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**Executive Summaries of the final
reports for the concluded projects**

Background

This document contains the Executive Summaries of the final reports for the following concluded projects submitted by the Project Executing Agencies (see Section IV of document PJ-68/14). Copies of the full reports are available on request from the Secretariat.

- Annex I:** Building a Financial Literacy Toolbox to enhance access to commodity finance for sustainable SMEs in emerging economies – CFC/ICO/53/FT
- Annex II:** Promoting the intensification of coffee and food crops production using animal manure in areas covered by the project CFC/ICO/30 in Burundi – CFC/ICO/52/FT
- Annex III** Pilot rehabilitation of neglected coffee plantations into small family production units in Angola – CFC/ICO/15

Action

The Projects Committee is requested to take note of this report.

LIST OF ACRONYMS USED IN THIS DOCUMENT

BPC	Banco de Poupança e Credito (Angola)
CLUSA	Cooperative League of the United States of America
FAST	Finance Alliance for Sustainable Trade
FBU	Burundian Franc
FDCA	Fund for the Development of Coffee
FFF	FAST Financial Fair
FSP	Financial support provided
FLTBX	Development of specific Financial Literacy Toolbox
INCA	Instituto Nacional do Café de Angola
PMU	Project Management Unit
SMEs	Small and medium enterprises

EXECUTIVE SUMMARY OF THE FINAL REPORT**BUILDING A FINANCIAL LITERACY TOOLBOX TO ENHANCE ACCESS
TO COMMODITY FINANCE FOR SUSTAINABLE SMEs IN EMERGING ECONOMIES
CFC/ICO/53/FT****Executive summary****Project objective and rationale**

The overall objective of the project is to increase access to finance for sustainable SMEs by improving producer and Small and Medium Enterprise (SME) financial and accounting management capacity. It also aims to facilitate access to finance for the SMEs of developing countries producing commodities in accordance with internationally recognized practices for sustainable production. The project includes a series of training workshops. The project located in Kenya and Tanzania was implemented by the Finance Alliance for Sustainable Trade (FAST). The main activities were grouped under four components:

- 1) Development of specific Financial Literacy Toolbox (FLTBX) “First Module”: Trainer’s guide and training guidelines;
- 2) Implementation of the FLTBX through training of trainers session on the module with the trainers working directly with SMEs in the sustainable coffee sector in Africa;
- 3) Training of sustainable SMEs by trainers using FLTBX module;
- 4) Organization of a FAST Financial Fair (FFF)

Project achievements

The project developed the core elements of a generic, publicly accessible, financial literacy toolbox and applied the toolbox through a series of training workshops with technical assistance providers and SMEs in East Africa.

Component 1: Development of specific FLTBX “First Module”: Trainer’s guide and training guidelines

The project allowed FAST to consolidate its existing training materials into a formal “Financial Literacy Toolbox” with modules designed to improve the bankability of sustainable SMEs, but also modules to facilitate the development of financial products that more adequately service the SMEs producing for sustainable markets. The final version of the FLTBX was developed on the parameters set up by FAST financial members and other financial institutions partners. The toolbox contains six modules oriented to enhance the

financial management capacity of SMEs decision makers. This includes financial management, accounting, costing, risk management, financing and debts finance in practice.

Component 2: Implementation of the FLTBX through training of trainers session on the module

The trainers worked directly with SMEs in the sustainable coffee sector in Africa to ensure that the materials were appropriate and would help to address the needs of target beneficiaries. FAST organized 2-day peer reviews workshops in Kenya and Tanzania. FAST was therefore able to obtain very valuable feedback from experienced consultants that understand the needs of local SMEs for improving their financial literacy. Based on the feedback from the peer review process, FAST made the necessary improvements to the FLTBX materials ahead of the training of trainers.

Component 3: Training of sustainable SMEs by trainers using FLTBX module

Trainings took place in Nairobi and involved 11 SMEs. These training sessions provided the SMEs with the knowledge and skills to present their credit request during the FFF.

Component 4: Organization of a FAST Financial Fair

The FAST Financial Fair took place in September 2013 with the participation of 14 SMEs and cooperatives as well as 7 financial institutions. All these stakeholders had opportunity to meet and conclude business. The total loan requested by the 14 participants during the FFF was US\$4,895,315. Based on the assessment by the financial institutions participating in the FFF, 8 SMEs received additional support from the trained coaches, 4 applied for loan and 4 received assistance to improve the gaps identified by the financial support providers (FSP).

Dissemination of project results

A strategy has been developed to disseminate the results of the project and its impact around the world. Under the project eleven consultants were trained in Kenya and they have access to materials that will enable them to continue working to improve the credit readiness of coffee producers in Kenya. FAST has developed a very active communication with its broad network of stakeholders, including financial service providers, SMEs, technical assistance providers and multilateral bodies to keep them informed of the progress and tangible outputs of the project.

Conclusions and recommendations

The SME segment is an important pillar of many FSPs' growth strategy. The project has helped to addressing many of the credit readiness related issues that have typically hindered FSPs' investment in the coffee growing sector in Kenya. The project also uncovered several additional factors that must be addressed in order achieve growth of the coffee sector in Kenya. Capacity-building for both FSP and SMEs is an obvious complement to increase access to finance for the sector. In many cases, FSPs are unfamiliar with the sector and need to adapt the way they operate and assess risk. SMEs need to focus on accurate and complete bookkeeping among other issues covered in the FLBX to improve their credit readiness.

EXECUTIVE SUMMARY OF THE FINAL REPORT**PROMOTING THE INTENSIFICATION OF COFFEE AND FOOD CROPS PRODUCTION
USING ANIMAL MANURE IN AREAS COVERED BY THE PROJECT CFC/ICO/30 IN BURUNDI
CFC/ICO/52/FT****Background**

A 'Fast-Track' 12 month project to consolidate major positive achievements of the previous food crops diversification project by strengthening the extension services for familiarizing coffee farmers with good agricultural practices, intensifying the production of coffee and food crop using animal waste.

Objective and scope of the project:

The central objective of the 'Fast-Track' project was to consolidate income and food security through the promotion of intensified livestock farming as a supporting element in a more sustainable production in coffee producing areas under the existing project (CFC/ICO/30). The project has assisted in strengthening extension services with Good Agricultural Practices using livestock waste as fertilizers to intensify food and coffee production. It has contributed to the improvement of farmers' capacity in credit and savings management as well as assisting in the preparation of a large scale project proposal to cover all coffee producers in Burundi.

Components

- 1) Provide credit facilities to develop cattle farming and diversification crops.
- 2) Training producers in good agricultural practices for intensified farming using organic fertilizer and in credit and savings management.
- 3) Support for organic fertilization of coffee trees and food crops.
- 4) Optimizing the achievements of the previous project (CFC/OIC/30).

Project results**Component 1: Provide credit facilities to develop cattle farming and diversification crops**

- Credits totalling FBU 151,178,026 (US\$100,718) were granted to 604 beneficiary producers in the eight project sites.

- Livestock farming was the main activity (85% of total credit). The number of heads of animals reared totalled the following: 860 goats, 107 cattle, 50 pigs and 870 chickens.
- Rice, onion, cabbage, cassava and tomato crops were also financed.

Component 2: Training producers in good agricultural practices for intensified farming using organic fertilizer and in credit and savings management

- Two training sessions were organized for a total of 581 producers covering the following four topics: livestock raising techniques for cattle, poultry and goats; production and utilization of organic fertilizer; management of loans and repayments; mobilization of savings; management of communal equipments.
- Datasheets on proper management of diversification activities were distributed to producers.

Component 3: Support for organic fertilization of coffee trees and food crops

- An amount of US\$3413 was released in the form of credits for organic fertilizers of 14,020 coffee trees owned by 15 producers in the Mugina and Korane sites.
- Averages of 158 coffee trees per household for a total of 106 beneficiaries of crop season 2012A were fertilized using the compost fertilizer produced.
- Demonstrations on the application of organic fertilization of coffee trees were held in three sites: Korane, Kinyovu and Mugina.

Component 4: Optimizing the achievements of the previous project (CFC/OIC/30)

- All available data on diversification activities were updated in the credit management software.
- Training on use of the software was carried out in the Mucowikawa Federation.
- Electricity connection works were completed in the following five sites: Karinzi, Mushonge, Mugina, Mwendo and Musigati.
- Eight processing units (5 mills and 3 hullers) are being tested in six sites, Mugina, Musigati, Kinyovu, Karinzi, Mwendo and Mushonge.
- According to the BNDE (National Bank for Economic Development), loan repayments totalled FBU 376,120,939 out of a total of FBU 434,291,457 (repayment rate of 86%).

Resource utilization

During this period, expenditures were paid in accordance with the budget and manual of procedures of the CFC. The financing for the project made available by the CFC totalled US\$80,000 and the Burundian counterpart contributions released totalled FBU 70 million. Financial reports were prepared and forwarded to the CFC and the ICO.

Environmental and social impacts of project implementation

The project had a positive impact both in environmental and social terms. Benefits include:

- Improvement of producer capacity in farm management and organic fertilization.
- Financing of diversification activities that provided a solution for the lack of financing problem confronting many Burundian farmers.
- Restocking of hives and availability of animal products and manure.
- Lower costs of fertilization using the organic fertilizer produced.

Lessons learned from the project

- a) Easy access to credit and the strengthening of producer capacities through training provide better support for the development of coffee farming.
- b) Cattle raising offers many advantages since it contributes not only to the availability of animal products but also to an increase in food and coffee production as a result of the animal waste it produces for organic fertilization.
- c) The surety provided by coffee producer cooperatives rather than by producer unions is a better strategy for recovery at source from coffee earnings.

Prospects

The prospects of the ARFIC are to maintain agricultural credits for the development of alternative activities for coffee farmers while extending project results to several producers, by ensuring widespread dissemination of these results and increased awareness of this type of financing both among coffee chain stakeholders and in financial institutions.

EXECUTIVE SUMMARY OF THE FINAL REPORT
PILOT REHABILITATION OF NEGLECTED COFFEE PLANTATIONS
IN SMALL FAMILY PRODUCTION UNITS IN ANGOLA
CFC/ICO/15

Objective and scope

The broad objectives of the project include the increase of coffee production by bringing abandoned coffee estates into production through resettlement of displaced people and providing support services to increase productivity of small coffee producers. It will, therefore increase the income of the participating families through increased coffee production, productivity and trade and facilitate the resettlement of displaced families. The specific objectives of the project are:

- (a) Increasing the production, productivity and quality of coffee.
- (b) Increasing the share of the fob price realized by the farmer.
- (c) Providing rural extension, credit facilities, and marketing information services to small-scale coffee farmers.
- (d) To resettle displaced families on abandoned coffee estates by sub-dividing them into small production units.
- (e) To develop the technical capacity of the personnel and institutions involved in the project for future sustainability.

Project cost and financing plan

The total project cost was estimated at US\$8,530,000 of which US\$1,990,000 as a grant and US\$2,760,000 as loan from the CFC. Due to the refusal of the European Union to provide a co-financing as previously planned, the Government of Angola provided both co-financing and counterpart contribution of US\$3,370,000. Moreover, the Government of Angola was the borrower of the loan of US\$2,760,000 from the CFC.

Project management and supervision

The Project Executing Agency was the *Instituto Nacional do Café de Angola* (INCA) which assured the technical and financial implementation of the project, including preparation of reports. INCA has a sound experience in project management through its active role as the co-ordinating and managing institution in the national coffee development programmes assisted by FDCA and PROCAFE. The project implementation began in March 2006 under the supervision of the ICO, to monitor the implementation, analyse the achievement of objectives, identify constraints and assess resource utilization. However, during the first two years of the implementation, a contract for technical assistance was signed with CABI that posted a Chief Technical Adviser to Angola to provide technical backstopping and contribute to the capacity-building of the Project Management Unit (PMU) of INCA. This arrangement

has assured the project ownership by INCA and its sustainability in the long run. From 2009 INCA continued the implementation of the project with the supervision of the ICO but without the technical assistance of CABI.

The main collaborating institutions involved in the project implementation include the Cooperative League of United States of America (CLUSA) for the capacity-building of beneficiary farmers on the creation and management of cooperatives, and the *Banco de Poupança e Crédito* (BPC) for financial intermediation, as to provide loans to beneficiaries. A strong synergy was also built with other governmental institutions such as the Fund for the Development of Coffee (FDCA).

Summary loans terms

In accordance with a loan agreement between the CFC and the Government of Angola, represented by its Minister of Finance, the CFC has made available a loan in the amount up to US\$2,760,000 with an interest rate of 1%. The first repayment date falls 36 months after the first disbursement.

Project implementation and results achieved

Component 1: Production and rehabilitation

More than 324 nurseries were created and managed by individual farmers (individual nurseries) or associations (community nurseries), resulting in the production of over 13 million coffee seedlings. The total areas of rehabilitated coffee farms reached 7,798 hectares with a density of 2,200 plants per ha. The productivity increased to 544 kg/ha compared to 110 kg/ha on average before the project. **Table 1** summarizes the achievement in the areas covered by the project between 2006 (project start) and 2013 (project closure).

Table 1: Rehabilitation process during the implementation of the project

Indicators	Unit	Start point (2006)	Years						
			2007	2008	2009	2010	2011	2012 ¹	2013
Production of green coffee	Ton	529	439	1,129	1,150	1,274	1,610	1,537	2,050
Rehabilitation + renovation	ha	-	2,210	3,170	1,064	503	484	367	7,798
Productivity	Kg/ha	110	148	320	360	470	544	384	530
N.º of families involved	Number	-	4,917	4,917	4,917	4,917	4,917	4,917	4,917

1/ Production was affected by a severe drought in 2012.

Component 2: Commercialization of coffee

The project has secured the participation of producers/associations in the commercialization of their coffee, creating added value. Prices to growers are now linked to the international market as they receive more than 70% of the FOB prices. Market information is now available to farmers and their associations. Farmers have now access to

bank loans through the revolving fund system set up by the project. Individual farmers as well as farmers' associations were granted revolving loans to purchase processing equipment. Table 2 indicates the evolution of prices paid to farmers.

Table 2: Coffee marketing and price paid to growers

Indicators	Unit	Years							Final (2013)
		2006	2007	2008	2009	2010	2011	2012	
Green coffee	Tons	529	439	1,129	1,150	1,274	1,610	1,537	2,050
Price FOB	US\$/Ton	1,539	1,514	1,756	1,765	1,867	1,975	1,987	1,989
Prices paid to farmer	US\$/Ton	550	930	1,230	1,330	1,410	1,450	1,400	1,450
% fob price to producer	%	36	61	70	74	75	73	71	72

Component 3: Resettlement of displaced families

Major achievements under this component include the resettlement of 1,220 families, the renovation/construction of basic social equipment such as schools, healthcare centres and houses for accommodation as well as assistance to produce food crops. Families resettled were distributed land according to the standard defined in the project (2 ha for coffee plantation, 1.5 ha of land for food crops production and 1.5 acres of land for future expansion when they wish). Families also received tools and seeds to produce food crops and coffee. In 2013, over 1,652 students, including 925 boys and 758 girls were attending the schools renovated under the project in four districts.

Component 4: Support services

The expected output of this component is the increased number of good farmers' organization through necessary supports such as technical assistance and training in the management of loan and equipments, accounting, cooperative management, etc. The provision of extension services is also crucial to maintain the trend of coffee sector improvement. The following activities were implemented successfully:

- Formation and strengthening of farmer organizations.
- Support to research and experimentation.
- Strengthening of coffee related services for technical assistance.
- Establishment of a market information system.
- Training of INCA staff.

Social impact of the project

Farmers showed their enthusiasm throughout the project implementation. Farmers were happy to have been allocated land, trained and well organized into associations with the aim of increasing their incomes and social well-being. The number of rehabilitated/built schools has increased leading to an increasing number of students. The project has also

contributed to address food insecurity issue following a very long lasting conflict. The Government is using the success of the project to develop new coffee producing areas. The Ambassador of the United States of America and the Director General of CLUSA visited the province of Benguela (North Angola) and indicated the possibility of supporting the extension of the project to this area.

Lessons learned

- a) The financial support extended shortly after the extension to all extensionists in the form of subsidies, contributed greatly to the motivation of staff directly involved in the implementation.
- b) The provision of microcredit to farmers was one of the most important aspects of the project. The funds allocated in the form of microcredit allowed the startup of the rehabilitation of plantations, the production of food crops for families stripped of almost everything as a result of permanent displacement because of the war.
- c) However, the major challenge still remaining is the issue of rewarding for the production of quality coffee. Coffee is still commercialized without differentiating the quality parameters. Farmers are not motivated to provide good quality coffee as farm gate prices are the same for all growers regardless of individual effort.
- d) Another challenge is a failure to establish a management information system. The project data base setup in 2008 has not been maintained and used efficiently by INCA. A proper management of the information system should have been crucial to integrate data collection on farmers and production activities, loan provision/repayments, inputs and extension services, etc. The management system should have been supported by IT based software to be installed in INCA and the bank. Unfortunately this important component has been left out by the Project Executing Agency.

Conclusions

It is noticeable the difference between the current status of coffee production compared with the period before the implementation of the project. Most of the plantations have been rehabilitated contributing to better and greater coffee supply in the local market, improved quality of the coffee and better prices paid to farmers. Farms are receiving adequate extension services through a new model of technical assistance based on the farmers' field school concept. The project has contributed to solve the issue of land ownership as well as the legalization of cooperatives. This experience should be disseminated in other parts of the country as well as in other African countries.