output	Cost per outcome; societal financial value of outcome	Societal financial value of impact

Investors do however need to take care not to over-claim. Theory is fallible and this necessitates reflection from time to time through larger research studies. Attribution, for example, is a tricky issue which output indicators cannot easily address alone. Many different factors, both direct and indirect, can contribute to change, and any such change should not be automatically attributed to investment-related activities without good empirical evidence. Additionality is another issue that is often not sufficiently addressed by impact investors. Additionality revolves around the question of whether some of the changes would have occurred regardless of the investment. Double counting is a further problem which occurs when multiple investors invest in the same company and both claim the same impact. This is not easy to identify, let alone disentangle.

Sometimes, confusion seems to lie simply in the language used. For impact investors, 'impact measurement' is often synonymous with the measurement of results at any point in the results chain. In the development sector, impact assessments typically involve rigorous methodologies to measure effects right to the end of the results chain, attribute those effects to the intervention, and compare the observed effects with what might have happened regardless[21]. Differences in language can therefore create confusion and lead to quite different impressions about what has been achieved.

The impact investment sector has actively taken up the challenge of measuring social impact and has come a long way in the past ten years or so. With emergent practices now beginning to coalesce into a set of good practices, it would seem unwise to let 'perfect' become the enemy of 'good'. It seems reasonable to expect improvements in measurement and reporting against the SDGs to continue, and in the meantime a reasonable approach to impact measurement would be to balance credibility and practicability.

On the topic of practicability, it is particularly important to ask who will be collecting, analysing and reporting on the data. Not all stakeholders will have the capacity (or willingness) to carry out these activities, and expectations need to be clearly agreed well before data is required. It should not be forgotten that, while everybody wants access to good data, overly burdensome impact measurement frameworks can also be a barrier to investment partnerships, and thus to the detriment of the sector and the SDGs. To better understand the trade-offs between impact measurement options, investors should ask themselves:

- What is the goal of the assessment? (e.g. to report on outputs, outcomes or impact, strengthen decision-making, influence policy-making, and/or deploy payment-for-success structures)
- What impact measurement requirements do external stakeholders have?
- What (budgetary) resources are available for impact measurement?
- Who will be responsible for various phases? (e.g. methodology development, data collection, analysis, reporting)
- What capacities do actors require to carry out their phase of the assessment?[22]

[20] Figure adapted from Social Impact Investment Taskforce. (2014). Measuring Impact, Subject Paper of the Impact Measurement Working Group. p.6 and p.13. Available at https://thegiin.org/research/publication/measuring-impact

[21] These often include experimental or quasi-experimental designs which use treatment and control groups. See Bymolt, R. (2014). Impact Assessment and the Quest for the Holy Grail. Common Fund for Commodities. Available at http://tinyurl.com/lcs9aeo

[22] Bymolt, R. (2016). Measuring what matters: The pathway to success in impact investment. Common Fund for Commodities. Available at http://tinyurl.com/zuvdeaj

Table 3: Trade-offs in who will collect indicator data, typical cases

	Emerging market investee	Investment fund	Independent third party[23]
Cost	Low	Medium	Medium-high
Reporting frequency	High	Low-medium	Low
Number of investments covered	Self-assessment (all)	Sample of investments	Small sample of investments
Level of results	Output	Output	Output, outcome, impact
Research capacity and experience	Low	Variable	High
Rigour, quality, detail	Low-medium	Variable	High
Risk of reporting bias	High	Medium-high	Low

Source: Author's own work

CFC is on a journey to improve its impact measurement and reporting in the specified SDGs. The Fund understands that an interpretation of IRIS metrics is best complemented with an analysis of the context in which a company is evolving to provide a more complete picture of social performance. Stand-alone numbers cannot by themselves indicate positive or negative social value, or necessarily be compared across companies or products.[24] That is why the Fund also builds close working relationships with investees and periodically carries out more detailed qualitative and quantitative studies on a sample of investments.[25] This combined approach is the basis from which the Fund can communicate a credible meta-story of its SDG impact.

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[23] For example, knowledge institute, consultancy, university etc.
[24] IRIS. (n.d.). International Financial Institution (IFI) Private Sector Operations. Available at https://iris.thegiin.org/harmonized-indicators-for-private-sector-operations
[25] In general, impact investment funds rarely commission rigorous impact level assessments due to the costs and time involved. These issues are covered in Bymolt, R. (2016). Measuring what matters: The pathway to success in impact investment. Common Fund for Commodities. Available at http://tinyurl.com/zuvdeaj

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Understanding the dynamics of **Circular Financial Flows** in the Commodity Sector

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Introduction

The economic transformation from subsistence to diversified manufacturing and service economy is at the core of the development challenge facing the Commodity Dependent Developing Countries (CDDCs) - countries whose economic activity is dominated by extractive or agricultural commodities.

The most widely discussed foundation for making the transition, known as 'the Washington consensus', includes unregulated markets and open borders. However, its effectiveness in providing a long-term solution to the needs of the CDDCs is continuously challenged[1].

Recently, the CFC has studied, analyzed and investigated the financialization of commodity markets and its adverse impact on CDDCs[2]. In this context, it focused on the financial flows between firms, households, investors and foreign markets, and how these flows affect the development of CDDCs. Sustainable development requires consistency between a country's wages and consumption, investment and returns. Inconsistent internal financial flows result in ineffective investments in development and provisions for foreign aid which quickly exit the country leaving achievement of no sustained development gains.

As a result, much of the people in CDDCs is trapped in a subsistence or impoverished state[3]. The central challenge facing CDDCs is how to promote cycles of money *within* the country to encourage and produce development in diversified sectors. Illustration of these conclusions using representative archetypes of subsistence agriculture, extractive and cash-crop dominated economies, emergent economies, and developed economies is at the centre of this analysis.

[1] D. Rodrick, Goodbye Washington Consensus, Hello Washington Confusion? A Review of the World Bank's Economic Growth in the 1990s: Learning from a Decade of Reform, Journal of Economic Literature pp. 973 { 987 (December 2006).
[2] Proceedings of the Brussels Conference on Promoting Beneficial Financial & Commodity Market Synergies, Brussels, 9 and 10 December 2010 (Common Fund for Commodities, 2011)
[3] P. Guillaumont, Caught in a Trap: Identifying the Least Developed Countries, (Economica, 2009)

CFC common fund for commodities

NECSI

Understanding the cross-border flows turns out to be essential to developing a better understanding of the challenges faced in development. This raises some fundamental questions about the effectiveness of deregulation and open borders with limited currency exchange controls or tariffs and other border policies. It also shows that a balance between open and closed borders is needed. While freer trade is better for consumers, consumers are also workers. Without a viable production economy, households are not in a position to earn additional income that enables them to consume products. A dependence on remittances and flow of foreign aid may arise that allows some consumption of globally sourced products.

Opening borders implies not only that exports are possible, but that imports will dominate much of local economic activity. Financial flows within the country will decline, becoming insignificant compared to out flows to purchase globally sourced products. Importantly for a CDDC, essentially with a single dominant export product, the relative value of wages inside and outside the country will depend on that export. Opening the borders of a CDDC may harm a country's competitiveness and inhibit diversification investments at the time of high commodity prices because of higher wages resulting from commodity dependence.

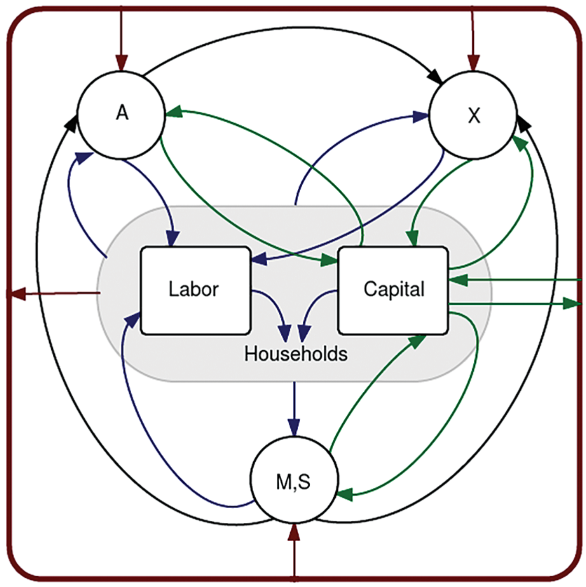
By contrast, a compelling example of successfully balancing open and closed borders is the policies associated with China's development. The use of industrial zones with restricted imports and exports is a hybrid policy that deviates from the policies of the Washington consensus, but is consistent with the recommendations emerging in this analysis. This analysis further calls for customized policies for individual countries based on an understanding of their particular economic activities and opportunities.

Similarly, it can be shown that even for the US, the leading industrialized country, robust development occurs when both monetary and fiscal policies are set so as to balance the flows of the 'wages and consumption loop', and the 'investment and returns loop'[4]. When growth in the consumer loop dominates, runaway inflation leads to economic instability. If the investor loop dominates, economic instabilities, including periodic recessions, and declining interest rates lead to uncharted high-risk economic conditions. Analysis in this paper extends this effort to consider the structural transition of development. A more complete discussion of the analysis relative to the economic literature as well as analysis and implementation for specific countries is left to future work.

The challenge of understanding the flows

Models based on financial flows are typically used to describe 'business cycles' (Goodwin model and Kalecki model). A flow diagram aimed at understanding the challenges facing CDDCs has been elaborated which represents the flow of money between internal and external sectors for a national economy, as shown in Figure 1 below.

Figure. 1: Schematic diagram of flows between economic sectors and households



Sectors: Agriculture (A), extraction/mining (X), combined manufacturing and service (M,S). Payments for goods and services are in blue, inputs are in black, investment flows in green, foreign trade in red.

The diagram in Figure 1 reflects a country's (A)gricultural sector, e(X)tractive sector, capital and labour, and its (M)anufacturing and (S)ervice sector. To reflect the dynamics of income generation and re-investment, the diagram distinguishes between:

Blue arrows	flows in which money is exchanged for goods or services;
Green arrows	flows related to saving, borrowing, and ownership;
Red arrows	external trade.

For example, consumer spending flows out from households who purchase the goods and services produced in the manufacturing and service sector, which in turn pays to households

[4] Yaneer Bar-Yam, Jean Langlois-Meurinne, Mari Kawakatsu, Rodolfo Garcia, Preliminary steps toward a universal economic dynamics for monetary and fiscal policy, arXiv:1710.06285 (October 10, 2017; Updated December 29, 2017).

for labour (blue arrow) and pays investors for capital (green arrow). Households can also be investors and receive income for both labor and capital investments.

Economies differ drastically in the size and structure of their financial flows. To illustrate the use of the diagram, a few archetypes defined by a signature set of traits should be considered:

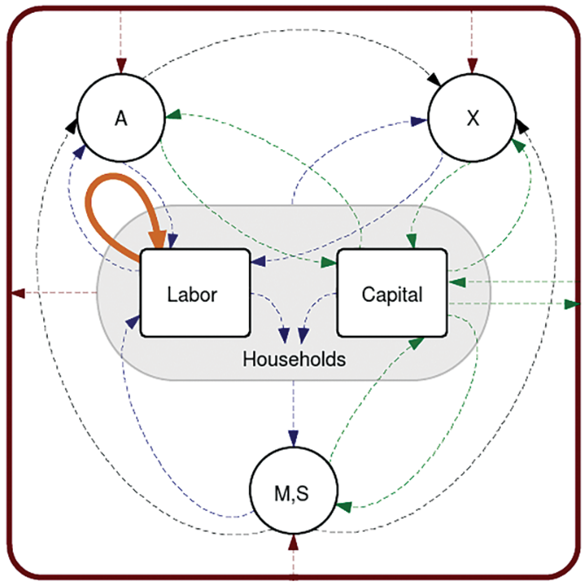
A. **Agrarian:** most of the population supports itself with subsistence agriculture
B. **Extractive:** mineral or fuel extraction dominates over both agriculture and manufacturing
C. **Cash Crop:** agricultural exports dominate the economy
D. **Emerging:** shift (the structural transformation) from agriculture to manufacturing

A **developed economy** is characterised by a large manufacturing and service sector that is internally driven, and is not included in this summary about development.

In the following diagrams, the thickness of flows illustrates their relative significance in the economy.

A. Agrarian economy. Figure 2 shows that in an agrarian economy where financial flows are so small that they are all shown only as dashed lines. Although the agricultural sector is the site of most productive activity, it is not commercialized. Unlike other flows, the subsistence flow does not represent a financial flow. It is represented with an orange arrow passing by the agricultural node and back to the farmer households.

Figure. 2: Financial flows in a representative agrarian economy



Note: Agrarian economy has little substantial commercial production, and consequently all flows are minimal (dashed arrows). Subsistence agricultural production is economically important but is not a financial flow. It is denoted with an orange arrow passing near the agricultural sector.

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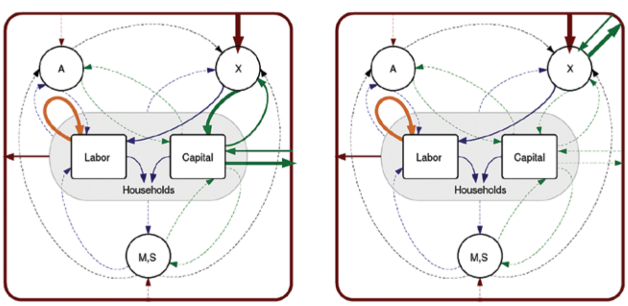
Photo: Adobe Stock

B. Extractive economy. Figure 3 shows the flow diagram for a country whose primary economic activity is extraction, e.g. a petroleum exporter. Revenue arises largely from exports of the extractive industry. There are no other economically important domestic industries: consumer goods are imported from abroad and capital flows largely out towards foreign investment opportunities. Thus, export revenue is transferred abroad directly. Ownership of the extractive sector may be in control of domestic or other foreign investors.

Figure 3: Financial flows in a representative extractive economy



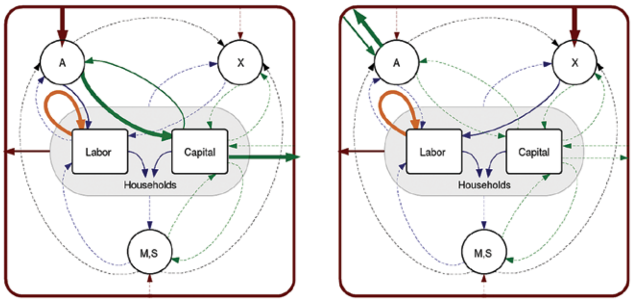
The main revenue flow consists of payments to the extractive sector for natural resource exports. Domestic capital (left figure) is invested abroad, laborers receive wages from the extractive sector. Consumer products and services are imported, except for an independently co-existing subsistence. economy.

Note: Panel A reflects domestic ownership of resources, where profits from exports flow as returns to domestic capital investors. Panel B reflects foreign ownership, where the extractive sector receives investments from foreign sources and returns profits abroad. Reinvestment, the remainder of revenue, flows directly out of the country.

The financial flows thus affect the country only in a limited way, flowing immediately to foreign industries as investment and consumer spending. The extractive economy may coexist with a subsistence economy with which it does not interact.

C. Cash-crop economy. The main characteristics of extractive economies are shared by cash-crop economies, where commercial agricultural production for export resembles mineral exports, and agricultural land may be controlled by domestic (Figure 4, Panel A) or foreign (Figure 4, Panel B) investors. Investors have few domestic diversification opportunities and invest their capital mostly outside of the country. **As a result, most of the export revenue flows directly out of the country.** Unlike the extractive economy, resources in this case flow through the agricultural sector rather than the extractive sector. As with extractive economies, there is limited effect on the domestic economy.

Figure 4: Financial flows in a representative cash crop economy

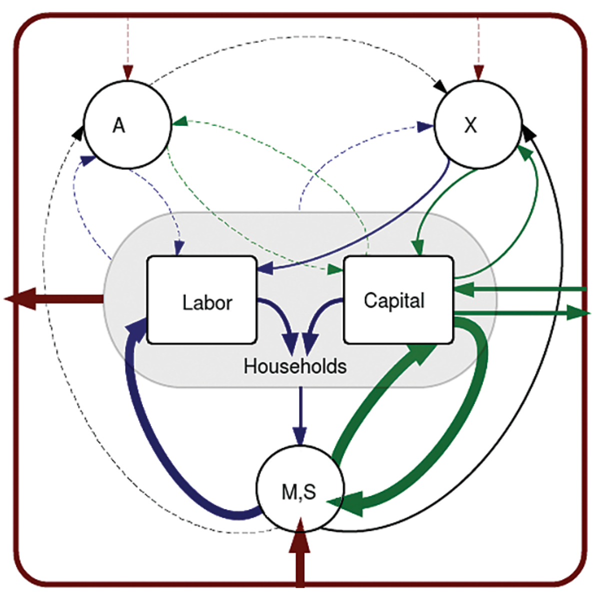


Note: Panel A reflects domestic ownership of resources, and Panel B reflects foreign ownership. A cash crop economy is analogous to an extractive economy, with similar trade and investment flows.

D. Emerging economy. Figure 5 describes an emerging (rapidly developing) country. The manufacturing and service sector is large; it is the main source of wages and the main destination of investment. Total flows and wages are significantly larger than in agrarian economies and most primary commodity exporters, which indicates higher standards of living. Agriculture and extractive industries provide a comparatively small share of wages, returns, and consumer products.

While the manufacturing and service sector is a substantial source of internal consumption, a large portion of manufactured goods are exported and a large share of household consumption is imported.

Figure. 5: Financial flows in a representative emerging (industrial) economy



Note: Subsistence agriculture is not a substantial portion of the economic activity. The industrial sector dominates wages, exports, and investments. Households purchase both domestically produced and imported consumer goods in significant volume. Household consumption of goods and services is largely met by domestic production. Large bidirectional capital flows connect investors to global financial markets.

Paradigmatic economies summary

Developed economies based their development on **local, recurrent circular economic flows** of goods and services. In contrast, the CDDCs are advised to focus **on the global economy** as a source of economic activity.

Emphasizing the role of global trade as a source of development has led in some cases to extractive industry and cash crop economies that are failing to diversify and instead are fully reliant on commodities. The absence of locally closing economic flows results in economic activity which is not self-reinforcing and not sustainable within the country. Reliance on commodities for participation in global trade de-links domestic consumption from production, so that expenditures on consumption do not return to households but exit to the global economy. This also means that opportunities for domestic investment are very limited, and savings and profits exit to foreign investment markets. **Commodity dependence and lack of diversification are reflected in consumption and investment flows out of the local economy.**

The standard model of international economics calls for each country to provide its best products to the global market. However, this does not address the implications of an un-diversified economy for domestic development. Given the current state of single product economies, a more successful development model would target diversified local economic activity at the same time as export industries. It is reasonable to raise the question whether this model is consistent with existing policies.

Domestic-based and globally-driven development

This flow based view of economic development raises questions regarding feasibility of relying on the global trade to overcome commodity dependence. International financial flows create global competitive pressures on CDDCs and favor specialization. Yet, such local specialization runs counter to the need for diversity of economic activity to ensure diverse employment and the mutually reinforcing growth of diversity and productivity. The possibility of change in economic activity associated with growth of export industries is hard to expect in a CDDC endowed with a limited set of tradeable commodities, so it can hardly be a source of necessary diversification.

The domestic financial flows of a country, as a whole, are different from international flows. They are necessarily diverse because they must meet varied human needs of a whole population. Because they are constrained by geography, they tend to be part of shorter loops than international flows. Shorter loops are more reliable and can be accelerated independently of the higher complexity and uncertainty of global markets. **Diverse and shorter loops that run in parallel are less vulnerable to volatility.** These features make domestically oriented sectors more robust and sustainable than international ones. Indeed, development concepts that focus on promoting imports and exports fail to recognize that such flows are not in and of themselves consistent with broad-based economic growth.

To appreciate and understand when and why economic development fails to take place in a nation, even in the presence of strong international financial flows, it is necessary to identify and disentangle domestic flows of money that enable diversified development (e.g. local infrastructure, manufacturing and agriculture) from flows that are primarily international in nature and do not directly involve economic sectors that contribute to diversified growth locally. It is also important to recognize the roles of such economic flows in interventions aiming to promote development, whether through humanitarian aid or economic investment. **In a subsistence agriculture, extractive or cash crop economy, the addition of development aid or investment typically results in flows that follow the paths of existing dominant flows. In all these cases, financial flows do not close within the country.** The natural path for money is the purchase of goods from foreign sources, or the investment in opportunities that are foreign. **Development aid should seek to create consistently cycling monetary flows within the country.**

The systemic dynamic effects of coupling to the global economy through the commodity trade should be better understood. **For extractive or cash-crop economies, most of the domestic economy is essentially isolated from what may otherwise appear to be a strong GDP.** Commercial agriculture and mining are more strongly tied to the global economy than to the domestic one, and the wide majority of a country's population has little connection to them. Monetary flows from outside the country pay for products of the extractive industry. Those flows go to profits and wages for a narrow part of the domestic workforce, and the resulting consumption is for foreign goods. Significant investment flows only to the extractive industry itself and returns value to global investment markets, leaving little in the country.

Photo: Adobe Stock

The majority of investment directed toward developing the extractive industry is also likely to be primarily for infrastructure constructed by foreign companies and equipment purchased from foreign sources. There is essentially no robust economic development nor opportunity for widespread increases in standards of living.

National governments may try to regulate the proportion of revenue distributed to labor and profits, and capture part of the profits for local instead of foreign ownership. Nevertheless, the domestic expenditures must be linked to domestically-contained flows or the impact of these interventions will be limited. Indeed, there is considerable concern that strong government interventions in economic activity limit the quality of governance by drawing attention away from the demands of the citizenry.

The pressures of global economic integration may also impact developed economies. Some, if not all, historically developed economies might, under an unfavorable scenario, converge toward a structure similar to un-diversified, developing economies. When a particular industry becomes dominant in exports, problems also arise in developed countries. While the discovery of a high-value export may seem to 'strengthen' a country's currency in the short term, the analysis of structural changes in economic flows shows that it may counterintuitively *hinder* the nation's ability to achieve extended organic internal growth in the long term. This counterintuitive result is similar to that of injection of aid from wealthy nations to developing countries that can distort economic activity rather than forming a self-consistent one.

Activating a domestic economy

It can be seen that a successful export-oriented industry does not necessarily lead to widespread domestic economic development when there is a disconnect between the financial flows of the local and global economy. However, the existence of such economic flows may be considered a resource for developing the domestic economy.

For example, a local service sector with higher wages may develop out of the incomes generated from exports. However, the pressures of globalization also affect such local linkages and their emergence cannot be taken for granted. Instead, it becomes a development effort in itself.

Instead of relying upon development of sectors directly coupled with export industries, it is likely that the promotion of domestic development may also be achieved through targeted investment in production and through distribution of wealth to promote demand. Interventions that promote both supply and demand may be more effective than either one separately. Such strategies are being adopted in some oil exporting countries.

In addition to the challenges facing production and consumption flows, the availability of savings for domestic investment may be limited when low barriers to investment in global equity markets result in flows to the most lucrative risk-return opportunities abroad. This leakage of finance depletes domestic financial flows and the opportunities for development of CDDCs. If savings of households in an economy are reliably made available for investment in domestic industries, an important condition for circularity of flows is met. The main obstacles to meeting this condition are the accumulation of reserves by domestic banks and debt obligations due to absence of investment opportunities, as well as 'capital flight' driven by tax incentives or higher returns.

Conclusions

Sustainable economic growth of a representative developed economy is typically driven by strong internal economic flows, and, similarly, an emergent economy has strong internal economic flows that are only partially driven by external economic flows. The model of circular economic flows shown in this work offers an explanation of why historical evidence does not support the assumption that opening borders can work as a first step in achieving self-sustained economic development in a CDDC.

The inconsistency between flows dominated by global economic activity and the internal flows offers a plausible explanation of persistent commodity dependence. It is also clear from our analysis why development assistance may be ineffective when borders are open: the injection of financial resources does not create robust internal economic flows in a developing economy and is not consistent with achieving a developed economy.

While development interventions and investment may be focused on mitigating structural problems or promoting production, self-reinforcing development cannot be achieved without creating self-consistent circular flows of resources. The cycling of flows enables increased standards of living precisely because there is a self-consistent growth of economic activity. An analysis of the local barriers to achieving self-consistent flows in individual countries, as well as the local opportunities, is essential to understanding which interventions will be most constructive, and which policies are required to enable effective development interventions.

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Note: This work is a summary of conclusions of a project on new strategies for commodities supported by the Common Fund for Commodities (CFC). The views expressed here are those of the authors and do not represent the views of the Common Fund for Commodities or any of its Member Countries and/or any other International Organisation.

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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 2017. 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 CFC implements projects in 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 modernization 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 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 **original operational guidelines** under the Agreement Establishing the Common Fund for Commodities ended on 31 December 2012 in connection with the adoption of the reform package of the CFC. Under these pre-reform operational guidelines, the Fund had approved financing for 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). The Common Fund financing of projects under the pre-reform operational guidelines 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. Under the new operational guidelines, the Fund currently has 36 Regular projects plus a further 23 Fast Track projects, (a total of 59 projects) at various stages of start-up and implementation, with an overall cost of USD 145.0 million. In addition, the Fund is participating in 9 Investment Funds with Equity financing, which together have the total assets under management of USD 526.1 million. Of the total cost project cost of USD 145.0 million, the Fund financed USD 45.8 million, (about 31.6%) 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 42.7 million in loans/equity etc. (93.2%) and USD 3.1 million in grants (6.8%).

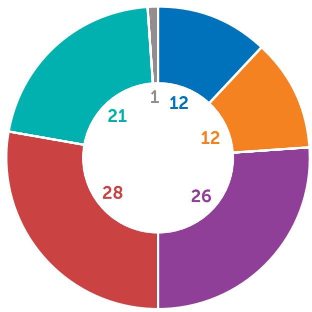
According to the **Fund's audited statements**, the direct project related disbursements in 2017 stood at USD 1.42 million as grant and USD 4.37 as loan/equity etc. Special efforts is in place to streamline the components of the Agreements between the Fund and the Recipient of resources to reduce the delays between the approval of project and commencement of actual implementation on the ground and more of these efforts will be in place in 2018.

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 and in partnership 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.

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 36 Regular projects in various stages of implementation or start-up:

Distrubution of Loan by type (value chain)



	Type	Number of Projects	Sum of Percentage (%)
	Finance	4	12
	Market Access/ Extension	4	12
	Partnership	9	26
	Processing	10	28
	Production	8	21
	Others	1	1
	Grand Total	**36**	**100**

As at 31 December 2017, a total of 183 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.

Operational & completed Projects upto and including 2017

Active

	EB Meeting	Project Title	Country(ies)/Area Involved	Page No.
	Year 2013			
1	EB55	Commercial Farm Development in Central and Northern Ethiopia - CFC/2012/01/0030	Ethiopia	45
2	EB55	Commodity Branding - CFC/2012/01/0044	Mozambique, Ghana, India	46
3	EB55	SME Agribusiness Development in East Africa - CFC/2012/01/0076FA	Tanzania	46
4	EB55	Identifying Growth Opportunities & Supporting Measures to Facilitate Investment in Value Chains in Landlocked Developing Countries - CFC/2012/01/ILZSG/0267	Lao People's Democratic Republic	47
5	EB55	Partnership with the Africa Agriculture and Trade Investment Fund (AATIF) - CFC/2012/01/0268FA	Africa	47
6	EB56	Commercial Farm Development in Central and Northern Ethiopia: Solagrow PLC - CFC/2013/01/0030FT	Ethiopia	48
7	EB56	Commercial Meat Processing/Marketing in Lagos - CFC/2013/02/0042FT	Nigeria	48
8	EB56	Partnership with the Africa Agriculture SME Fund - CFC/2013/02/0084FA	Africa	49
9	EB56	Partnership with the EcoEnterprise II Fund - CFC/2013/02/0085FA	Latin America	49
10	EB56	Partnership with the Moringa Agro-forestry Fund - CFC/2013/02/0086FA	Africa, Latin America	50
	EB Meeting	Project Title	Country(ies)/Area Involved	Page No.
	Year 2014			
12	EB58	Preparation of a Technical Dossier for Geographical Indication (GI) for Ceylon Cinnamon in the EU - CFC/2014/04/0006FT	Sri Lanka	51
13	EB58	Commodity Value Chain Tropical Timber from Commodity Forests - CFC/2014/04/0047FT	Cameroon	51
14	EB58	Revival of the Robusta Coffee Chain in Madagascar - CFC/2014/04/0064	Madagascar	52
15	EB58	Optimizing the Smallholder Maize Value Chain in Western Kenya - CFC/2014/04/0094	Kenya	52
16	EB58	Moringa Agroforestry Technical Assistance Fund - CFC/2014/04/0103FT	Latin America, Africa	53
17	EB58	Modern Processing & Value Chain Development for Prosopis Charcoal and Nutritious Animal Feeds, Kenya - CFC/2014/04/0107FT	Kenya	53
	Year 2015			
18	EB59	Scaling Smallholder based Premium Coffee Production in Congo and Rwanda - CFC/2014/05/0079	Congo, Democratic Republic of	54
19	EB59	Scaling Smallholder based Premium Coffee Production in Congo and Rwanda - CFC/2014/05/0079FT	Congo, Democratic Republic of, Rwanda	54
20	EB60	Tolaro Global Cashew Factory Expansion, Benin - CFC/2015/06/0032	Benin	55
	Year 2016			
21	EB61	Intensified Livelihoods Improvement and Environmental Conservation through Social Business Activities (Natural Fertilizer, Myanmar) - CFC/2015/07/0020FT	Myanmar	55
22	EB61	Coffee Value Chain - Uganda - CFC/2015/07/0022FT	Uganda	55
23	EB61	Accelerating Lending to Food & Agri sector in East Africa Supply Chain Financing - CFC/2015/07/0028	East Africa	56

	EB Meeting	Project Title	Country(ies)/Area Involved	Page No.
24	EB61	Irrigated Perfumed Rice and Normal Rice Production in Thiagar, Senegal - CFC/2015/07/0030	Senegal	56
25	EB61	Upscaling the Integrated Production and Processing of Selected Estranged Oilseeds, Nigeria - CFC/2015/07/0032	Nigeria	57
26	EB61	Commercial Farm Uganda - CFC/2015/07/0078	Uganda	57
27	EB62	Chicoa Fish Farms SA in Mozambique - CFC/2016/08/0022	Mozambique	58
28	EB62	Manufacture of Moringa Oleifera from Smallholder Farmers, Kenya - CFC/2016/08/0052FT	Kenya	58
29	EB62	Start-up of Innovative Agriculture Finance Company for Cocoa, Philippines - CFC/2016/08/0064	Philippines	59
30	EB62	Upscaling Coffee Flour Production Plant of Sanam, Colombia - CFC/2016/08/0077FT	Colombia	59
	Year 2017			
31	EB63	Empowering Smallholder Farmers Affected by Conflict - Sri Lanka - CFC/2016/09/0069FT	Sri Lanka	60
32	EB63	agRIF Cooperatief U.A.,Netherlands - CFC/2016/09/0089	Netherlands	60
33	EB63	Reducing Vulnerability to Price Volatility - Kenya - CFC/2016/09/0097	Kenya	61
34	EB63	Acquisition of a processing plant for the aquaculture sector - Peru - CFC/2016/09/0122	Peru	61
35	EB63	Africa Food Security Fund - Ghana - CFC/2016/09/0124	Ghana	62
36	EB63	Babban Gona 40,000 Farmer Scale up Project - Nigeria - CFC/2016/09/0125	Nigeria	62
37	EB63	Good seeds for all farmers project - Burkina Faso - CFC/2016/09/0138	Burkina Faso	63
38	EB64	EcoEnterprises Fund III - CFC/2017/10/0066	Latin America	63
39	EB64	Testing of bio-formulations, India - CFC/2017/10/0069	India	64
40	EB64	Scaling Up Acess to Finance for Smallholder Potato Farmers, Malawi - CFC/2017/10/0091	Malawi	64
41	EB64	The conservation of the forest of Ashaninka communities, Peru - CFC/2017/10/0109	Peru	65
42	EB64	Formulation and fertilizer distribution for smallholder farmers, Côte d'Ivoire - CFC/2017/10/0111	Cote d'Ivoire	65
43	EB64	Soybean Processing for Farmer and Market Impact, Rwanda - CFC/2017/10/0123	Rwanda	66

Completed

	EB Meeting	Project Title	Country(ies)/Area Involved	Page No.
	Year 2013			
1	EB56	Partnership with the Africa Agriculture and Trade Investment Fund (AATIF) - CFC/2012/01/0268FT	Africa	41
	Year 2015			
2	EB59	Upgrading Seaweeds Value Chain in the Philippines - CFC/2014/05/0101FT	Philippines	41
3	EB59	Increasing Sustainable Nutmeg Production for Smallholders - CFC/2014/05/0102FT	Indonesia	42
4	EB60	Artemisinin from Outgrower Farmers for its Use in Malaria Medication - CFC/2015/06/0065	Madagascar	42
5	EB60	Sustainable Post-Disaster Reconstruction in Nepal - CFC/2015/06/0097FT	Nepal	43

Operational Projects as of 2017 under the old rule[1]

	CC/EB Meeting	Project Title	Country(ies)/Area Involved
1	EB28	**Reviving Banana Cultivation - Guinea - CFC/FIGB/04**	Guinea
2	EB39	**Value Added Fishery, Guinea & Mauritania - CFC/FSCFT/22**	Guinea, Mauritania
3	EB44	**Income Generation Potentials from Oil Palm - CFC/FIGOOF/28**	Cameroon, Nigeria
4	EB46	**Small-holder Kenaf Production System - CFC/IJSG/25**	Bangladesh, China, Malaysia
5	EB49	**Pilot Coffee Rehabilitation - CFC/ICO/11**	Nicaragua, Honduras
6	EB49	**Coffee Credit Guarantee Scheme - CFC/ICO/48**	Ethiopia, Rwanda
7	EB50	**Diversification of Livestock Sector in the Caribbean - CFC/FIGMDP/20**	Jamaica, Trinidad and Tobago
8	EB50	**Volatility & Building Resilience to Future Crises - UN-LDC IV - CFC/ICO/49FA**	Benin, Burundi, Tanzania, Zambia, Lao DPR, Nepal
9	EB52	**Development of National Cotton Classing Systems - CFC/ICAC/44**	Kenya, Mozambique
10	EB52	**Rehabilitation of Coffee Farmers in DR Congo - CFC/ICO/51**	DR Congo
11	EB53	**Integrated Management of Cocoa Pests & Pathogens - CFC/ICCO/43**	Cameroon, Cote d'Ivoire, Ghana, Nigeria, Togo
12	EB53	**Price Risk Management Strategy for Cocoa Smallholders - CFC/ICCO/44FA**	Cameroon, Nigeria, Sierra Leone, Togo
13	EB53	**Olive Genetic Resources Creation, Phase II - CFC/IOOC/09**	Algeria, Tunisia, Morocco, Syria, Egypt
14	CC50	**The Role of Commodities in Development - CFC/CFC/33FT/FA**	Various
15	CC50	**Producer Organizations Investing out of Poverty - CFC/CFC/35FT/FA**	Kenya

[1] Details available on the CFC website and can be made available on request.
These projects were approved on and before 2012.


Photo: ©FAO/Giuseppe Bizzarri

Projects Completed
in 2017

1 Partnership with the Africa Agriculture and Trade Investment Fund (AATIF) - CFC/2012/02/0268FT

Submitting Institution	***Africa Agriculture and Trade Investment Fund (AATIF)***
Location	***Africa***
Commodity	***Miscellaneous***
Total Cost	***USD 6,100,000 (current fund size)***
CFC Financing	***USD 100,000 (Grant)***

Project Description
The AATIF Technical Assistance Facility is a grant-based fund that supports the development impact of investments made by the Africa Agriculture and Trade Investment Fund (AATIF). AATIF's mission is to realize the potential of Africa's agricultural production, manufacturing, service provision and trade for the benefit of the poor.

Parallel to the Fund, grant based resources are made available through the AATIF Technical Assistance Facility (referred to as TA Facility). The TA Facility provides support to AATIF investees in order to enhance the development impact on target group of the persons/institution in investments.

Current Status
Up to end 2017, the TA Facility has designed and commenced 37 individual Technical Assistance projects in 9 different countries in Africa with a total budget of Euro 2.5 million of which 27 have been completed. These covered economic country distribution, investment overview and main indicators which were used for measuring and evaluating the effective achievement of AATIF's overall objective including:
(i) increases in agricultural production and productivity levels;
(ii) generation of additional employment opportunities;
(iii) outreach to smallholder farmers;
(iv) increases in farm and overall household income; and
(v) improvement in living and working conditions.

While the grant contribution provided by CFC has been fully utilized, the CFC continues to be the AATIF TA Facility Manager based on a service agreement with the AATIF Board. The details of action taken by the AATIF TA Facility can be made available upon request.

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

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

Project Description
This project aims to promote seaweed as an alternative cash crop for poor households of farmers and fishermen on Sawar Island, the Philippines. The Center for Local Economy Development, the social enterprise i.e. Sentro ha Pagpauswag ha Panginabuhi Inc. (SPPI), will set up business units i.e.: a nursery, a trade unit, a micro-finance unit and use services of an NGO to provide training to farmers. It is expected that 200 households will increase production by 50% and 1000 households by 25%. Projected net income from 1 seaweed production module is USD 90 per production cycle; on a yearly basis 3-5 seaweed production cycles are possible and farmers may upscale to two production modules.

The proposed seaweed farming module is a relatively low-cost production activity with a low level of external outputs and therefore accessible to the poorer segments of the farming and fishing community. The proposed SPPI business model structures the various business development services.

Current status
In total 31 producer organisations in Northern Samar and 14 producer organisations in Eastern Samar have been supported towards profitability and gender sensitivity (far above the target of 16 producer organisations). Eight producer organisations now run their own credit program where members can borrow money for livelihood and household purposes. A total of 966 producer households were engaged in seaweed production and an additional 325 seaweed farmers started farming in 2017. Income increase of seaweed farmers varied from 6% to 265%. As a result of increased seaweed production, 70 seasonal jobs were created (hauling, transport, etc). The project aimed to expand and increase the production of the most economically viable type of seaweed (Eucheuma alvarezii) but is also introducing another type of seaweed that has lower economic value (Eucheuma denticulatum) that is expected to better combat stress and diseases, resulting in a larger volume.

Food processing trainings have resulted in the production of new products (food and non-food) which are sold in local markets and helped gain employment for the local communities. 70 individuals benefit every four months from corollary jobs generated by this project.

SPPI is expected to release the following publications under this project: (i) Technical Guide on Seaweed Farming, (ii) Field Guide on Common Seaweed Species in Norther Samar and their Uses, (iii) Life Stories of Seaweed Farmers in Samar Island, (iv) Farmed Carageenan-Producing Seaweeds of the Philippines, and (v) Seaweeds of Northern Samar.

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

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

Project Description

In 2012, the price for North Moluccas nutmeg was low due to contamination with aflatoxin. A component of ICCO's nutmeg program is a series of farmers' capacity building aiming to a) improve post-harvest handling and quality assurance, resulting to aflatoxin-free nutmeg, and b) assist farmers in converting from conventional farming to organic and/ or certified.

CFC funds was provided by ICCO to PT Agripro Tridaya Nusantara as of on-loan intended for the trading company's procurement of certified and organic nutmeg. The on-loan aimed to support Agripro's nutmeg procurement for six cycles. Based on their 2014 and 2015 reports, trading volume is at an average of 14,000 kg monthly and with 180,000 Euro monthly sales. Through the on-loan, the company aims to increase its procurement of nutmeg from North Moluccas, Indonesia, from 14,000 kg/ month to approx. 28,000 kg/month. Impact-wise on the community covered by the program, farmers are motivated to plant and harvest nutmeg given that there is a constant buyer like Agripro and household income from nutmeg is stable.

Current Status

In partnership with Horti Chain Centre, component of ICCO nutmeg program was executed and completed in February 2016[1] with most of key performance indicators achieved: (i) A total of 3,057 farmers were trained; (ii) 3,0571,205 farmers have passed international organic certificate valid for EU and USA (Control Union) and 3,796 farmers registered and committed to produce based on organic standard (Control Union and valid to 2016) which 1, 331 of them already verified internally based on organic standards (using ICS system).; and (iii) Average profit margin of farmer per harvest is 5 to 10% higher price than local market price for free aflatoxin and 20 to 30% higher than local market for organic and free aflatoxin nutmeg.

The achievement of program target, specifically on improvement of nutmeg quality as a result of farmers' capacity building, was affirmed by two local traders/exporters: Agripro and MRS Nusantara/TPN.

[1] This project part of the bigger project funded by ICCO MFS II which to be end by June 2015 as the final end of the financial support of MFS II Program. The program committed to be end by end of June 2016 after completion of the Final Audit Report.

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

Submitting Institution	***Bionexx SA***
Location	***Antananarivo, Madagascar***
Commodity	***Medicinal Plants***
Total Cost	***USD 3,444,000***
CFC Financing	***USD 1,491,000 (USD 1,000,000 financed by OPEC Fund for International Development (OFID)),***
Counterpart Contribution	***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 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.

The CFC loan was to upscale the artemisinin crystal extraction operations of Bionexx and to increase the number of smallholder farmers in the supply network.

Current Status

Bionexx increased the production of artemisinin from 15 metric tons per annum to 24 metric tons and also increased the number of smallholder farmers supplying raw material to the company from 10,000 farmers to 15,000. The enhanced availability of artemisinin has been of an immense help in providing succor to populations suffering from malaria. The CFC resources have been fully used and loan of USD 1,490,000 was repaid in the third quarter of 2017.

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

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

Project Description

The project aimed at post-disaster reconstruction using bamboo, in the areas affected by the earthquake in Nepal. Bamboo is a largely cultivated commodity in Nepal. The project aimed at providing technical assistance and capacity building to (i) an existing commercial company producing bamboo construction products: Himalayan Bamboo, and (ii) an existing company operating in the design for housing and public infrastructure, such as schools: ABARI .

The purpose is to reduce the operating costs of the target companies, improve the bamboo value chain to ensure increased economic benefits to bamboo producers and security of supply of quality materials to companies. The project execution agency INBAR, provided technical assistance programme and created linkages between the private sector, the government and small holder farmers.

The CFC extended a grant of USD 120,000 to finance about 13% of the total project cost. The project shows the importance of bamboo as anti-seismic construction material, moreover if treated with chemicals, it can last more than 25 years, and it is ideal for building components.

Current Status

10 hectares of bamboo are currently under sustainable management plans and 250 bamboo trees were planted by farmers in Sidhupalchok. A digital inventory system for the plantations was developed: farmers upload in the system bamboo species, age, and quantity via smart phones.

With the project funds, three schools were built in Kavre attended by about 200 students, six demonstration houses were constructed for the benefit of six families, ten transitional schools attended by 300 students in total, were completed. The total cost per unit is around NPR 2,000 (USD 19) per square feet, about 20-30% cheaper than the costs associated with the utilization of conventional building materials.

A Common Facility Centre and Bamboo Research Laboratory were constructed in the campus of Kathmandu University to demonstrate earthquake resistant building materials. The building is open to the public, acts as demonstration centre for engineering students as well as a laboratory for structural bamboo property testing.

The project is now completed and is financially closed.

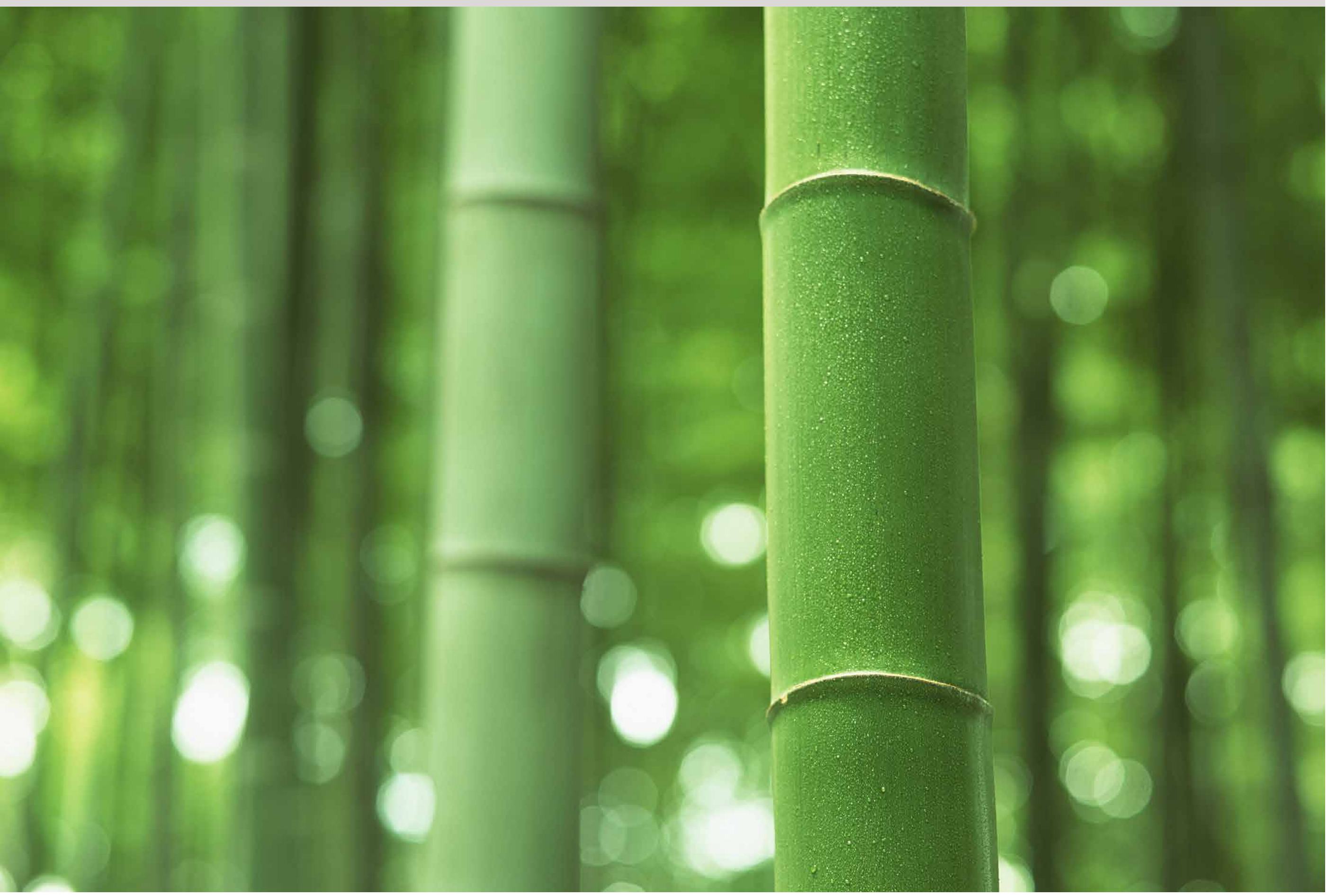


Photo: INBAR

Photo: ©FAO/Giulio Napolitano

Active Projects
in 2017

Photo: ©FAO/Giulio Napolitano

1 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, of which 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 out growers 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 out growers 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 out grower schemes will eventually involve some 2,500 new farmers as out growers on around 3,000 ha of land, who will benefit from quality input provision, mechanization services and access to markets. In addition, indirectly, Solagrow is expected to 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, fertilizer), and damages incurred on farm equipment which deprived it from planting of potatoes in 2016. This placed Solagrow in a very precarious liquidity position which ultimately led it to restructure its operations. Several corrective measures have, in the meantime, been taken. The major being substantially reducing its land leases from 650 ha to 175 ha of Solagrow. The accompanying cost savings, together with use of established infrastructure, a high level of mechanization and some standing lucrative off take agreements with the leading Ethiopian branches of international companies, i.e. Heineken, Bavaria, Holland Dairy, HZPC Holland BV, and others, enabled Solagrow to continue its operations, albeit on a smaller level.

Solagrow management is currently working on the consolidation of its operations to an extent that it enables it to jointly develop a long term restructuring plan with modified loan repayment schedule. A first meeting between CFC and Solagrow to finalize these issues is likely to be held in early 2018.

2 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), USD 562,500 (Shell Foundation))***
Co-financing	***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 chillie 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 chillies 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.

Current Status
A branded chillie sauce ('Chillie Power') was introduced in the domestic Zimbabwe market in June 2015 and a sugar brand ('Four Elements') is expected to be released in early 2018. The chillie brand will be commercially used by the Zimbabwean company WISTCO to be further expanded in Southern African countries, while the rights for the Sugar brand will be used by the large commodity trader ED&F Man for its European markets.

The CFC engagement successfully de-risked and facilitated the development, and licensing and the launch of the two brands. Plans for further market development by the private sector stakeholders in the project enabling, after five years, around 12,000 farmers to benefit from raw material supply for these brands with an average of USD 600 p.a. of additional household income.

The CFC was informed that funding is no longer required for the further development and expansion of the brand. It has been mutually agreed to terminate CFC's project engagement to the project. The necessary formal steps for orderly closure are currently underway.

3 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% per annum, 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 Euro 10 million 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 of Tanzania, which will give SIF strong outreach to cover rural districts in Tanzania. Technical partners include Financial Alliance for Sustainable Trade, MatchMaker Associates (MMA), and Tanzania Horticultural Association (TAHA) with Business Development Services project.

Current Status
In 2017 SIF investments with a total of 82 loans reaching the loan portfolio size of over USD 7 million created 1,700 jobs, with outreach of over 12,600 smallholder farmers. SIF continued with its second round of fundraising efforts to reach the target size of Euro 10 million. It is estimated that the investments of the SME Impact Fund will reach over 66,000 of people, including the members of smallholders farmers' households. The year 2017 was the first year when the Fund became fully self-sustainable generating net profit for the year. More details can be seen on http://www.smeimpactfund.com/our-portfolio/meet-our-smes.aspx

4 Identifying Growth Opportunities & Supporting Measures to Facilitate Investment in Value Chains in Landlocked Developing Countries - CFC/2012/01/ILZSG/0267

Submitting Institution	***UN Office of the High Commissioner for LLDC's***
Location	***Global***
Commodity	***Various***
Total Cost	***USD 418,000***
CFC Financing	***USD 335,000 (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 (LLDCs). The high-level dialogue on commodities started in the Second United Nations Conference on Landlocked Developing Countries held in Vienna, Austria in 2014. Stemming from this dialogue, the project developed a working paper on *'Turning Commodity Dependence into Sustainable and Inclusive Growth'* to focus the attention on the policies and strategies necessary to enhance the role of commodities in the development of LLDC's.

Current Status
The project enabled the CFC to contribute to the debate on the priority areas for commodity sector investments in landlocked developing countries. The project highlighted that LLDCs rely on limited products for their exports earnings, and struggle to achieve in-country value addition due to structural weaknesses. Furthermore, due to long supply chains, LLDCs are especially vulnerable to commodity price volatility.

To overcome their challenges LLDCs need to re-invest funds originating from the commodity sector domestically, towards diversification and value addition in-country, to minimize the relative impact of transport costs and market access. Investing in SMEs in these target sectors, encouraging them to expand their business vertically along the value chain, and enter into new local market segments empowers primary producers, giving them the tools and resources to transform their livelihoods and reduce their vulnerability.

In the preparation for the review of the Vienna Programme of Action (VPoA), the recommendations have been taken into consideration and the outcomes of the work supported by the CFC are being regularly reported in the Inter-Agency Working Group (IAG) preparing the review. The project serves to foster CFC collaboration and coordination with other international agencies financing economic development in commodity dependent LLDCs, including UN-OHRLLS, UNCTAD, UNDP, UNECA, and the World Bank.

5 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.

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

Current Status
AATIF's growing range of products and expanding loan portfolio currently consists of two operations involved in farming, two agri-processing companies and seven lines of credit for financial intermediaries and regional banks that seek to enter the local market for extending lending to small and medium size agricultural enterprises The most recently concluded impact assessment (supervised by the CFC as TA Facility Manager) confirms strong social impact of AATIF funding. Through a line of credit provided to the TD Bank (former PTA), a loan was extended to a Zimbabwean tea estate. Funding was used to foster efficient business operations and to maintain offtake from its 2,000 smallholder green tea leaf suppliers in a period of economic contraction. The details of action taken by AATIF can be made available upon request.

The European Investment Bank (EIB) is expected to join AATIF in 2018 which will further increase the capital base for investments.

6 Commercial Farm Development in Central and Northern Ethiopia: Solagrow PLC - CFC/2013/01/0030FT

Submitting Institution	***Solagrow PLC***
Location	***Ethiopia***
Commodity	***Potato and others***
Total Cost	***USD 120,000***
CFC Financing	***USD 120,000***

Project Description

Solagrow is a farming and agribusiness enterprise with a focus on the production of potatoes and other high value crops for the Ethiopian local market, whereby the integration of Ethiopian smallholder farmers through provision of inputs, cropping technology and market access is a core concept of their business model. All additional income earned by Solagrow is invested in identified area in Ethiopia to further support the development of the agro-economy.

During the implementation of the project 'Commercial Farm Development in Central and Northern Ethiopia' (CFC/2012/01/0030), the borrower i.e. Solagrow encountered unforeseen operational expenses due to loss of inputs, such as seeds, fertiliser, and damages incurred on farm equipment's. Seeing the prevailing situation, in 2016, CFC requested Solagrow to provide an assessment of the company operational and financial status and to identify and specify steps required to adjust its farming operations. To overcome the difficult situation a short term cash inflow of USD 120,000 was requested as working capital to maintain and recommence farming operations on Solagrow's land.

Current Status

The working capital loan to Solagrow was disbursed in accordance with Solagrow's immediate need for enhancing working capital requirements in the course of 2017. The availability of these funds contributed to Solagrow's ability to continue operations and to consolidate its business to an extend where a restructuring process seems viable. Solagrow management continues to work on the consolidation of its operations to an extent that it will be able to examine and suggest a long term restructuring plan with an adapted loan repayment schedule. A meeting between CFC and Solagrow on their proposed restructuring plan has been scheduled to be held in the second quarter of 2018.

7 Commercial meat processing/marketing in Lagos - CFC/2013/02/0042FT

Submitting Institution	***ESOSA Investments Ltd***
Location	***Nigeria***
Commodity	***Livestock***
Total Cost	***USD 250,000***
CFC Financing	***USD 120,000 (Zero interest loan)***

Project Description

This fast track project supports Esosa Investments Ltd, a small scale meat processor operating in Lagos, Nigeria, in restructuring and up-scaling its meat processing factory with the setting up of a pastry line for snacks and cakes and the value-adding expansion of the product range to include sausage based snacks. The CFC support will enable Esosa to acquire additional equipment, optimizing via up scaling its market growth, profit and diversification potentials associated with its main-line of business. In addition the company would strengthen its local supply chains assisting 100 pig farmers in enhancing their farm yields with the introduction of improved breeds, the setting up of pig growing schemes and training in improved animal husbandry. The Fulani nomadic cattle herdsmen are also expected to benefit from the advantages of an enhanced commercial beef production.

Through the upscaling of its meat processing activities, ESOSA is expected to develop a partnership with 100 farmers with 3 piglets each (Landrace & Duroc) for multiplication in the first year (2014). Thus, each participating farmer is expected to increase monthly income from USD 1,500 to USD 2,200 per month at the end of 2014. This intervention will enable participating farmers to hire additional 5 persons thus creating 500 employment posts for farmhands. Farmers will be trained in improved animal husbandry practices.

The loan agreement was signed in July 2015 and fully disbursed in 3 tranches of the loan by the end of 2015.

Current Status

The implementation of the project experienced some delays mainly due to market instability, fluctuation of the local currency and delays in receiving the certifications to start the production to be approved and released by the Nigerian Regulatory Body (NAFDAC). With enhancing stability in market, availability of equipment's, and expansion of pig growing the performance ESOSA is expected to improve considerably.

8 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 to cover administrative and legal costs)***
Co-financing	***Other main investors : Agence Française de Développement (AFD), PROPARCO, Spanish Government (AECID), and African Development Bank (AfDB)***

Project Description

The AAF-SME fund supports private sector companies that implement strategies to enhance and diversify food production and distribution in Africa by providing funding and strengthening their management. AAF-SME Fund is Africa's first Impact Investing Fund with a focus solely on food producing and processing Small and Medium Size Enterprises (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 seek to demonstrate that investments in the African agricultural SME sector is a commercially viable proposition with associated manageable risks.

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.

Current Status

The fund is fully invested in eight different agricultural SME's across Sub Saharan Africa (SSA) that focus on different value chain segments from mixed farming operations to organic fertilizer production. The experienced Fund managers take an active role in strategic development, and are also involved in operational matters whenever required. In the meantime all investees have been restructured from an SME type business towards a transparent shareholder entity with a strategic growth plan. As of end 2017 these companies jointly produced foodstuff amounting to 270,000 MT. In addition, AAF-SME investments have led to the creation and stabilization of more than 660 jobs of which 133 are occupied by female employees. 7,200 smallholders, in 2017, supplied AAF-SME funded companies with raw materials. The details of action taken by AAF-SME can be made available upon request.

9 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 to cover administrative and legal costs)***
Co-financing	***Main other investors : Dutch Development Financial Institution (FMO), Interamerican Development Bank (IADB), and 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.

EcoE II investments seek to 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

The fund has fully invested its resources in 10 companies. These companies are engaged in eco/organic niche products such as tea, juices, baby food and dried fruit which source raw materials from smallholder producers. All companies continue to show growth in sales of products that are produced in an environmentally and socially sustainable manner. By the end of 2017, this growth has led to the creation of 3,100 jobs and the connection of some 11,700 raw material suppliers (i.e. collectors, smallholder farmers, etc.) with investee companies, who increase their income through delivering to a reliable identified off-taker. The details of action taken by EcoE II can be made available upon request.

10 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 1,349613 (equity), and USD 75,000 (as a grant to cover administrative and legal costs)***
Co-financing	***Main other current investors : FMO, PROPARCO, Spanish Government (AECID), and 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 agroforestry projects 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 are 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

By end 2017 Moringa has made five investments i.e. two in Latin America and three in Africa. Already around 6,500 smallholder farmers benefit as suppliers or work as outgrowers to the Moringa investees through improved access to markets and receipt of better prices. In addition 170 jobs have been created so far and 4,200 ha of land have been rehabilitated and converted into sustainable agro-forestry farming systems. The details of action taken by Moringa can be made available upon request.

11 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 wholesalers. 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

JI expanded its processing facilities and used its ability to enhance procurement of maize from small producers. It also attracted partners to provide additional resources to expand its procurement and distribution.

In September 2017, JI formally became part of the East African agribusiness company i.e. Agilis Partner where it is now a sister company of Asili Farms (also a borrower of a CFC loan). This is to achieve maximum synergies between JI as a maize trader and processor and suppliers from the larger scale arable maize farm Asili.

During the year, 11,300 smallholder farmers delivered maize to JI's village outlets for bulking and processing. JI has, with its persistent contacts, expanded its services to farmers at these village outlets with the provision of fertilizer, pesticides and improved hybrid seed material. Apart from selling graded bulk maize, JI has purchased a maize flour plant and started to process maize into flour to capture further added value. JI has continued to provide systematic training to farmers which has led to increase of their yields and thus expand its trading volume.

12 Preparation of a Technical Dossier for Geographical Indication (GI) for Ceylon Cinnamon in the EU - CFC/2014/04/006FT

Submitting Institution	***Sri Lanka Export Development Board***
Location	***Sri Lanka***
Commodity	***Cinnamon***
Total Cost	***USD 100,000***
CFC Financing	***USD 60,000 (grant)***

Project Description

The project supports the preparation of a technical dossier to obtain Geographical Indication (GI) registration for Ceylon Cinnamon in the EU.

Ceylon Cinnamon is only grown in Sri Lanka. GI registration has the purpose to differentiate Ceylon Cinnamon in the EU market from other cinnamons of lower quality. A GI will act as a source of competitive advantage which will help increasing market differentiation, product turnover and allow for a premium price from the consumer. An enhanced competitive position of Ceylon Cinnamon in the EU market will have a positive impact in terms of an increase in exports for Sri Lanka, higher income and employment generation across the cinnamon value chain, benefiting about 30,000 stakeholders involved in cinnamon production and processing.

The grant agreement was signed in July 2015.

Current Status

A total of about USD 15,000 was disbursed as of 31.12.2017. The project implementation is progressing well as expected. Upon establishment of a traceability system, the application has been submitted to the European Commission (EC). The authorities of EC are examining the content and details of the same and are expected to approve it after obtaining required clarifications by March 2018.

13 Commodity Value Chain Tropical Timber from Community Forest - CFC/2014/04/0047FT

Submitting Institution	***Community Forest Group BV (CFGBV)***
Location	***Cameroon***
Commodity	***Tropical Timber***
Total Cost	***USD 280,000***
CFC Financing	***USD 120,000 (Funded from the Dutch Trust Fund)***
Co-financing	***USD 160,000 (provided by FTT BV from the IDH grant)***

Project Description

The focus of project operations is on taking advantage of community forest sourcing to provide a source of income for poor and remote communities in Cameroon.

The proponent, Community Forest Group BV has developed a model, supported by Sustainable Trade Initiative (IDH), for marketing of community-sourced tropical timber from Cameroon to developed markets. The model involves (i) training of forest communities in sustainable forest management practices, (ii) licensing and certification of their timber under relevant certification schemes (e.g. the FSC), and (iii) setting up a physical logistics chain to export certified timber. The operational model is being developed as a social business and includes impact assessment as a separate activity.

CFGBV surveyed 25 community forests and selected 4 as prime candidates to provide sufficient base for the operations of the proposed project. Subsequently, project operations were fully developed in 2 community forests, Mirebe and Afcobaba, both in Eastern Cameroon. The expectation is to achieve a fully self-financing operation at this level.

Current Status

The deliveries of timber for sale in Europe, in 2017, started slow due to congestion in the port of Douala which blocked shipments for some time. The production of timber had also to be temporarily stopped, but it resumed towards the end of 2017 as the issues relating to shipments through the port were resolved. Despite continuing challenges faced due to difficulties in use of local infrastructure, extended travel times and other conditions, especially in rainy season, over the past three years useful experience was gained, and the operation continued to expand. The CFC/CFGBV resources continue to be used 'at work' and target level of production of around 80-100m3 per year of community forest tropical timber from 2 communities is being achieved. Over the course of the project in 2014-2017 seven loads of timber have been shipped for sale in the EU, with the total volume of over 200m3, with 35 new permanent jobs, and additional sustainable income for forest communities at the level of USD 66,000.

In the course of 2017, CFG BV applied to the Nederlandse Voedsel en Waren Autoriteit to certify the compliance of its community forest sourcing system under the EU Timber Regulation. The approval was granted, and the company is exploring certification of sustainability from FAO, Forest Law Enforcement Governance and Trade, and Tropenbos. The company further looks to scale up the funds for more communities to join the scheme with additional staff for further development in the coming year 2018 and onwards.

14 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 115,000 financed by OPEC Fund for International Development (OFID) and USD 115,000 by the Dutch Trust Fund)***

Project Description

Sangany Café aimed 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.

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.

Current Status

In the course of 2016, Sangany succeeded in attracting a new shareholder, ZITAL S.A. an industrial carpentry firm 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 Caisses d'Epargne et de Crédit Agricole Mutuels (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 set-up fully equipped collection points in the main production areas with warehouse, balances, humidity meters, and computerized management system.

A strong decrease in production of coffee was witnessed directly related to the plants increasingly getting older and with lack of rains affecting coffee cultivated. In 2017, the shareholders of Sangany Café S.A. decided to dissolve the Company due to disappointing financial results linked to the prolonged drought period that had a negative effect on local coffee prices and doubts about the company future prospects linked to the non-competitive coffee prices in Madagascar. As consequence the CFC loan – principal and interest – was fully repaid.

15 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

All technical, operational and legal formalities were completed in early 2016 and the CFC loan was disbursed and has been used to finance the growth of Agrics' seed input business.

During 2017, the number of smallholder farmers buying agricultural inputs was stable at around 24,000 farmers compared to 2016. The average maize yield of Agrics' farmers in Western Kenya increased from 570 kg/acre to 1,022 kg/acre, representing a 79% income growth from 2013 to 2015.

About 200 jobs have been created for local community based organizations and farmer groups, contracted by Agrics. Agrics encouraged all farmers to make use of mobile payment services. In 2018, Agrics is expected to implement a comprehensive system for continuous measurement of impact and start gathering data of impact at the farmer household level.

16 Moringa Agroforestry Technical Assistance Fund - CFC/2014/04/0103FT

Submitting Institution	***Moringa Agroforestry Fund***
Location	***Africa/Latin America***
Commodity	***Agroforestry***
Total Cost	***USD 4,100,000***
CFC Financing	***USD 100,000 (grant)***

Project Description

The Moringa Agroforestry Technical Assistance Fund (ATAF) is a grant-based fund that supports the development impact of investments made by the Moringa Agroforestry Investment Fund. The funds finance programs for training, capacity building and land management.

The associated ATAF has been established to mitigate risks and to increase the development impact of Moringa Fund investments. The overall objective of the ATAF is to strengthen the capacity of Moringa Investees to include and integrate interested members of the local population into agroforestry production systems, so as to improve their standard of living, their agricultural practices, and, thus, to protect the environment.

Current Status

ATAF commenced operations in 2016 after a service agreement was signed with the CFC to become the ATAF Manager. Apart from establishing organizational structures and processes for ATAF, by end 2017, the ATAF Manager has already developed six individual Technical Assistance projects of which five are under implementation and one has been completed. All projects are in context of Moringa fund investments and range between conduct of feasibility studies for energy generation through organic wastes for a cashew nut processor in Benin (avoiding up to 15,000 tons of waste until 2020)- to the development of a smallholder out grower scheme for a high quality coffee farm in Nicaragua through the rehabilitation of 33 hectare of smallholder land with 185,000 improved coffee trees and 4,700 high value timber trees. The details of action taken by ATAF can be made available upon request.

17 Modern Processing & Value Chain Development for Prosopis Charcoal and Nutritious Animal Feeds, Kenya - CFC/2014/04/0107FT

Submitting Institution	***Start!e Limited (Social Enterprise)***
Location	***Kenya***
Commodity	***Timber***
Total Cost	***USD 214,000***
CFC Financing	***USD 100,000 (zero interest loan, financed from the Dutch Trust Fund)***
Co-financing	***USD 15,000***
Start!e Limited (contribution)	***USD 99,000***

Project Description

The social enterprise Start!e Ltd will contribute to controlling the unwanted spread of the tree *Prosopis Juliflora* by setting up a value chain for development of sustainable charcoal as cooking fuel and a value chain for animal feed from the Prosopis fruit pods. A feasibility study financed by Start!e has proved the viability of this undertaking and has secured a partnership with the Kenya Forestry Research Institute. The Government of Kenya has endorsed this utilization approach to manage the spread of this tree, now occupying much of Kenya's arid and semi-arid areas.

Start!e working with existing Charcoal Producers' Associations has established a network of Prosopis wood and seed pod collection. Start!e sells directly to existing charcoal wholesalers (large-sized bags) as well to distributors that serve retail outlets (various size of packaging). A modern mobile carbonation unit is used to produce charcoal from Prosopis wood.

The project aims to: (i) enhance the process of acquisition of chopped dried Prosopis feedstock; (ii) Improve the carbonisation process by shortening the cycles of production; (iii) Build customer relationships with a few, higher volume consumers and wholesalers; (iv) Improve efficiency in transportation logistics and costs; and (v) increase fundraising.

Current status

The CFC financed the project and provided resources in a form of a loan with zero rate of interest. This was disbursed in December 2014. The project is being implemented by Tinder EcoFuels, the company created by the social enterprise Start!e for this purpose, in collaboration with the Kenya Forestry Research Institute. During the first year of operation, some teething problems were encountered including some engineering issues with the locally assembled mobile carbonization unit which led to high costs. Therefore, it was decided to stop working with the local carbonization machine and to import a ready-made carbonization machine from Europe. The desired equipment arrived at the field location in the last quarter of 2016. During installation, it was found out that the furnace has been partly damaged during transport due to difficult terrain in Kenyan roads. The carbonization machine commenced production in June 2017. An initial 230 bags were produced (11.5 tons of charcoal). This was transported to Nairobi and sold to existing wholesale market. Now that the carbonization machine is operational, it is expected that the project will have the desired social and environmental impact.

The project has been successfully implemented and the borrower is meeting the CFC loan repayment obligations.

18 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 1,500,000 (of which USD 750,000 financed by OPEC Fund for International Development (OFID) and USD 750,000 by the Dutch Trust Fund)***
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. COOPAC working since 2001, in Rwanda, started in 2013 to work with small holders in Congo DRC and intends to upscale its activities there. The CFC support in form of loan is expected to 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 loan is also expected to 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. With a goal to scale and impact up to 17,000 farmers by 2024, of which 3,400 farmers in Congo, COOPAC intends to create a path to improve smallholders' yield and net income for up to 2.6 times.

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

The project implementation commenced in May 2017 and the CFC's resources were used to: (i) construct the first 2 washing stations in Congo, and (ii) to provide working capital for the sourcing of coffee from farmers in Congo and Rwanda.

Shade tree seedlings and agroforestry trainings have been provided to the Congolese member farmers. The trainings focused on organic plant nutrition and also on more complex nutrient balance practices of the coffee fields.

During 2017, COOPAC sourced coffee beans from 7,643 smallholder farmers, including 2,364 in Congo. Farmers benefit from a higher income for Organic and Fairtrade practices, offering a pricing premium of USD 0.30 per kg for Organic beans, plus USD 0.20 per kg for Fairtrade, a total addition of around 42% on top of the minimum market price set for the season. COOPAC exported the majority of its certified coffee to high end buyers in the USA, Asia, Europe, and Africa. The project has created new 69 jobs so far with 66 seasonal and 3 permanent employees.

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

Submitting Institution	***COOPAC Holding Ltd.***
Location	***Congo DRC (LDC), Rwanda (LDC)***
Commodity	***Coffee***
Total Cost	***USD 120,000***
CFC Financing	***USD 120,000***

Project Description

The CFC support as a returnable grant 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

The project implementation commenced in May 2017 by providing shade tree seedlings and agroforestry trainings to the Congolese member farmers. The trainings were focussed on organic plant nutrition, but also on more complex nutrient balance practices of the coffee fields. During 2017, Coopac created new 69 jobs in Congo, including 66 seasonal and 3 permanent employees.

20 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
Benin has about 200,000 smallholder farmers engaged in cashew nut production. Annual production is approximately 120,000 metric tonnes (MT) of raw cashew nuts produced from 190,000 hectares of land. Only about 5% of annual production of raw cashew nuts is processed locally while about 95% is exported mainly to India and Vietnam for processing.

In 2011, Tolaro Global, a cashew company located in Northern Benin, started processing raw cashew nuts into kernels for export to the United States and Europe. The project entails increasing processing capacity at Tolaro from 3,500 MT in 2016 to 20,000 MT by 2023. The number of farmers delivering raw cashew nuts to Tolaro is expected to increase from 5,000 in 2016 to 15,000 by 2023. The number of factory jobs is expected to increase from 600 to 2,150 over the same period.

Current Status
For the year ending December 2017, Tolaro processed 4,000 MT of raw cashew nuts compared to 3,500 MT in 2016. In December of 2016, the company agreed to a strategic equity investment from the Moringa Agroforestry Fund as a co-financier of the project. The funds were disbursed in 2017 and were used as working capital to source raw cashew nuts and for investments in enhancing additional processing capacity. In addition, the company has further improved its position in the cashew nut value chain by adding a roasting unit to its primary processing capabilities. Tolaro can now supply both processed and roasted cashew nuts to its customers.

Tolaro is expected to sign the financial intervention agreement in the second half of 2018 which is expected to lead to a disbursement of the first tranche of the loan.

21 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***

Project Description
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 fertilizers, in the form of vermiculture. The core of the project is to expand the current levels of vermiculture-based liquid and compost fertilizer. The project aims to demonstrate that organic fertilizers can be offered at lower costs than chemical fertilizers with effective social, economic and environmental impact.

Current Status
The company is ahead of schedule in the production and sale of organic fertilizer. The CFC loan has been fully disbursed in the fourth quarter of 2016. The development impact assessment will demonstrate a reduction in fertilizer costs for farmers from USD 60/acre to below USD 50/acre.

22 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***
Counterpart Contribution	***USD 600,000 (own funds)***

Project Description
The project aims to establish a marketing chain connecting smallholder coffee producers to high value consumers in Uganda, namely to coffee shops, hotels and lodges. To ensure supply of good quality coffee to the consumers, the project would train farmers and coffee processors, and assist with planting and re-planting of coffee trees. The company is expected to roast coffee in its own coffee roasting facilities to complete the supply chain without intermediaries.

The company competitors include Javas café, Ndiro coffee, Café cessille, Good African coffee, Lapati cellie and other small restaurants. Currently the company does not have competing suppliers. The competition strategy of the company is based on quality and brand recognition by direct sales through own outlets.

Current Status
Keeping the potential significant of development impact of the project, it was agreed to consider financing it in the form of a Development Impact Bond (DIB) in the amount of USD120,000, taking into consideration the lessons learnt in the previous CFC project financed via DIB. The CFC is in discussion with the International Coffee Organization regarding the feasibility of finding a counterparty in the impact bond transaction. The CFC will consider entering into either side of the DIB transaction i.e.as a sponsor or as an investor, depending on the specific priorities of the counterparty. The positive outcome of discussions with different parties is still awaited.

23 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 15,000,000[1]***
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***

Project Description

Factoring, as a form of supply chain finance, is only marginally developed in Eastern Africa, while in more developed and developing economies it plays a critical role in injecting much needed short term liquidity in value chains.

The project aims at supporting the expansion of the factoring business in Kenya and in Uganda, targeted to injecting much needed short-term liquidity in the agricultural value chain. The project promoter is Financial Access Capital Management BV, a 100% controlled subsidiary of FACTS East Africa BV.

The potential borrower is FACTS Eastern Africa BV, the Dutch holding company, and the requested loan amount is up to USD 1,200,000 to be disbursed in tranches. The tenor of the loan will be of 9 months, revolving for 3 years, depending on the declared factoring portfolio.

The expected change in income of the target project group (smallholder farmers) is: i) Maximum increased net income of USD 1.14 million for supplying farmers, or USD 30 per farmer per year, and ii) Increased turn-over in the amount of USD 2.9 million, or USD 78 per farmer per year.

Current Status

Under factoring, the producers are expected to expand products relating to dairy processing in Agri-industry. The terms and conditions of the supportive financial intervention are currently under active stage of negotiation with the counterpart, and upon satisfactory receipt of all relevant information and supporting documents and completion of all legal formalities including the loan and guarantee agreements.

FACTS is expected to sign the non-binding term sheet with CFC in early 2018 and the signature of the loan and related agreements are expected to be completed by June 2018.

[1] Total Project cost is the outstanding factoring portfolio of the Company. In particular, since the CFC is aiming to enter into the 9 month facility and sign the same by mid-2018, the total project cost is considered for the outstanding factoring portfolio for the year 2019 only. The factoring portfolio for the year 2019 is estimated to be Euro 6,800,000.

24 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***

Project Description

Coumba Nor Thiam 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 15,000 ton/year of paddy rice. The CFC loan will be used to buy agricultural and irrigation equipment to increase rice production for CNT and for the outgrowers in the supply chain.

Current Status

In 2017, CNT processed 15,000 tons of rice which was an increase of 5,000 tons from 2016 when the rice harvest was affected by flooding in the rice fields. With the investment in new farming and irrigation equipment, the company expects to process 20,000 tons of rice in 2019 and to reach the maximum processing capacity of 40,000 tons in 2021. The company will add 500 new farmers to the out grower network bringing the total to 3,000 farmers. 16 new jobs are expected to be created in the processing facility bringing the total to 123. Signature of the agreements and disbursement of the first tranche of the loans is expected to be completed by the second half of 2018.

25 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***

Project Description

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 are expected to be used for purchase of these additional components and for provision of working capital needed to source seeds from the additional farmers.

Current Status

The CFC loan of USD 1,500,000 guaranteed by The Federal Republic of Nigeria was signed in the second quarter of 2017. Completion of other legal and operational formalities were completed with EFUGO after the same. The disbursement of the loan is expected in the first quarter of 2018.

In 2017, EFUGO imported key components for the oil mill. The company also hired a qualified operations manager to run the mill. 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 production of oilseeds from 2,000 to 20,000 in one year, with an expected income of 225-275 USD/ha.

26 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***

Project Description

Asili Farms is a fully-mechanized farming company that manages dual-season production of high quality maize and soybeans for supply to regional food processors. Asili became operational in January 2014 and is farming 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. As part of the Agilis Partners Ltd. 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 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 training and knowledge transfer for an estimated 50,000 smallholders, 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 MT/ha/harvest up to 5 tonnes / ha/harvest, and soya yields from 0.75 MT/ha up to 2.2 MT/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.

Current Status

The loan contract was signed in February 2017 and a first tranche of resources was disbursed in May 2017. By end 2017, the farm had 2,700 ha of land under cultivation. Main crops grown are maize and soya. While the first season 2017 suffered from adverse weather conditions, maize yields were below expectation. The second season showed positive results with maize yields on best plots exceeding 6 MT/ha. Asili continues to grow rapidly and has secured leases for a total of 5,400 ha of land which is expected to be fully cultivated by 2019.

Next to increasing food availability for the region, Asili has already provided training on best practice maize farming to 8,700 neighboring smallholder farmers who supply their produce to Asili's sister company Joseph Initiative Ltd. (also a borrower of a CFC loan).

27 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 (to be financed by OPEC Fund for International Development (OFID))***
Counterpart Contribution	***USD 700,000***

Project Description
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. The ultimate goal for Chicoa is to have a fully integrated fish farm with a 4,000 MT p.a. production capacity, as well as with integrated fry and feed production on site. The commercial farm site will 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.

Current Status
Due to rapid expansion of farm operations in 2017, Chicoa's financing needs have increased substantially. Due to the rapidly emerging situation, the proponent has decided to withdraw his proposal from the current loan request and to submit an updated and upscaled proposal to the CFC. The new proposal will be processed when received under the New Call for Proposals. The proponents expect to submit a new proposal for consideration of the Consultative Committee by early 2018.

28 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***

Project Description
Edom Nutritional Solutions (ENS) is a company that produces and sells fortified porridge/maize meal and other staple flours. 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 was indicated to 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 was 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 health products for low and medium income consumers.

The loan agreement was signed in September 2016 and fully disbursed.

Current Status
The project Sponsor and Borrower - Edom Nutritional Solutions - has not yet provided any update on the information regarding the implementation of the financed project and difficulties, if any, faced in execution of the project. They have not yet met their repayment obligations. The proponents are being contacted for the same. In case no positive response is received, the Government of Kenya will be contacted for their intervention in the same.

29 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***

Project Description

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 (AFC), to finance tailor made cocoa loans directly to small cocoa farmers. AFC 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. 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 loan is expected to be used for working capital to Kennemer to support the lending activities of AFC.

Current Status

The CFC conducted the a detailed due diligence covering the complete value chain i.e. raising and selling of seedlings, cacao training support and supply of inputs and financing of seedlings and input by Agronomika.

By providing financing support to establish new cacao farms and ensuring a buy-back mechanism for beans, Kennemer is expected to provide a regular and reliable income source to cacao farmers. Kennemer expects to add 300 new farmers per year to the financing program with additional income per farmer of USD 2,000. The CFC loan agreement was signed in the fourth quarter of 2017. Disbursement of loan is expected in early 2018. With additional resources Kennemer is expected to expand and improve its performance considerably.

30 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***

Project description

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 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: (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.

Current Status

CFC is supporting the project through a loan extended via ICCO Cooperation. The funds were disbursed in October 2016 and have been used to invest in the machinery and equipment of the beverage and coffee flour line. SANAM is currently sourcing the coffee waste from 2,000 smallholder farmers through 8 collection centres in the region and has expanded its customer base by shipments of its product to the Chinese market.

31 Empowering Smallholder Farmers Affected by Conflict - Sri Lanka - CFC/2016/09/0069FT

Submitting Institution	***Vegiland Exporters (Pvt) Ltd***
Location	***Sri Lanka***
Commodity	***Vegetable***
Total Cost	***USD 240,000***
CFC Financing	***USD 120,000***
Co-financing	***USD 76,000***
Counterpart Contribution	***USD 44,000***

Project Description

The project will be implemented in Sri Lanka Northern and Eastern provinces which were affected by the civil conflict and where the agricultural sector is still hindered by low productivity, limited market access and high post-harvest losses. Poor post-harvest practices account for approximately 20% of the income loss. In addition, farmers lose significant amount of their earnings, estimated to be 15-20%, to the middlemen in the supply chain. The percentage of population living under the poverty line is higher in these agricultural regions than the national average of 6.7%.

The project aims at upscaling the vertically integrated business model of Vegiland Exporters Ltd ('Vegiland') . The latter bases its competitive advantage on its full control over the supply chain from field to shop, cutting out the middle man and allowing higher income to the farmers. This model has proven to be successful generating positive net incomes for the past eight years. Vegiland owns a 70 acre farmland which contributes 20% of its total supplies and it sources the remaining 80% from about 200 small holder farmers. The vegetables, collected at the village level, are packed in reusable plastic crates and transported directly to the Vegiland central pack house in Colombo using refrigerated vehicles. With the aim to increase its market share in the export of Sri Lankan Fruits and vegetable from 7% to 10% and double its annual sales from USD 1.33 million in 2016 to USD 2.70 million in 2021.

Current Status

The CFC attempts to reach an agreement on the security package to quickly start the project were not very successful. The potential Borrower of the CFC loan has not been able to offer a collateral to the loan agreement. The project, therefore, is put on hold till an alternative approach to overcome the difficulties can be identified.

32 agRIF Cooperatief U.A. - Netherlands - CFC/2016/09/0089

Submitting Institution	***agRIF Cooperatief U.A.***
Location	***Netherlands***
Commodity	***Partnership***
Total Cos	***USD 200 million***
CFC Financing	***USD 1,000,000 (which is requested to be sourced by the OPEC Fund for International Development (OFID)).***

Project Description

AgRIF is an Impact Investing Fund that focusses on debt and equity investments into financial intermediaries who are active in, and have a clear commitment towards financing the agricultural sector. In addition, agRIF will allocate up to 10% of its funds for the direct provision of debt financing to producer organizations and SMEs working in the agricultural value chain.

AgRIF invests globally in countries classified as eligible by the Development Assistance Committee (DAC) of the OECD. AgRIF will invest with a maximum exposure of 40% on each of the following regions: a) Sub-Saharan Africa, the Middle-East and Northern Africa; b) Latin America and Caribbean region; c) Central-Eastern Europe; d) South Asia; and e) East Asia. The individual country limit is set at 15% of the funds' total investments.

Target loan size of agRIF for each portfolio investment is between USD 0.5 and 5 million. Equity investments will have a target size between USD 5-7 million. AgRIF funds will be used by the borrowing financial institution to retail small and microcredits down to subsistence farmer level with individual loan size even below USD 1,000.

While microfinance institutions are likely to be the major group of clients, agRIF will also invest in small banks, agricultural leasing companies as well as any other financial intermediary who is in a position to provide services to the agricultural sector. This broad target market is chosen in recognition that microfinance institutions may not always be the best channel through which to approach clients active in the agricultural value chain.

Current Status

CFC joined agRIF in June 2017. agRIF has raised over USD 150 million of funds to finance rural financial intermediaries and producer organization in developing countries. agRIF's loan portfolio has grown to USD 46.9 million (December 2017), supporting 19 financial intermediaries and 6 agricultural SME's. The financial intermediaries have reached around 787,850 borrowers in the countries where they are active with an average loan size of around USD 3,950. India and Nicaragua are the countries with the largest exposure in the fund to date.

33 Reducing Vulnerability to Price Volatility - Kenya - CFC/2016/09/0097

Submitting Institution	***SHALEM Investment Ltd.***
Location	***Kenya***
Commodity	***Grains***
Total Cost	***USD 2,100,000***
CFC Financing	***USD 610,000 (of which USD 500,000 is financed by Dutch Trust Fund (DTF))***
Co-financing	***Rabobank Rural Fund: USD 500,000***
	Foodtrade (FTESA) grant: USD 325,000
	Shalem: USD 660,000

Project Description

Shalem investment Ltd ('Shalem'), is an established social for-profit business aggregating, transporting, and marketing grains, cereals and legumes for use by agri food processors, such as East African Breweries, Unga Ltd, and Bidco. Created to help smallholder farmers in successfully marketing their sorghum crops, Shalem works with thousands of farmers today, and is set to expand their activities. Shalem will start processing facilities based on variety of grains to access the Bottom-of-Pyramid (BoP) market with more innovative nutritious blended food.

CFC's funds will be used to invest in a storage facility where all grains and related farm produce from farmers will be stored, and a value addition facility where maize will be cleaned and blended with sorghum and millet. By creating a product that incorporates drought-tolerant sorghum and millet in addition to maize, plus providing reliable storage facilities, the project aims to reduce the financial risks local farmers are facing due to volatile maize prices.

To launch this project, Shalem is receiving support from Food Trade East and Southern Africa (FTESA) to improve the quantity and quality of the farmers' crops. The 2SCALE project team of the International Fertilizer Development Center (IFDC), sponsored by the Dutch government, is also providing support to help Shalem develop its business model to create a fully integrated commodities supply chain.

Current Status

Shalem is currently working with 20,000 smallholder farmers. They plan to expand their supply network to include up to 50,000 farmers from the Upper Eastern region of Kenya over the next 7 years. Shalem is providing a variety of incentives to help the smallholder farmers in their network achieve high-quality production, aggregation and marketing, such as training programs, soil testing, linking farmers to certified seeds and other farm inputs, and assisting them in adopting new technologies and providing access to micro loans. These improvements are expected to lead to productivity reaching 2,000 kg/hectare, tripling farmers' incomes to USD 215 per harvest.

Shalem also intends to introduce its first new nutritional products to the BoP-market under the brand name Asili Plus. The Asili Plus Porridge and Ugali will be available in retail shops in Meru. The first tranche of loan is expected to be disbursed in May 2018 after completion of all formalities and will be used to start the construction activities of the modern processing plant and to buy grain machinery and equipment. The automated milling plant will equip a fine cleaner and sorter, mobile dryer, mixer, extruder, packaging line, and other equipment financed by CFC. The plant will enable Shalem to upscale its nutritional product range by processing maize, beans, sorghum, millet, soybeans and green grams.

34 Acquisition of a processing plant for the aquaculture sector - Peru - CFC/2016/09/0122

Submitting Institution	***Acuacultura Tecnica Integrada del Peru S.A. (ATISA)***
Location	***Peru***
Commodity	***Shrimp***
Total Cost	***USD 4,000,000***
CFC Financing	***USD 1,500,000***
Co-financing	***Acuacultura Tecnica Integrada del Peru S.A. (ATISA): USD 200,000. Owner: USD 1,850,000***

Project Description

ATISA, is a shrimp aquaculture company located in Tumbes area, North Peru. ATISA is specialized in breeding, production, and distribution of shrimps. About 65% of sales is exported to Europe and Asia, the remainder is sold domestically. ATISA is recognized through its own brand called 'COOL!'. They are number 21 in the Peruvian shrimp production market, a relatively fragmented market consisting of 85 production companies. The shrimp processing market, however, is very concentrated and fully controlled by 2 players: Nautilus (25% market share) and Inysa/Camposol (75% market share). Due to the duopolistic market, processing prices are currently 3.5x higher in Peru than Ecuador. ATISA intends to enter into processing activities as a 3rd player in the country.

ATISA is a family owned company founded in 1991, employing 90 persons, of which 43 are full-time. ATISA is recognized by quality and good production practices, and is the sole Global GAP certified aquaculture player in Peru.

This project will invest in shrimp processing activities by acquisition of a plant, license, land, and new shrimp peeling machinery. The aquaculture plant to be acquired is aimed at fishery, which will be transformed into a shrimp processing plant.

Current Status

ATISA has entered into a lease agreement to temporarily rent the processing plant and has an option to purchase the plant after completion of the financing agreement. The new plant commenced operations in 2017 and part of the machinery such as the shrimp peeling machine and freezer has already been installed. ATISA is currently employing over 100 employees.

In early 2018, the CFC is expected to conduct and finalize the due diligence of the project. On successful outcome of the due diligence, the ATISA and CFC will reach into an agreement on the final terms and conditions of the loan. The CFC is currently awaiting the approval of the project from other financing parties.

35 Africa Food Security Fund - Ghana - CFC/2016/09/0124

Submitting Institution	***Databank Investment Partners***
Location	***Ghana***
Commodity	***Partnership***
Total Cost	***USD 100,000,000***
CFC Financing	***USD 1,000,000 (to be financed by OPEC Fund for International Development (OFID))***

Project Description

The Africa Food Security Fund (AFSF) is an impact investing fund that seeks to invest in small and medium size businesses (SME) active along the agricultural value chains across Africa with a focus on sub-Saharan Africa. All investments in the fund will be made as equity or quasi-equity in growing companies active in primary production, agricultural input and service providers, as well as agro- and food- processing. The experienced AFSF managers will take an active role in strategic development, and will get involved in operational matters to compensate eventual weaknesses of the investee companies.

While the fund aims to be commercially successful, it has also equally important social impact goals After closure of AFSF, in ten years it is expected that a minimum of 2,000 jobs will have been created and 14,000 smallholder farmers/Bottom of the Pyramid (BOP) Entrepreneurs will be supported through linkages with AFSF portfolio companies. 50% of all beneficiaries are sought to be women.

Current Status

The CFC has examined all the terms and conditions applicable to join Partnerships of the AFSF. Subject to the successful assessment and negotiations of AFSF's final terms and conditions, the CFC will AFSF at its first closure. This is envisaged to be completed in the second quarter of 2018.

36 Babban Gona 40,000 Farmer Scale up Project - Nigeria - CFC/2016/09/0125

Submitting Institution	***Babban Gona Farmer Services Limited***
Location	***Nigeria***
Commodity	***Grains***
Total Cost	***USD 20,000,000***
CFC Financing	***USD 1,500,000***
Co-financing	***FMO: USD 4,000,000***
	IFC: USD 5,000,000
	NSIA: USD 9,500,000

Project Description

Babban Gona is a social enterprise founded in 2012, targeting small holder crop producers organized in farmer co-operatives (trust groups), in the Northern region of Nigeria. Project activities focuses on supporting smallholder farmers in the cultivation of maize (accounting about 85% of total hectare served), rice and soybeans, the key crops grown in the region. Poultry, which uses maize and soybean as feed, is one of the fastest growing food markets. Babban Gona provides smallholder farmers with an integrated package of training on best agricultural practices, a cost-effective supply of farm inputs on credit (seeds, fertilizer etc.), marketing of produce and storage services with the aim to enhance farmers' productivity, market access and household income. Babban Gona expects to expand into 3 new states a total market potential of 10 million active smallholder farmers, organized in 430,700 trust member groups.

Babban-Gona's system is running on farmers Trust-Groups comprising an average of 4 members, typically farming 0.7 ha each. The Trust-Group receives and passes on to its members agricultural inputs (seeds, chemicals, fertilizers) that are cheaper than the market price. This is possible because Babban Gona will pass on its price advantage, achieved by bulk purchase, to the Trust Groups. Under a warehouse receipts program, farmers will be able to delay sale of produce and have the potential to sell at 25 -50% higher prices than selling directly at harvest stage. The additional net income can be used by farmers to invest into household and/or business improving assets triggering a virtuous livelihood development circle. Babban Gona's involvement in both production and storage is an assurance and guarantee of quality, consistency and steady supply for its buyers with whom they reached 100% quality rating score.

Current Status

Babban Gona is currently working with 18,000 member farmers across 4,200 Trust-Groups. The members have produced over 60,000 MT in 2017, making Babban Gona the largest maize producing entity in Nigeria. The net income of the farmers have increased to 2.8 – 3.5 times above the national average during 2017. This increase is accomplished by delivering the integrated package of farm inputs, marketing services and training on credit.

The due diligence visit by CFC is scheduled to be held in mid-2018. Subject to a successful assessment of the due diligence and agreement on the final terms and conditions, the project supported by CFC is expected to start commence by end of 2018.

37 Good seeds for all farmers project - Burkina Faso - CFC/2016/09/0138

Submitting Institution	***National Union of Seed Producers of Burkina (UNPSB)***
Location	***Burkina Faso***
Commodity	***Seeds***
Total Cost	***USD 2,974,000***
CFC Financing	***USD 1,487,000 (USD 1,000,000 is financed by OPEC Fund for International Development (OFID))***
Co-financing	***USD 1,487,000***

Project Description

The Union of Seed Producers is the umbrella organization bringing together 13 regional producers of high quality seeds that are adapted to the weather and ecology of the country. The Union protects the interests of its 4,000 producer members and ensures the seamless coordination with the national research institute for sourcing seeds and marketing the output on behalf of its members.

The competitive advantage of the UNPSB comes from its status as the only cooperative of certified seed producers in the country. This puts the Union in the position of being the primary link between the research community and the larger farming community. The link is typically made through the government or other NGOs. The Government purchases over 50% of the seed volume produced by the Union.

The project is expected to enhance its financial resources, expand storage capacity and strengthen transport, which will enable the Union to dominate the national and international market for the supply of improved seeds. The CFC loan will be used for new storage capacity, processing and packaging equipment for the 13 regional centers.

Current Status

The Union has acquired land in all 13 regions and is negotiating with equipment suppliers and construction contractors to enhance its capacity. They are also working to obtain more co-financing from local financial institutions.

The term sheet of the CFC loan was signed in October 2017. Finalization of the loan agreement is pending confirmation of Government support to UNPSB which is expected to be obtained soon.

38 EcoEnterprises Fund III - CFC/2017/10/0066

Submitting Institution	***EcoEnterprises Fund***
Location	***Latin America***
Commodity	***Partnership***
Total Cost	***USD 100,000,000***
CFC Financing	***USD 1,000,000 (USD 1,000,000 is financed by OPEC Fund for International Development (OFID))***

Project Description

EcoEnterprises III (EcoE III) is an Impact Investing fund that seeks to make investments in Latin American SME's who source raw material from collectors or smallholder farmers for value added processing.. The target sectors are sustainable agriculture, agro-forestry, aquaculture, and wild-harvested forest products. EcoE III seeks to invest in growing companies that cater for the continuing steep increase in demand for organic food products and certified wood in regional markets and foremost the US. In practice, EcoE companies source raw material from these sectors to add value to their 'Fast Moving Consumer Good' products (health drinks, 'healthy' candy bars, baby food, dried fruit, etc.).

EcoE III is expected to make 18 long-term capital investments, size between USD 2-6 million, within an average duration of 6-8 years. EcoE III fund managers will actively engage in investee company governance, company strategy and growth planning, and will provide technical advisory support, wherever needed.

Next to the goal of being commercially successful, EcoE III aims at the creation of at least 5,000 jobs and to connect 25,000 small-scale producers to secure and rewarding markets through their investee companies.

Current Status

Subject to the successful assessment and negotiations of the funds final terms and conditions, the CFC is expected to become a shareholder of EcoEntperprises III at its first closure, which is envisaged for the first quarter of 2018.

39 Testing of bio-formulations, India - CFC/2017/10/0069

Submitting Institution	***Tea Board of India (TBI)***
Location	***India***
Commodity	***Tea***
Total Cost	***USD 2,435,760***
CFC Financing	***USD 1,217,880***
Co-financing	***Tea Board of India: USD 608,940***
	Tea Research Association: USD 304, 470
	United Planters Association of Southern India – Tea Research Foundation: USD 304, 470

Project Description

Tea Board of India is a statutory body operating under the Ministry of Commerce and Industry and established in 1954 to promote the cultivation, processing, and domestic trade as well as export of tea. India is one of the largest tea producers of black tea, 65% of its produce comes from large producers and 35% comes from small holder farmers. Compliance to safety norms is of outmost importance, hence the importance of offering testing laboratories to tea small holder producers, the target customers of the project.

Microbial biocides and microbial based biofertilizers requires extensive investigation before field application, which includes survey selection laboratory and field evaluation including environmental safety. Environmental factors like PH, temperature, RH and length of storage and contaminations affects the quality of microbial products. Microbial biocides and biofertilizers are now available in the market which are extensively used by farmers. A well-defined quality control mechanism is not available to check the quality of said microbial products primarily due to the lack of proper testing facilities. Therefore the ITB intends to upgrade two laboratories in the South and North of India.

The CFC funds will be used to finance the upgrade of two testing laboratories for bio-formulations for the tea industry. One in North East India and one in South India. The project will be executed by two research institutes: the **Tea Research Association ('TRA')** and the United Planters Association of Southern India – **Tea Research Foundation ('UPASI-TRF')**.

Current Status

The CFC and the Tea Board of India have negotiated and signed a non-binding term sheet in November 2017. The terms and conditions of the loan are under active consideration of Government of India and positive outcome is expected in 2018 which will lead to an early execution of the project.

40 Scaling Up Acess to Finance for Smallholder Potato Farmers, Malawi - CFC/2017/10/0091

Submitting Institution	***Malawi Enterprise Development Fund Limited***
Location	***Malawi***
Commodity	***Potato***
Total Cost	***USD 6,200,000***
CFC Financing	***USD 1,500,000***
Co-financing	***Malawi Enterprise Development Fund: USD 3,200,000***
	To be identified: USD 1,500,000

Project Description

The Malawi Enterprise Development Fund (MEDF) seeks funding to finance the growing Malawi potato sector. MEDF plans to assist commercial nucleus potato farmers to enter into contracts with smallholder potato producers and at the same time with reliable commercial off-takers. Potato processors in Malawi frequently encounter difficulties in sourcing sufficient potatoes for their French fries production facilities.

MEDF's key concept is to use potato contracts with commercial food processors, distributors, and commodity traders as collateral for individual loans extended by MEDF to smallholder farmers who supply the potatoes for processing. MEDF plans to extend loans to larger 'nucleus farmers' who are expected to manage potato cultivation of around 100 smallholders in their neighbourhood. With this value chain organization, MEDF seeks to provide loans to a total of 250,000 participating farm households, who are assumed to be able to increase their income by 25% through the integration of potatoes into their cropping system.

MEDF is a microfinance institution and the successor of the government founded Malawi Rural Development Fund (MARDEF). The Government of Malawi will be the borrower of the CFC Loan on behalf of MEDF.

Current Status

MEDF has partnered with the NGO i.e. EUCORD to develop an operational business plan and a financial model for the envisaged potato out grower scheme in Malawi. After completion of this planning phase and agreement of all technical, operational and financial aspects, the project is expected to commence in 2018.

41 The conservation of the forest of Ashaninka communities, Peru - CFC/2017/10/0109

Submitting Institution	***The Rainforest Foundation UK***
Location	***Peru***
Commodity	***Cocoa***
Total Cost	***USD 3,200,000***
CFC Financing	***USD 1,500,000***
Co-financing	***Potential investor (to be identified): USD 1,700,000***

Project Description

The project is expected to be implemented in the Peruvian Amazonian, along the river Ene in the Satipo province where the Asháninkas live in 55 communities. The project will target 22 Asháninkas communities with a total of about 500 small holder farmers as final beneficiaries. The project enables direct sale of fine flavour chocolate and coffee to premium buyers. Contribution to development of the Asháninka communities by direct sales to cocoa and coffee markets is attractive to Environmental, Social and Governance (ESG) conscious investors. The production will be marketed in Europe, North America and Japan. Currently the main client is an Australian company: Loving Earths ltd.

The project aims to: (i) support the Asháninka cocoa and coffee farmers in enhancing the quality and yield per hectare of their produce; (ii) include in the value chain additional 140 smallholder farmers; (iii) support the producer association Kemito Ene in post-harvest, marketing and selling activities; (iv) decrease the deforestation process and keep track of this in a defined area of about 100,000 hectares; and (v) transform the Association Kemito Ene into a cooperative.

The Project will be implemented by the Rainforest UK – the Service Provider - a charity organization based in London, in cooperation with the local farmers association Kemito Ene and Central Asháninka del Rio Ene.

The project will be financed with a Development Impact Bond, where the RFUK is the Service Provider, CFC and Schmidt Family Foundation ('SFF') the Investors, and Inter-American Development Bank ('IADB') and other grants donors are the Commissioners. After approval of the project, the SFF, with a deep heart, withdrew its commitment as project investor, causing significant delays in the project implementation and need for identifying new proponents.

Current Status

The project implementation has registered some delays mainly due to the difficulties of the project implementing agency to attract the needed additional investor/s and grant donor/s to join this exciting endeavor.

42 Formulation and fertilizer distribution for smallholder farmers, Côte d'Ivoire - CFC/2017/10/0111

Submitting Institution	***AGRITEC S.A.***
Location	***Côte d'Ivoire***
Commodity	***Fertilizer***
Total Cost	***Euro 2,003,000***
CFC Financing	***USD 1,100,000 (of which USD 350,000 is financed by OPEC Fund for International Development (OFID))***
Co-financing	***Coris Bank: EUR 530,000***
Counterpart contribution	***EUR 530,000***

Project Description

AGRITEC S.A proposes to build a dry bulk fertilizer blending and packaging station in Yamoussoukro, Côte d'Ivoire. AGRITEC S.A. is a distributor of agriculture inputs (insecticides, herbicides and fungicides) and equipment (irrigation and spraying) systems based in Abidjan. Since its establishment, AGRITEC has introduced new products that helped farmers to increase their productivity. The company's key competitive advantage is its advanced and highly diversified distribution model which allows it to service small and remote customers. AGRITEC has a network of 60 sales outlets across the country reaching up to 300,000 farmers across the country.

Current Status

The CFC funds are expected to be used for the capital expenditures associated with building the fertilizer blending factory, establishing processing facilities and purchase of logistics equipment.

The loan agreement between CFC and AGRITEC has been signed and all conditions for disbursement have been met. The first tranche of the loan is expected to be disbursed in the first quarter of 2018. Subsequent disbursements are expected in conformity with the project plan and the developments achieved.

43 Soybean Processing for Farmer and Market Impact, Rwanda - CFC/2017/10/0123

Submitting Institution	***ProDev Rwanda Ltd.***
Location	***Rwanda***
Commodity	***Soybeans***
Total Cost	***USD 3,340,000***
CFC Financing	***USD 1,000,000 (financed by OPEC Fund for International Development (OFID))***
Co-financing	***USD 990,000 (Oikocredit, ResponsAbility, Ecobank)***
Counterpart Contribution	***USD 1,350,000 (ProDev Rwanda Ltd)***

Project Description

ProDev Rwanda Ltd ('Prodev') is a subsidiary of ProDev Group Holding Company Ltd. The group is the leading buyer, processor and trader of maize in Rwanda processing over 45,000 metric tonnes of maize per annum. In 2016, Prodev started an animal feed plant to meet the demand of its existing poultry customers. The project aims to invest in a new soya processing plant in the Eastern Province of Rwanda (Rwamagana) to produce and sell soya cake for animal feed and soya oil for human consumption.

The project is seeking to innovate Rwanda's soya value chain by creating a vertically integrated 'farm-to-market' solution. The new soya processing plant aims to produce: (i) 12,520 MT of soya cake per annum (80% of production), of which about 50% to be supplied to its own animal feed plant and the remainder to its existing base of poultry customers. (ii) 3,130 MT soya oil (20% of production) to be sold to supermarkets in Rwanda and the neighbouring countries.

Prodev and its subsidiaries have developed into the largest maize producer, trader and processor in Rwanda. Prodev is a sister company of Minimex, owning the largest maize mill in the country and running a joint venture with Heineken's subsidiary in Rwanda. Since its inception in 2006, the group has been running out grower schemes with over 22,000 farmers.

Current Status

The CFC is expected to conduct a site visit in February 2018. The assessment and appraisal of the project is currently ongoing and subject to a satisfactory agreement on the final terms and conditions, the project is expected to start before the end of 2018.

Prodev has received an indicative commitment from a strategic equity investor for co-financing the project. CFC is also in contact with the Africa Guarantee Fund to discuss the possibility for a 50% guarantee on the loan.

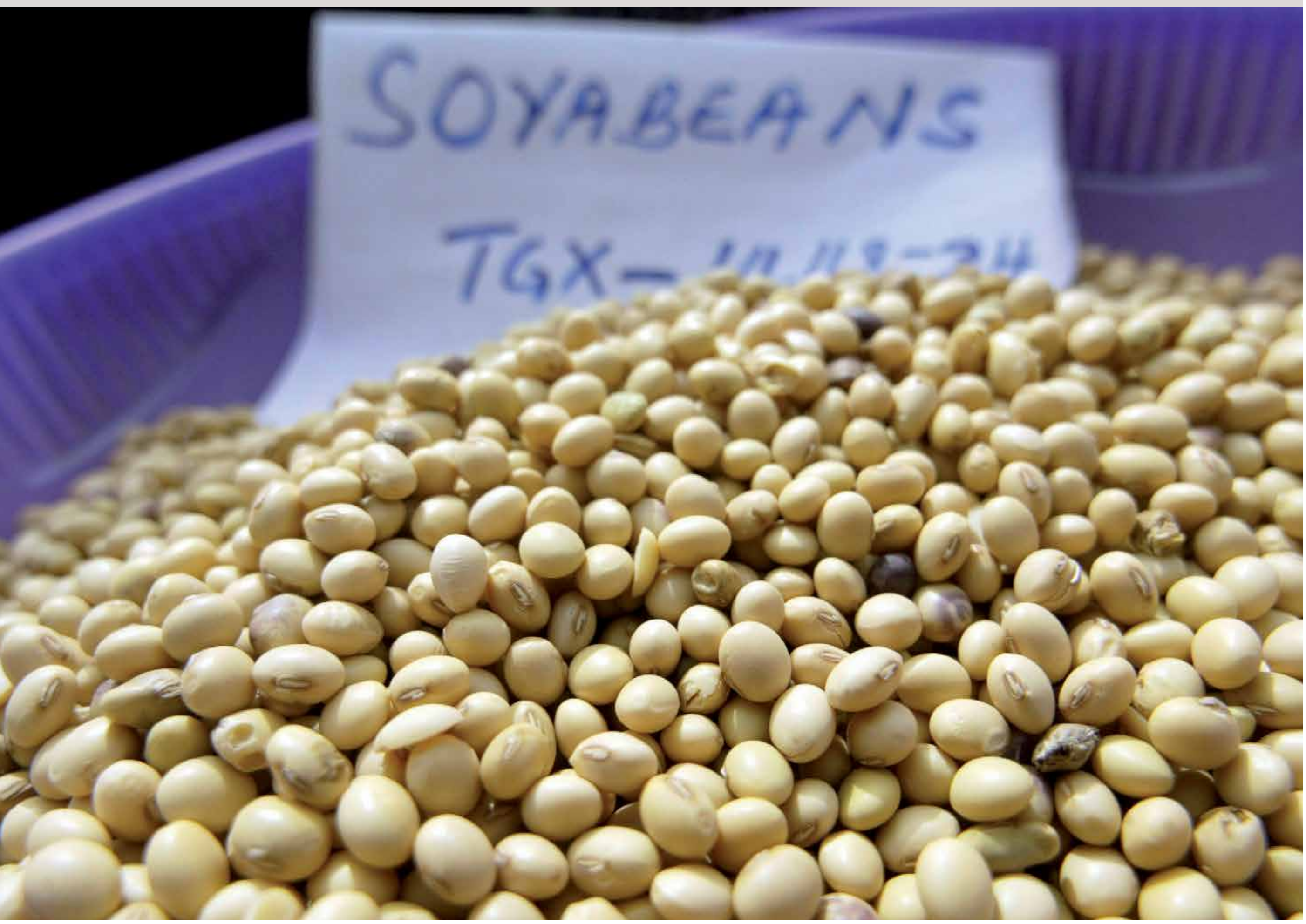


Photo: ©FAO/Pius Ekpei

Photo: CFC

IV

29th Meeting of the **Governing Council**

The 29th Annual Meeting of the Governing Council was held in The Hague from 7 to 8 December 2017. The meeting 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 welcomed Mr. Herman Mulder, the Chair of the 'Dutch SDG Charter Foundation' with opening remarks on the significance of the Sustainable Development Goals (SDGs) as the common narrative of development for the public and private sector stakeholders and their significance for the future development activities in the field of commodities.

The Governing Council

The Agenda of the meeting was adopted. As is the custom for the Annual Meeting, eight national delegations delivered national statements, including Sweden which delivered a statement on behalf of the OECD group. Further, two international organizations also delivered their statements to the Governing Council.

Reflecting on the emerging challenges of implementation of the *'2030 Agenda for Sustainable Development'*, the Members of the United Nations recognize how interdependent the world has become. Globalization has significantly influenced global growth and sustainable development, but also comes with challenges and risks, often caused by imbalances in the distribution of its benefits and costs. The CFC should strive to leverage the global commodity sector to support inclusive economic growth and sustainable development. From these challenge, it is essential for the CFC to continue its role as centre of core of the practical action and analysis regarding the current global commodity system as well as emerging trends to devise new practical solutions addressing them.

The report of the Secretary General of the UN[1] mentioned a number of global developments which will likely impact the future of development cooperation. These include:

[1] Report of the Secretary General to the Second Committee of the 72nd General Assembly of the United Nations 'Fulfilling the promise of globalization: advancing sustainable development in an interconnected world'

- global shifts in production and the resulting deep changes in labour markets in both developing and developed countries. Trade openness has improved the mobility of capital relative to labour, eroding the bargaining power of labour;
- advancing technology, knowledge and information exchange using ICTs and networks have become increasingly important;
- a growing body of evidence that points to globalization as a contributing factor to climate change and environmental degradation.

The Common Fund for Commodities besides fulfilling its mission in commodity dependent developing countries (CDDCs) with due attention to three dimensions of sustainability, always keeps in view the overarching challenge of eradicating extreme poverty. This particular multi-dimensional approach connecting people, technology, development institutions, governments, companies and global markets focusses on the development-humanitarian nexus in the 2030 development agenda.

The Amendments to the Agreement Establishing the CFC acknowledge the multi-faceted diversity of ways towards sustainable development but also recognize that each country has the primary responsibility for its own development and has the right to determine its own development paths and appropriate strategies. The work of the CFC should complement these efforts at the national level. The CFC continues to strive to enhance the coherence, governance and consistency of the global commodity systems. Continuing to improve the stewardship of global commodity value chains at the national, regional and international levels is needed to truly make commodities work for everyone.

The Governing Council further 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 2019 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 2019.

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 2017. The Governing Council approved the Administrative Budget for 2018 and the 2016 Audited Financial Statements.

The Governing Council considered the report by the Executive Board (EB) 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. Based on the recommendation by the EB, the Governing Council unanimously approved the resolution on 'Investment policy of the Common Fund for Commodities (CFC) for 2017 and beyond, and funding of the administrative budget'.

Chairperson and Vice-Chairpersons of the Governing Council for the Year 2018

The Governing Council, by consensus, elected Mr. Denis S. Ulin, Russian Federation, as Chairperson for the period up to and including the Thirtieth Annual Meeting of the Governing Council.

The Chairperson and Vice-Chairpersons of the Governing Council for the year 2018 are as follows:

Chairperson for 2018

Mr. Denis S. Ulin (Russian Federation)

Vice-Chairpersons for 2018

African Region Group: Mr. Nagi Iskander Awad Masoud (Sudan)
Asian and Pacific Region Group: H.E. Mr. Shujjat Ali Rathore (Pakistan)
China: Mr. Guosheng Zhang
Latin American and Caribbean Region Group:
Mr. Alejandro Mitri (Argentina)
OECD Group: Ms. Anna Tofftén (Sweden)
Russian Federation: Ms. Irina Medvedeva

Photo: CFC

Mr Aly Touré (Côte d'Ivoire) the outgoing Chairperson welcoming Mr Denis S. Ulin (The Russian Federation) as the incoming Chairperson of the 30th meeting of the Governing Council

V

Financial Reports

Balance Sheet - First Account, as of 31 December 2017 (expressed in USD & SDR)

	2017	2016	2017	2016
	USD	USD	SDR	SDR
ASSETS				
Cash and Cash equivalents				
Cash in Bank	15,434,600	15,416,300	10,837,900	11,467,600
Time Deposits	1,866,900	1,562,300	1,310,900	1,162,100
	17,301,500	**16,978,600**	**12,148,800**	**12,629,700**
Investments				
Debt Securities	65,820,000	62,981,900	46,217,700	46,850,000
Participations in Investment Funds	5,771,500	6,037,300	4,052,600	4,490,900
	71,591,500	**69,019,200**	**50,270,300**	**51,340,900**
Promissory Notes	**36,058,200**	**31,788,100**	**25,319,500**	**23,646,100**
Amounts Receivable From Members				
Amounts Receivable From Members	12,444,100	11,080,400	8,738,000	8,242,300
Provision For Overdue Members Capital Subscription	-11,516,900	-10,265,500	-8,087,000	-7,636,100
	927,200	**814,900**	**651,000**	**606,200**
Prepayments	**136,200**	**289,800**	**95,600**	**215,600**
Other Receivables				
Accrued Income on Investments	606,000	524,400	425,500	390,100
Recoverable Taxes on Goods & Services	32,400	200,000	22,800	148,800
Other receivables	64,800	1,900	45,500	1,400
	703,200	**726,300**	**493,800**	**540,300**
Total Assets	**126,717,800**	**119,616,900**	**88,979,000**	**88,978,800**
LIABILITIES AND EQUITY				
Liabilities				
Accrued Liabilities	817,300	846,700	573,700	629,700
Payable to EU/EC	1,700	1,600	1,200	1,200
Turkey settlement	156,600	156,600	110,000	116,500
Luxembourg settlement	647,400	647,400	454,600	481,600
	1,623,000	**1,652,300**	**1,139,500**	**1,229,000**
Capital Subscriptions & Accumulated Surplus				
Paid-in-Shares of Directly Contributed Capital	105,292,000	100,909,700	73,934,300	75,063,200
Net Earnings Programme	17,516,700	18,313,500	12,299,900	13,622,800
Accumulated Surplus	2,286,100	-1,258,600	1,605,300	-936,200
	125,094,800	**117,964,600**	**87,839,500**	**87,749,800**
Total Equity and Liabilities	**126,717,800**	**119,616,900**	**88,979,000**	**88,978,800**

Balance Sheet - Second Account, as of 31 December 2017 (expressed in USD & SDR)

	2017 USD	2016 USD	2017 SDR	2016 SDR
ASSETS				
Cash and Cash equivalents				
Cash in bank	7,853,400	17,679,700	5,514,500	13,151,300
Time Deposits	6,402,000	4,000,000	4,495,400	2,975,500
	14,255,400	**21,679,700**	**10,009,900**	**16,126,800**
Investments				
Debt Securities	65,699,000	58,076,400	46,132,700	43,201,000
Participation in Investment Funds	314,000	0	220,500	0
	66,013,000	**58,076,400**	**46,353,200**	**43,201,000**
Promissory Notes	**5,802,100**	**5,099,600**	**4,074,100**	**3,793,400**
Amounts Receivable From Members				
Amounts Receivable From Members	371,200	326,200	260,700	242,600
Provision For Overdue Members Capital Subscription	-371,200	-326,200	-260,700	-242,600
	0	**0**	**0**	**0**
Loans				
Loan Receivable	5,772,100	4,161,200	4,053,100	3,095,400
Provision for Overdue Loan	-1,309,500	-1,177,200	-919,500	-875,700
	4,462,600	**2,984,000**	**3,133,600**	**2,219,700**
Other Receivables				
Accrued Income on Investments	846,500	848,300	594,400	631,000
Receivable from Dutch Trust Fund	230,000	230,000	161,500	171,100
Other Receivables	20,300	1,300	14,300	1,000
	1,096,800	**1,079,600**	**770,200**	**803,100**
Total Assets	**91,629,900**	**88,919,300**	**64,341,000**	**66,144,000**
LIABILITIES AND EQUITY				
Liabilities				
Turkey Settlement	234,900	234,900	164,900	174,700
Belgium Settlement	377,900	332,100	265,400	247,000
Luxembourg Settlement	77,700	74,900	54,600	55,700
Payable to Dutch Ministry	1,482,900	2,233,000	1,041,300	1,661,100
Payable to EU/EC	469,900	136,300	330,000	101,400
Other Payables	64,800	0	45,500	0
	2,708,100	**3,011,200**	**1,901,700**	**2,239,900**
Capital Subscriptions and Accumulated Surplus				
Paid-in-Shares of Directly Contributed Capital	25,195,500	24,495,800	17,691,900	18,221,600
Accumulated Surplus	63,726,300	61,412,300	44,747,400	45,682,500
	88,921,800	**85,908,100**	**62,439,300**	**63,904,100**
Total Equity and Liabilities	**91,629,900**	**88,919,300**	**64,341,000**	**66,144,000**

Income Statement for the period 1 January to 31 December 2017 – First Account (expressed in USD & SDR)

	2017 USD	2016 USD	2017 SDR	2016 SDR
Income				
Net Income from Investments	2,085,800	2,402,700	1,507,100	1,729,000
Other Income	253,200	87,800	182,900	63,200
Unrealized (loss)/gain on participations in investment funds	-784,600	1,210,600	-566,900	871,100
Realized Exchange (loss)/gain on Operations	0	35,300	0	25,400
Unrealized Exchange (loss)/gain on translation of Balance Sheet items	4,239,300	-2,764,600	3,063,000	-1,989,400
Total Income	**5,793,700**	**971,800**	**4,186,100**	**699,300**
Expenses				
Staff Salaries & Benefits	2,286,700	2,443,200	1,652,200	1,758,100
Operational Expenses	315,900	348,500	228,200	250,800
Meeting Costs	188,100	182,400	135,900	131,300
Premises Costs	242,800	284,700	175,400	204,900
Total Expenses	**3,033,500**	**3,258,800**	**2,191,700**	**2,345,100**
NETT (LOSS)/PROFIT	**2,760,200**	**-2,287,000**	**1,994,400**	**-1,645,800**
Statement of Comprehensive Income				
(Loss)/Profit for the year	2,760,200	-2,287,000	1,994,400	-1,645,800
Items that will not be reclassified to profit and loss	4,380,200	-1,543,400	3,164,800	-1,110,600
Items that will be reclassified to profit and loss	-10,100	-90,000	-7,300	-64,800
Total comprehensive income for the year	**7,130,300**	**-3,920,400**	**5,151,900**	**-2,821,100**

Income Statement for the period 1 January to 31 December 2017 - Second Account (expressed in USD & SDR)

	2017	2016	2017	2016
	USD	USD	SDR	SDR
Income				
Net Income from Investments	1,968,900	2,095,000	1,422,600	1,507,500
Income from Loans	242,900	123,500	175,500	88,900
Contribution DTF I	750,000	230,000	541,900	165,500
Realized Exchange (loss)/gain on Operations	3,700	81,000	2,700	58,300
Unrealized (loss)/gain on Investment Funds	-13,000	0	-9,400	0
Unrealized Exchange (loss)/gain on translation of Balance Sheet items	904,100	-231,200	653,200	-166,400
Total Income	**3,856,600**	**2,298,300**	**2,786,500**	**1,653,800**
Expenses				
Project Payments	1,410,300	2,343,400	1,019,000	1,686,300
Provision for overdue loans	132,300	500,000	95,600	359,800
Total Expenses	**1,542,600**	**2,843,400**	**1,114,600**	**2,046,100**
NETT (LOSS)/PROFIT	**2,314,000**	**-545,100**	**1,671,900**	**-392,300**
Statement of Comprehensive Income				
(Loss)/Profit for the year	2,314,000	-545,100	1,671,900	-392,300
Items that will not be reclassified to profit and loss	699,700	-166,800	505,600	-120,000
Items that will be reclassified to profit and loss	0	0	0	0
Total comprehensive income for the year	**3,013,700**	**-711,900**	**2,177,500**	**-512,300**

Directly Contributed Capital, as at 31 December 2017 (USD)

	First Account			Second Account		
	Outstanding Constibutions*	Payments		Outstanding Constributions*	Payments	
		Cash	Promissory Notes		Cash	Promissory Notes
Afghanistan	0	399,412	393,665	0	0	0
Algeria	0	862,744	0	0	0	0
Angola	0	61,786	0	0	339,823	438,655
Argentina	0	0	404,883	0	635,460	47,308
Bangladesh	152,217	95,062	0	0	308,154	374,919
Benin	5,249	344,491	374,919	0	0	0
Bhutan	0	3,424	3,749	0	338,969	371,170
Botswana	5,249	344,491	374,919	0	0	0
Brazil	0	1,692,815	0	0	701,208	0
Bulgaria	797,850	284,202	0	0	0	0
Burkina Faso	5,249	344,491	374,919	0	0	0
Burundi	0	34,239	37,492	0	308,154	337,427
Cameroon	0	990,853	0	0	0	0
Cape Verde	0	342,393	374,919	0	0	0
Central African Republic	10,497	346,588	374,919	0	0	0
Chad	15,747	364,254	374,919	0	0	0
China	0	3,807,113	4,165,351	0	0	0
Colombia	0	1,060,568	0	0	0	0
Comoros	0	342,393	374,919	0	0	0
Congo	1,109,891	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	48	1,273,830	0	0	0	0
Cuba	0	291,399	318,726	0	393,960	316,860
Denmark	0	599,933	428,907	0	718,430	0
Djibouti	0	388,206	374,919	0	0	0
Ecuador	0	126,968	0	0	699,028	0
Egypt	0	616,445	551,131	0	0	0
Equatorial Guinea	0	734,443	0	0	0	0
Ethiopia	41,991	187,975	187,460	0	171,197	187,459
Finland	0	586,004	641,112	0	154,611	27,718
Gabon	327,335	455,118	0	0	0	0
Gambia	10,498	346,588	374,919	0	0	0
Germany	0	5,954,753	6,448,608	0	657,485	104,543
Ghana	0	1,085,935	0	0	0	0
Greece	0	347,901	374,919	0	0	0
Guatemala	0	423,346	0	0	408,621	0
Guinea	26,244	13,911	3,749	0	338,969	371,170
Guinea-Bissau	0	342,393	374,919	0	0	0
Haiti	15,747	348,685	374,919	0	0	0
Honduras	41,241	37,758	0	371,170	339,823	0
India	0	370,828	401,163	0	560,088	97,317
Indonesia	0	449,328	123,723	0	579,573	144,260
Iraq	1	878,501	0	0	0	0
Ireland	0	3,455	3,749	0	615,094	111,738
Italy	0	2,558,455	2,796,896	0	612,520	123,140
Jamaica	0	48,056	52,489	0	612,816	134,753
Kenya	0	906,469	0	0	0	0
Dem, People's Republic of Korea	779,832	0	0	0	0	0
Republic of Korea	0	517,919	566,128	0	0	0
Kuwait	0	941,579	0	0	0	0
Lao People's Dem, Republic	0	387,130	378,668	0	0	0
Lesotho	0	342,393	374,919	0	0	0
Madagascar	0	48,209	0	0	703,374	0

Directly Contributed Capital, as at 31 December 2017 (USD)

	First Account			Second Account		
	Outstanding Constibutions[1]	Payments Cash	Payments Promissory Notes	Outstanding Constributions[1]	Payments Cash	Payments Promissory Notes
Malawi	15,747	348,685	0	0	0	374,919
Malaysia	0	832,788	929,799	0	0	0
Maldives	0	34,239	0	0	308,154	374,919
Mali	15,747	40,531	37,492	0	308,154	337,427
Mauritania	41,991	395,774	374,919	0	0	0
Mexico	0	170,697	0	0	770,650	161,711
Morocco	0	471,279	3,749	0	375,021	138,416
Mozambique	0	439,549	353,587	0	0	0
Myanmar	20,995	342,665	377,918	0	0	0
Nepal	5,249	310,251	337,427	0	34,239	37,492
Netherlands	0	752,209	1,612,152	0	730,118	0
Nicaragua	0	98,166	0	0	653,459	0
Niger	5,249	344,491	0	0	0	374,919
Nigeria	0	124,171	131,222	0	624,220	101,189
Norway	0	347,901	386,167	0	608,489	106,194
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	110,470
Russian Federation	6,992,241	6,368,048	0	0	0	0
Rwanda	15,747	348,685	374,919	0	0	0
Samoa	0	342,393	374,919	0	0	0
Sao Tome and Principe	0	734,443	0	0	0	0
Saudi Arabia	0	360,373	393,665	0	0	0
Senegal	0	959,157	0	0	0	0
Sierra Leone	15,747	348,685	374,919	0	0	0
Singapore	0	227,143	251,196	0	411,896	66,373
Somalia	380,168	344,491	0	0	0	0
Spain	0	2,547,890	0	0	619,883	0
Sri Lanka	0	422,309	464,900	0	0	0
Sudan	125,973	290,011	262,443	0	102,718	112,476
Swaziland	0	94,101	389,914	0	262,885	0
Sweden	0	874,180	989,786	0	640,618	107,139
Syrian Arab Republic	0	916,910	0	0	0	0
United Republic of Tanzania	68,235	198,462	187,460	0	171,197	187,459
Thailand	0	485,578	513,639	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	94,480	380,145	374,919	0	0	0
United Arab Emirates	1,088,340	0	0	0	0	0
United Kingdom	0	3,166,031	3,029,631	0	664,193	0
Venezuela	0	878,775	0	0	0	0
Yemen	10,498	688,981	749,838	0	0	0
Zambia	202,861	912,100	0	0	0	0
Zimbabwe	0	725,106	0	0	0	0
TOTAL	12,444,150	68,306,642	36,058,179	371,170	19,415,954	5,779,542

[1] *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 2017 (USD)

	Pledge (3rd 5YAP)		Payments Cash up to 31 Dec. 2016	Payments Cash 2017	Payments Total 31 Dec. 2017	
Country	Currency	USD[1]	USD	USD	USD	SDR
Austria	USD	2,000,000	2,000,000	0	2,000,000	1,404,366
Belgium[3]	EUR	3,000,000	3,235,542	0	3,235,542	2,271,943
Cameroon	USD	0	7,994	0	7,994	5,613
China	USD	2,000,000	2,000,000	0	2,000,000	1,404,366
Denmark	DKR	2,384,139	794,987	0	794,987	558,227
Ecuador	USD	0	45,311	0	45,311	31,817
Finland	USD	2,000,000	2,011,089	0	2,011,089	1,412,153
France[3]	USD	15,000,000	2,385,648	0	2,385,648	1,675,161
Germany	USD	22,549,790	22,549,790	0	22,549,790	15,834,081
India	USD	5,000,000	5,000,000	0	5,000,000	3,510,915
Indonesia	USD	1,000,000	1,000,201	0	1,000,201	702,324
Ireland	USD	250,000	250,000	0	250,000	175,546
Italy	USD	15,000,000	14,999,999	0	14,999,999	10,532,745
Japan[3]	USD	27,000,000	32,231,940	0	32,231,940	22,632,723
Luxembourg[3]	USD	150,000	149,989	0	149,989	105,320
Madagascar	USD	8,643	8,616	0	8,616	6,050
Malaysia	USD	1,000,000	999,922	0	999,922	702,128
Netherlands	USD	17,000,000	19,560,207	0	19,560,207	13,734,847
Nigeria	USD	150,000	150,000	0	150,000	105,327
Norway	USD	22,490,000	22,446,462	0	22,446,462	15,761,526
OPEC Fund	USD	45,400,000	28,250,000	0	28,250,000	19,836,672
Papua New Guinea	USD	0	70,055	0	70,055	49,191
Republic of Korea	USD	300,000	300,000	0	300,000	210,655
Singapore	USD	250,000	250,000	0	250,000	175,546
Sweden	USD	2,345,996	2,345,996	0	2,345,996	1,647,319
Switzerland[3]	USD	6,000,000	3,000,000	0	3,000,000	2,106,549
Thailand	USD	1,000,000	1,000,000	0	1,000,000	702,183
United Kingdom[2]	STG	5,769,374	7,399,909	0	7,399,909	5,196,091
		199,047,942	**174,443,658**	**0**	**174,443,658**	**122,491,384**

[1] Amounts pledges have been converted to USD equivalent using the IMF rates of 31/12/17

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

[3] Not a member of CFC

2017 Administrative Budget, Summary

Item	Approved Administrative Budget 2017	
	USD	EUR
Staff Costs	2,525,200	2,234,700
Operational Costs	652,400	577,400
Meeting Costs	232,100	205,300
Extra Ordinary Items	15,800	14,000
Contingency	11,300	10,000
TOTAL	**3,436,800**	**3,041,400**

To: the Governing Council of the Common Fund for Commodities

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REPORT OF THE INDEPENDENT AUDITOR ON THE ABBREVIATED FINANCIAL REPORTS

Our opinion
The summary financial statements 2017 (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 2017 of the First Account and Second Account of the Common Fund for Commodities.

In our opinion the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements 2017 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, 2018.

The audited financial statements and our auditor's report thereon
We expressed an unmodified audit opinion on the audited financial statements 2017 of the First Account and Second Account of the Common Fund for Commodities in our auditor's report of June 28, 2018.

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 2017 financial statements of the First Account and Second Account of the Common Fund for Commodities.

Grant Thornton

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, 2018

Grant Thornton Accountants and Adviseurs B.V.

Drs. P.N. van Vuure RA

--this document is signed digitally--

Photo: ©FAO/Asim Hafeez

Annex I

Governors and Alternate Governors as of 31 December 2017

Chairperson of the Governing Council during 2017:

Mr. Aly Toure (Côte d'Ivoire)

Vice-Chairpersons:

Africa: H.E. Ms. Jacqueline Marie Zaba-Nikiema (Burkina Faso)

Asia and Pacific: H.E. Mr. Sheikh Mohammed Belal (Bangladesh)

China: Mr. Guosheng Zhang

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

OECD: Ms. Anna Tofftén (Sweden)

Russian Federation: to be communicated

Country	Governor	Alternate Governor
Afghanistan	c/o H.E. Ms. Suraya Dalil	-
Algeria	c/o Ambassador	Mr. Rafik Kessai
Angola	Mr. Sebastião de Sousa e Santos Júnior	-
Argentina	H.E. Mr. Héctor Horacio Salvador	Mr. Alejandro Mitri
Bangladesh	Mr. Shubhashish Bose	H.E. Mr. Sheikh Mohammed Belal
Benin	H.E. Mr. Zacharie Richard Akplogan	Mr. Stephane Beria
Bhutan	H.E. Mr. Kinga Singye	Mr. Sangay Phunthso
Botswana	H.E. Mr. Samuel Otsile Outlule	Mr. Boipolelo Khumomatlhare
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	Ms. Gentille Gahinyuza
Cabo Verde	Minister for Foreign Affairs	-
Cameroon	Mr. Luc Magloire Mbarga Atangana	H.E. Ms. Odette Melono
Central African Republic	c/o Ministre Chargé du Développement du Monde Rural	Ms. Gertrude Zouta
Chad	Mr. Youssouf Abassallah	Mr. Daouda Tabanda
China	Ms. Liang Hong	Mr. Guosheng Zhang
Colombia	Mr. Álvaro Gutiérrez Botero	Ms. Jenny Sharine Bowie Wilches
Comoros	Mr. Said Mohamed Ali Said	-
Democratic Republic of the Congo	c/o H.E. Mr. Zénon Mukongo Ngay	-
Congo	c/o Conseiller Economique et Commercial	-
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	Mr. Carlos Fidel Martín Rodríguez
Denmark	-	-
Djibouti	Mr. Ismaël Ali Abane	-
Ecuador	H.E. Mr. Miguel Calahorrano	Mr. Fernando Xavier Bucheli Vargas
Egypt	H.E. Mr. Amgad Abdel Ghaffar	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. Robel Admassu
Finland	Mr. Mika Vehnämäki	-
Gabon	Mr. Fidèle Mengue M'engouang	Mr. Bertrand Rubens Matteya
Gambia	H.E. Ms. Teneng Mba Jaiteh	Mr. Assan Faal
Germany	Ms. Andrea Jünemann	Mr. Holger Rapior
Ghana	Hon. Dr. Ekwow Spio-Garbrah	H.E. Ms. Sofia Horner-Sam
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	-

Country	Governor	Alternate Governor
Haiti	Mr. Hervey Day	H.E. Mr. Pierre André Dunbar
Honduras	Mr. Jacobo Paz Bodden	Mr. José Adalberto Sorto
India	Mr. Santosh Kumar Sarangi	H.E. Mr. Venu Rajamony
Indonesia	Mr. Febrian A. Ruddyard	Mr. Parjiono
Iraq	Mr. Kadhim M. Jawad Hasan	Mr. Kadhim Ali Abdullah
Ireland	H.E. Mr. John Neary	-
Italy	Mr. Alberto Petrangeli	Mr. Dario Sabbioni
Jamaica	Honourable Karl Samuda	H.E. Mr. Wayne McCook
Kenya	c/o Ambassador	Ms. Rose J. Sumbeiywo
Democratic People's Republic of Korea	c/o Mr. Kim Myong Hyok	Mr. Sok Jong Myong
Republic of Korea	Mr. Dongyeon Kim	Mr. Juyeol Lee
Kuwait	c/o H.E. Mr. Shamlan Abdulaziz M.SH. Al-Roomi	-
Laos	Mr. Somphong Soulivanh	H.E. Mr. Khamkheuang Bounteum
Lesotho	Honourable Maphono Khaketla	H.E. Ms. Mpeo Mahase-Moiloa
Madagascar	c/o Ambassador	Mr. Eric Beantanana
Malawi	H.E. Mr. Tedson Aubrey Kalebe	Mr. Mike Jamu Mwanyula
Malaysia	Datuk K. Yogeesvaran	Mr. Sutekno Ahmad Belon
Maldives	c/o Mr. Abdul Samad Abdulla	Mr. Abdulla Salih
Mali	H.E. Mr. Sekouba Cisse	c/o Ministre Conseiller
Mauritania	Mr. Mohamed Ould Hitt	Mr. Mohamed Moctar Alaoui
Mexico	Mr. José Antonio Gonzalez Anaya	Mr. Luis Videgaray Caso
Morocco	H.E. Mr. Abdelouahab Bellouki	Mr. Mohamed Abdennasser Achachi
Mozambique	Ms. Cerina Banú Mussá	Mr. Joao José Macaringue
Myanmar	Mr. Tin Naing Thein	Ms. Myo Nwe
Nepal	H.E. Mr. Lok Bahadur Thapa	Mr. Sudhir Bhattarai
Netherlands	Ms. Eva Oskam	Mr. Marc Mazairac
Nicaragua	Mr. Orlando Solórzano Delgadillo	H.E. Mr. Carlos J. Argüello Gómez
Niger	c/o Cadre de la Direction du Commerce Extérieur	-
Nigeria	Mr. Edet Sunday Akpan	c/o Ambassador
Norway	Ms. Torun Dramdal	Mr. Torfinn Arntsen
Pakistan	H.E. Mr. Shujjat Ali Rathore	Mr. Syed Mahmood Hassan
Papua New Guinea	Mr. William Dihm	c/o Mr. Peter Bagara
Peru	H.E. Mr. Carlos Herrera Rodríguez	Ms. Francis Natalie Chávez Aco
Philippines	H.E. Mr. Jaime Victor B. Ledda	Mr. José I.C. Laquian
Portugal	Mr. Mário Centeno	Mr. Álvaro Matias
Russian Federation	Mr. Denis S. Ulin	Ms. Irina Medvedeva
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. Mr. Hassan Ali Hassan	Mr. Nagi Iskander Awad Masoud
Swaziland	Mr. Andreas M. Hlophe	-
Sweden	Ms. Anna Tofftén	-
Syrian Arab Republic	Mr. Mohammad Ghassan Al-Habbash	-
Thailand	Ms. Doojduan Sasanavin	Mr. Vinaroj Supsongsuk
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	Mr. Andrew McCoubrey	-
United Republic of Tanzania	Mr. Adolf F. Mkenda	H.E. Ms. Irene F.M. Kasyanju

Country	Governor	Alternate Governor
Venezuela	Mr. Rubén Darío Molina	H.E. Ms. Haifa Aissami Madah
Yemen	H.E. Ms. Sahar Mohammed Abduljabbar Ghanem	Mr. Abdahmed Saleh Mohammed Yaffai
Zambia	H.E. Ms. Grace Musonda Mutale Kabwe	Mr. Musenge Mukuma
Zimbabwe	Ms. Abigail Shonhiwa	H.E. Mr. Tadeous Tafirenyika Chifamba
Andean Community	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. Michel 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	-

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Annex II

Member States, Institutional Members and Votes as of 31 December 2017

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	
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 Oils, Oilseeds 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

AATIF	Africa Agriculture Trade and Investment Fund
ACE	Agricultural Commodity Exchange
ACP	African, Caribbean and Pacific
AECID	Spanish Government
AFC	Agronomika Finance Corporation
AFD	Agence Française de Dévéloppement
AfDB	African Development Bank
AFSF	Africa Food Security Fund
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
DIB	Development Impact Bond
DRC	Democratic Republic of Congo
DTF	Dutch Trust Fund
EAFCA	African Fine Coffee Association
EC	European Commission
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
EFL	EFUGO Farms Limited
EFTA	Equity For Tanzania Ltd.
EIB	European Investment Bank
ENS	Edom Nutritional Solutions
ESG	Environmental, Social and Governance
EU	European Union
EUCORD	European Development Co-operative
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
FTESA	Food Trade East and Southern Africa
GIIN	Global Impact Investing Network
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
IFC	International Finance Corporation
IFDC	International Fertilizer Development Center
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
NECSI	New England Complex Systems Institute
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
TA	Technical Assistance
T&T	Trinidad & Tobago
TAHA	Tanzania Horticultural Association
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECA	UN Economic Commission for Africa
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

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common fund for commodities

Mission & Vision Statement

Mission

"To contribute to poverty alleviation by strengthening the income-generating capacity of commodity producers and mitigating vulnerability to their economic well being"

Vision

"To strengthen and diversify the commodity sector in developing countries and transform it to be a major contributor to poverty alleviation and sustained economic growth and development."