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Images: CFC

Scaling **organic avocado** oil from **Kenyan smallholders**

The CFC is supporting Olivado EPZ Limited ('Olivado') to expand the production and export of organic avocado oil. Olivado is among the world's leading producers of organic avocado oil, directly sourcing the avocados from 2,200 smallholder farmers. From its processing facility in Kenya, it operates an integrated farmer-to-market model. The avocado oil is sold for export to traders and retailers in over 30 countries. The CFC has extended a USD 500,000 trade finance loan to accommodate the increasing international demand for certified organic avocado oil.

Benefiting from Kenya's great climate conditions for growing avocados, Olivado created an inclusive business model, sourcing from small farmers based on a fair trade and organic out-grower scheme. By buying the avocados directly from small, biodiverse farms at a premium price, Olivado can reliably trace the quality and origin of the avocados, as well as guarantee farmers a regular income.

The loan will be used to buy more avocados from the existing farmers and to integrate some 160 new smallholders into Olivado's value chain each year. Olivado provides cash advances to the farmers at the beginning of the harvest season and guarantees to buy at least 95% of each farmer's annual avocado crop. Every farmer who sells avocados to Olivado joins the certified organic and fair



Olivado buys fair trade, organic avocados directly from smallholder farmers.

trade program, gaining access to extensive agronomic training programs and rigorous farm monitoring procedures and tools.

Olivado's team of field officers work closely with the farmers year-round via farmer groups, providing education in farm management, organic fertilizing, and pruning. In order to ensure complete traceability from farm to bottle, Olivado uses its own picking teams. All farmer details, such as the estimated number of avocados per tree, are mapped and assessed using traceability software. The fruit is weighed on location and delivered directly to Olivado's factory in Murang'a county. There, avocado oil is made using the traditional cold-pressed method, which extracts the natural oil from the fruit, retaining its quality and nutritional value. Alongside its primary activity of avocado oil production, Olivado installed a biogas plant in 2019 to produce biogas and fertilizer from the avocado waste generated from the oil processing.

With the goal of scaling avocado production up to 3,000 farmers, Olivado hopes to improve smallholders' yield and net income by 200% over the next five years. By growing the permanent staff to over 100 employees, including at least 44% women, the project is also expected to create much-needed jobs in the region. ■

The CFC appoints a **new Managing Director**

The Governing Council at its 31st Meeting in The Hague has decided to appoint H.E. Sheikh Mohammed Belal (Bangladesh) as the Managing Director of the CFC for a four-year term. Ambassador Belal was elected by consensus from a pool of six candidates for the post of Managing Director of the CFC on 4 December 2019.

H.E. Sheikh Mohammed Belal served as Ambassador of Bangladesh to the Kingdom of the Netherlands with concurrent accreditations to the Republic of Croatia, and Bosnia and Herzegovina since March 2014. He was elected as a member of the Board of Directors of the Trust Fund for Victims of the International Criminal Court for three years with effect from December 2018. The Bureau of the Assembly of States Parties appointed Ambassador Belal as "Facilitator for the Trust Fund of Victims" for the term 2015-2016.

H.E. Sheikh Mohammed Belal also served as the Permanent Representative of Bangladesh

to the Organization for the Prohibition of Chemical Weapons (OPCW) since 30 April 2014. During his term in the OPCW, Ambassador Belal served in different capacities including his role as Chairperson of the Executive Council of the OPCW. He served in Bangladesh Missions in Washington, Canberra, Kuala Lumpur and Tashkent in different capacities. H.E. Sheikh Mohammed Belal obtained a Master's in Public Administration from Harvard University in the USA, a Master's in International Relations and Trade from Monash University in Australia and also did his graduation in Forestry at Chittagong University in Bangladesh.



Ambassador Belal is committed to working for the forgotten people in order to bring prosperity to the lives of millions of people living on the margins.

Ambassador Belal is married to Dr. Dilruba Nasrin. They are blessed with two children and a grandson. ■

30 years of the CFC: Anniversary event

In September 2019, the CFC reached a major milestone, completing 30 years of operations. To celebrate this occasion, on 3 December 2019, the CFC hosted a 30th Anniversary event in The Hague to highlight the lessons learned during the past three decades, diagnose the current global commodity system, and set a direction for the next 30 years of the CFC.



*Dr. Ha-Joon Chang,
University of Cambridge*

Key CFC stakeholders were invited to contribute to the event, including Dr. Ha-Joon Chang, from the University of Cambridge, who delivered the keynote address on the need for intelligent diversification in commodity-dependent developing countries. Other panelists included representatives from governments, international organizations, private sector companies operating in commodity value chains, nonprofit development organizations, impact investors, academics, and development think tanks.

A full report on the event is being prepared and will include more details about its main outcomes. When completed, it will be available on the CFC's website and social media channels. ■

30th Anniversary Event
The Hague
3 December 2019

CFC common fund for commodities **30 years**

Leveraging CFC resources and expertise through investment funds

According to the Global Impact Investing Network, assets under management of impact investors exceeded USD 500 billion in 2018. CFC's project portfolio (which is 100% impact investing) is relatively small compared to figures like these. However, beyond managing assets, the CFC and other DFIs also play a catalytic role in attracting outside investors to the industry.

One of the ways CFC does this is by providing the necessary expertise and capital to attract additional resources to new impact funds. Since 2013, the CFC has committed more than USD 9 million to eight impact funds. The CFC furthermore sits on the advisory committees of three of these funds, and manages the technical assistance facility of two others. As a result, the CFC has leveraged both its financial and human capital to contribute to unlocking total commitments of USD 600 million.

CFC fund investments

CFC fund portfolio	Amount committed
SME Impact Fund	EUR 400,000
AATIF	USD 1,980,000
AAF-SME Fund	USD 2,000,000
Africa Food Security Fund	USD 1,000,000
EcoEnterprises Fund II	USD 500,000
EcoEnterprises Fund III	USD 1,000,000
Moringa Fund	EUR 1,100,000
agRIF	USD 1,000,000

Following the CFC mandate

The CFC follows the same impact mandate for investing in both impact funds and making direct investments. However, investing through impact funds has allowed the CFC to increase impact in member countries and value chains with limited or no presence in the CFC loan portfolio. Up to the first half of 2019, the CFC portfolio funds were enhancing the livelihoods of nearly 150,000 beneficiaries and supporting the creation of over 20,000 jobs in 30 countries.

CFC loan and fund portfolio summary statistics

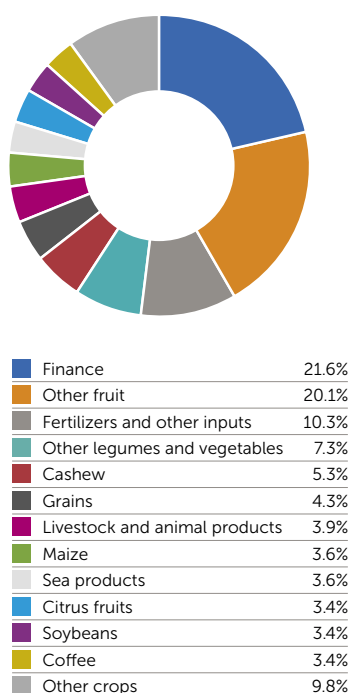
	CFC loan portfolio	CFC fund portfolio
Regions	Africa: 72% Latin America and the Caribbean: 19% Asia: 8%	Africa: 66% Latin America and the Caribbean: 30% Asia: 5%
Top 3 countries	Kenya: 14% Nigeria: 9% Peru: 9%	Côte d'Ivoire: 10% Zambia: 9% Ecuador: 8%
Value chain activities	Processing: 48% Primary production: 25% Finance: 16% Market access: 8% Others: 2%	Processing: 41% Primary production: 22% Finance: 26% Market access: 5% Others: 6%
Top-3 commodities	Fruits (excl. citrus): 11% Sea products: 9% Cocoa: 8%	Finance: 22% Fruits (excl. citrus): 20% Fertilizers and other Inputs: 10%

Note: CFC loan portfolio figures are per February 2020. Fund portfolio figures are per 30 September 2019. Distributions are shares of total loan and equity commitments.

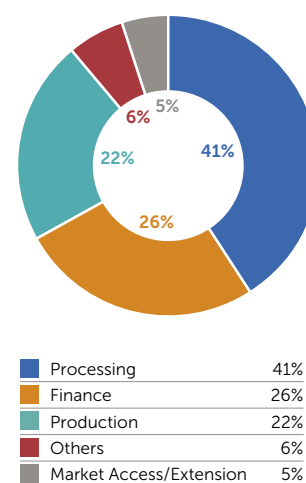
While the regional distribution is similar to the loan portfolio, the fund portfolio has allowed greater country diversification of CFC investments. The biggest recipient of finance across impact funds in the CFC fund portfolio is Côte d'Ivoire, with an average of 10% of total investments. In contrast, the country is in the 17th place in terms of total commitments among CFC loan recipients. Similarly, Zambia, Ecuador and Burkina Faso, which are number two, three and four in the fund portfolio, aren't even listed as CFC loan recipients.

The value chain activities also differ slightly from typical CFC loan projects. In the fund portfolio, refinancing of financial intermediaries servicing rural micro and agri-businesses finance represents about a quarter of total funds committed. Conversely, processing and primary production activities account for a lower share of fund investments. Altogether, compared to direct investments, the fund portfolio is less concentrated on commodities and more focused on supporting activities such as finance and input provision.

Commodity distribution of fund commitments



Value chain activity distribution of fund commitments



The future of CFC fund investments

Through its fund portfolio, the CFC has been able to support the development of the impact investment sector and reach countries and value chains currently not present in the CFC loan portfolio. With several fund investments maturing only in the mid-2020s, the fund impact figures should increase even further in the next few years. In the meantime, the CFC will continue to closely monitor its fund portfolio and share its experience where needed to promote the socioeconomic development of commodity dependent developing countries. ■

65th Meeting of the **Consultative Committee**

The Consultative Committee (CC) of the CFC met in Amsterdam from 27 to 30 January 2020 to assess the proposals received under the 15th Call for Proposals. The Committee reviewed five regular projects and one Fast-Track project based on their technical feasibility and practical potential for having a lasting development impact, as well as their preparedness to start without delay upon approval. All five regular projects were recommended for consideration and approval by the Executive Board, and the Fast-Track project was recommended for consideration and approval by the Managing Director.

Coffee Roasters and Coffee Shops – Guatemala

De La Gente (DLG) is a Guatemalan coffee trader sourcing and exporting premium Arabica coffee, mainly to the USA. DLG aims to strengthen the socio-economic position of farmers by providing access to export markets, training, extension services and coffee tourism programs. In partnership with five coffee cooperatives, DLG is currently working with 137 smallholder farmers. The project aims to upscale DLG's business model, providing direct market access and price premiums to more farmers. The CC recommended financing the project with a loan of up to USD 120,000.

Agro Processing and Packaging Facility – Nigeria

Agroeknor International LTD (AEI) is an agricultural commodities trader in Nigeria focusing on dried hibiscus flowers, which are used in products like herbal teas, herbal medicines, syrups and food coloring. The company intends to upgrade its operations, seek Global Food Safety Initiative (GFSI) certification and increase its supply base from 600 to 2,500 smallholder farmers. The company expects to create 104 additional full-time jobs, of which 75% will be for women. The CC recommended financing the project with a loan of up to USD 400,000.

Fruits and Spices - Madagascar

Located in Madagascar, SCRIMAD aggregates and processes fruit and spices from local farmers and cooperatives for export to global markets. The company's focus on organic and fair-trade products enables it to pay a price premium to its suppliers. The company supports organizing farmers into cooperatives and offers vocational training. SCRIMAD plans to expand its operations and increase its smallholder network from 2,000 to 3,000 farmers. The CC recommended financing the project with a loan of up to Euro 1,200,000.

Working Capital Banana Project – Costa Rica

London-based Working Capital Associates (WCA) provides working capital to exporters in food value chains in developing and least developed countries who struggle to access conventional trade finance. WCA plans to extend a loan to Grupo Productores Asociados San Alberto (GPASA), a Rainforest Alliance and Global GAP certified farm group in Costa Rica. GPASA sources bananas from their own farms as well as smallholders for export to Europe. With the working capital, the company expects to expand production, create 44 new jobs, increase sourcing from smallholders, and offer earlier payment to the farmers to improve access to inputs. The CC recommended financing the project with a loan of up to USD 2,000,000.

Goldtree – Sierra Leone

Established in 2007, Goldtree Sierra Leone Ltd. is the first commercial palm oil mill operating in Sierra Leone since the country's 1991-2002 civil unrest. Goldtree recently changed its business model to focus on producing 100% Roundtable on Sustainable Palm Oil (RSPO) and certified organic oil for export. The company aims to increase production by expanding its own plantation, growing its smallholder farmer network and upgrading its existing processing plant. The number of participating smallholders is expected to increase from 8,050 to 10,050, and their income is projected to grow from USD 163 to USD 264 p.a. The CC recommended financing the project with a loan of up to USD 1,200,000.

Commodities Trading and Processing – Tanzania

Elements Ltd. is a commodities aggregator and trader in Dar es Salaam, Tanzania. Since 2013, it has purchased products such as cashews, oilseeds and beans directly from smallholders and marketed them domestically and abroad. Elements currently works with around 3,500 smallholders, and acts as an aggregator with an exclusive purchase agreement for 800 of these who are organized in cooperatives. The company intends to grow its operations by increasing smallholder sourcing, reaching 8,200 farmers, of which 70% would be women. It also aims to expand the cooperative model for more smallholders, offering technical assistance and loyalty premiums to them. The CC recommended financing the project with a loan of up to USD 900,000.



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