

# #EL FONDO AVANZA

CONVOCATORIA BLENDED FINANCE



• FONDO MULTIDONANTE DE LAS NACIONES UNIDAS PARA EL SOSTENIMIENTO DE LA PAZ •



# Projects Update

Blended Finance Call for Proposals

# SUMMARY

## General Information

- All legal arrangements already defined and signed.
- First disbursements for 6 of the 7 projects already executed.
- Covid-19 has strongly affected execution for 2020 first semester for most of the projects.
- Project total expenditure has evolved accordingly.

## Key figures

Disbursed resources	\$435.000 USD
Resources to disburse	\$1.665.000 USD
Expected Private Leverage	\$15.380.400 USD
Up to August-20 execution	19%

## Environmental sustainability approach



- 2 Projects are aligned with UNEP - MEbA program to finance Climate Change technologies to microentrepreneurs.
- Other 5 projects have also included activities that will contribute to climate mitigation and security.

Bancóldex, Incofin

## Gender approach



- 2 Projects with a 100% gender approach.
- Other 5 projects included the gender approach with several activities to be developed during execution.

Supracafé, Wegrou / Mercy Corps

# 1. Acumen– Investment for Peace Fund

## Objective

Acumen's investment in an agribusiness's portfolio with operation and presence in PDET municipalities within the framework of their Fund Investing for Peace. Acumen will provide patient capital to establish and strengthen these businesses, as well as, strategic consulting, technical assistance and post-investment support. All investment opportunities will create for-profit companies from associations of regional producers or local entrepreneurs and considering its high social impact. The investments will contribute to stabilization and peacebuilding, providing new opportunities for income, social cohesion and empowerment of most vulnerable communities, while providing access to new markets.

## Actual Progress

Due diligence advance for 2 associations:

- Paddy rice in Chocó – Asprodema: legal arrangement to create the new company ready, but not possible no legalize due to Covid-19 restrictions. Expecting to disburse the resources to the new company in 2<sup>nd</sup> semester of 2020.
- Sugar cane in North of Antioquia – Asogrepaca: this association is in a lower stage where a TA consultancy was engaged to define the requirements of the powdered panela plant that the New company will manage. Expecting to receive Acumen Steering committee approval of the Investment Memorandum in 2<sup>nd</sup> semester 2020.

## Sector



Financial with agricultural focus

## PDET Municipalities

Bojayá, Vigía del Fuerte, Quibdó, ampamento (Z), Anorí, Yarumal (Z), Angostura (Z)

Z: Zomac municipalities

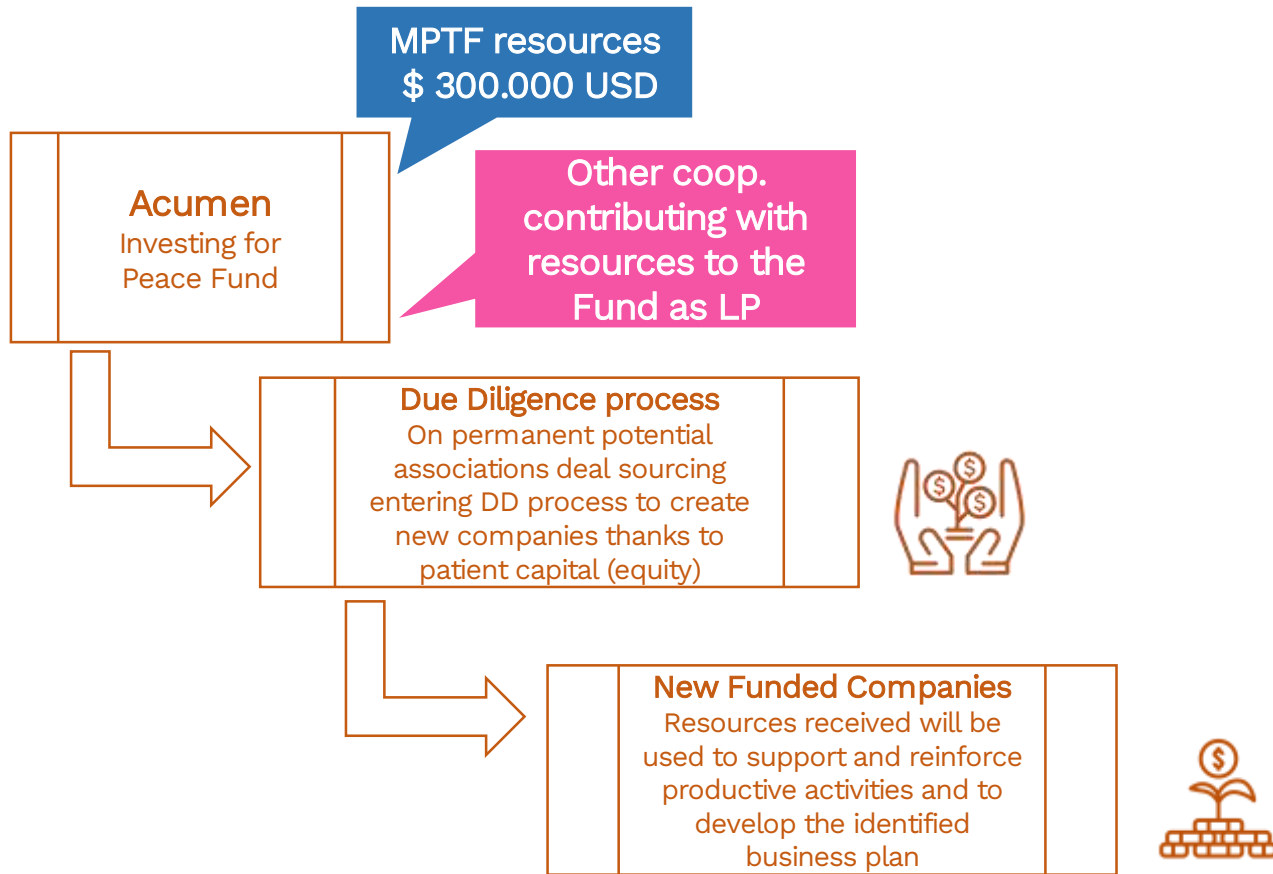
## First disbursement

USD \$60.000

## SDGs



# Investment for Peace Fund



## Project's basic information

- Acumen's amount to fund (Acumen resources) **\$ 495.000 USD**
  - Blended Junior Equity (MPTF resources) **\$ 300.000 USD**
  - Other Coop. resources (USAID + IDB Lab) **\$ 795.000 USD**
  - Productive associates **900 aprox.\***
- Private leverage **1:7**

- ✓ Thanks to MPTF's resources Acumen will invest in 2 companies' creation from a portfolio of 4/5 companies coming from agricultural sectors: rice - Asprodema and sugar cane - Asogrepaca.
- ✓ Also in due diligence process and analysis: cocoa and coconut.
- ✓ It's patient capital and a patient investment process.

\* Considering all the expected actual portfolio companies from Investing for Peace Fund

## 2. Bancóldex – Special credit line for MFI

### Objective

A special credit line available for 11 Microfinance Institutions (MFI) to increase the productivity and resilience of small producers in rural areas, through the financing of sustainable investments following “Microfinance for ecosystem-based adaptation” technologies developed by UN Environment. This special credit line will be available to institutions with strong presence in PDET municipalities and will promote rural productive development and a licit income alternative. It will also reduce the possibility of climate related conflicts through adaptation, while enhancing social cohesion.

### Actual Progress

UNDP contract was signed at the end of July 2020.

Project team inside Bancóldex is analyzing if defined times of the project disbursements to identify if timing for launching this special line is accurate or not due to actual financial concerns of microentrepreneurs in distant territories because of Covid-19 economic consequences.

### Sector



Financial with microfinance focus

### PDET Municipalities

11 microfinance institutions with presence in more than 50 PDET municipalities

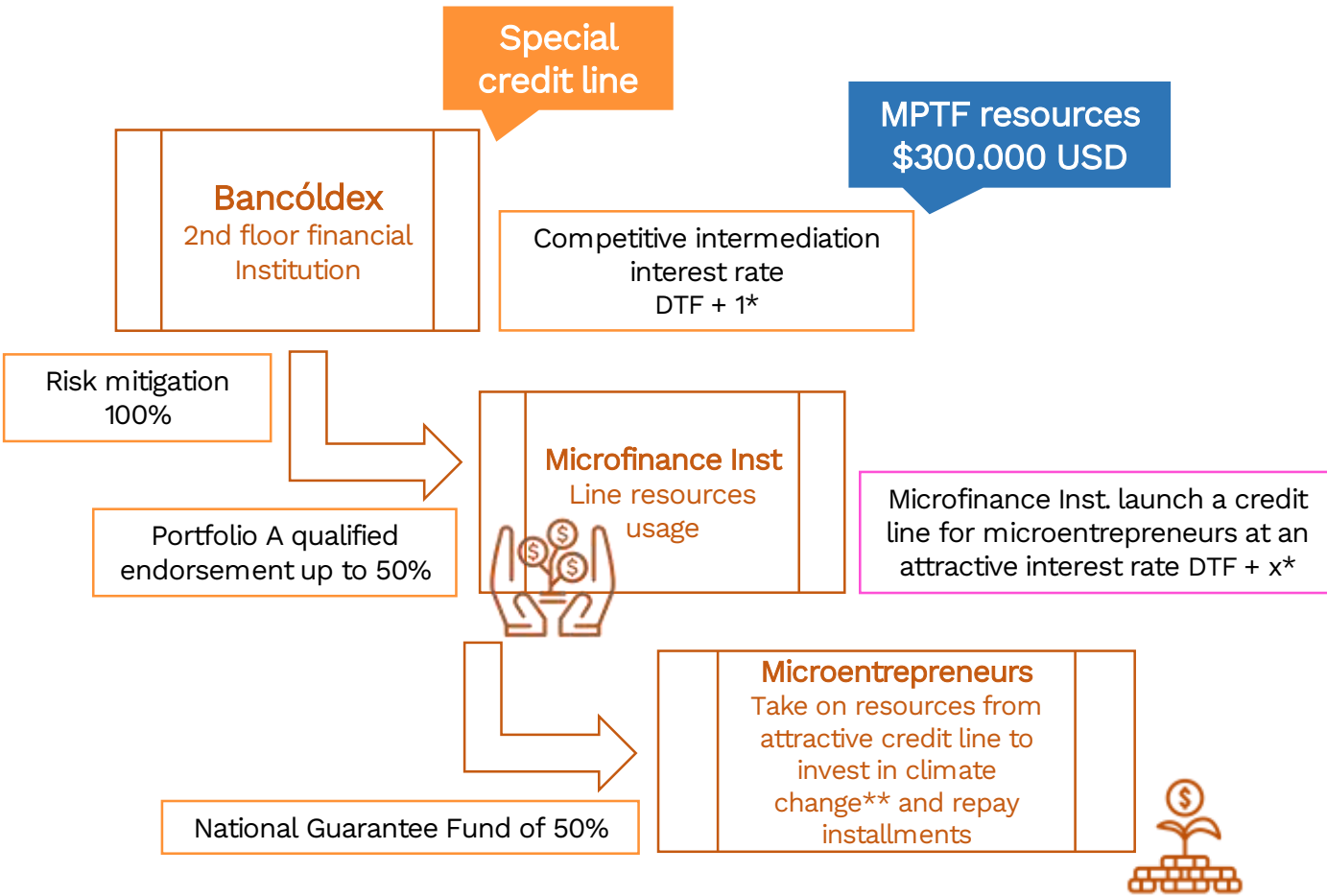
### First disbursement

Not disbursed

### SDGs



# Special credit line for MFI



## Credit line basic information

- Credit line amount (Bancóldex resources) **\$ 5.200.000 USD**
- Interest rate subsidy (Blended MPTF resources) **\$ 300.000 USD**
- Average disbursement Amount for microentrep. **\$ 1.300 USD**
- Estimated credit disbursement **4.000 aprox.**
- Average time period **24 / 48 months**

Private Leverage  
**1:17**

- ✓ Finance of new products and services available for 11 Microfinance Inst.
- ✓ New destinations + Additional info and new reporting condition.
- ✓ Capacity building to finance technologies for climate change adaptation and mitigation.

\* May have changes according to portfolio risks analysis and credit policies of Bancóldex and each MFI

\*\* Adaptation to climate change technologies to be financed have been developed by UNEP

# 3. CorpoCampo – The açaí berry dream

## Objective

Resources to support the development of the project “The açaí berry dream” to strengthen the production and commercialization of açaí berry in Putumayo, connecting CorpoCampo with peasants and ex-combatants in the region as its açaí berry cultivators and productive workforce. The project provides a legal and economic viable opportunity to transit from illegal economies, with a sustainable and profitable model, as a contribution to peacebuilding in Putumayo conflict affected municipalities.

## Actual Progress

As this project socialization was executed during last year last trimester. At the beginning of the year first visits for farmers interested in planting açaí berry palm trees were executed, on March this year they had to hold up this process because of the mobilization restrictions due to Covid-19.

Since mid May 2020 they have started again providing first TA, seed procedures and assistance resources for short-term crops as an intermediary productive alternative or food safety but not as the pace that was expected initially.

## Sector



Agricultural – Açaí berry

## PDET Municipalities

Mocoa, Pto Asis, Pto Caicedo, Pto Guzmán, Orito, Villagarzón

## First disbursement

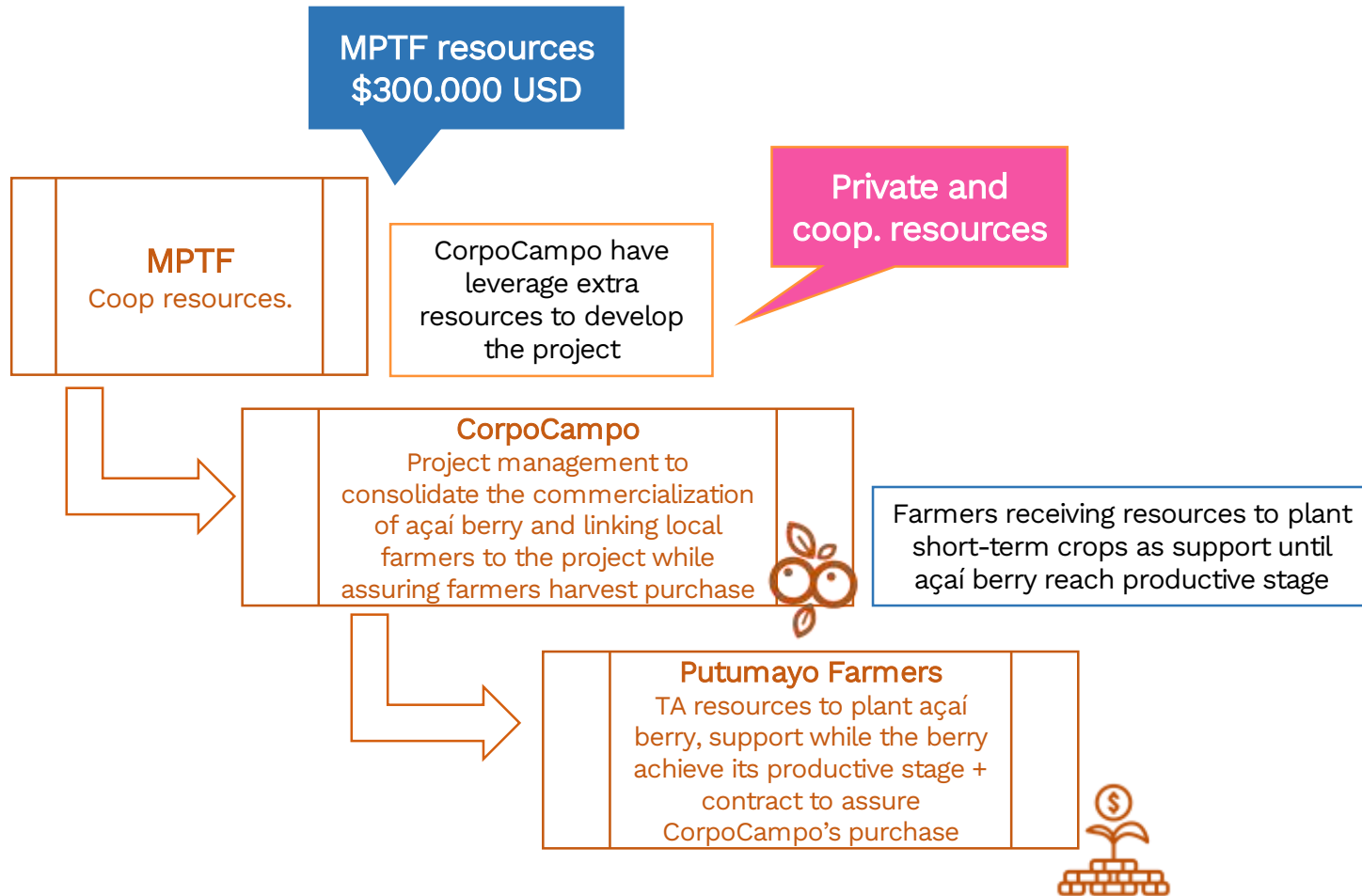
USD \$60.000

## SDGs





# The Açaí berry dream: Strengthen açaí berry productive chain



## Project's basic information

• Project amount (Private resources)	\$ 4.575.000 USD
• Blended for TA (MPTF resources)	\$ 300.000 USD
• Other Coop. resources	\$4.660.000 USD
• Traditional Farmers	300
	Private leverage <b>1:15</b>

- ✓ Working close with 80 ex-combatants of an ETCR in Putumayo
- ✓ Açaí berry palm trees will contribute to neutral carbon emissions to the amazon forest.
- ✓ Working close with access to market thanks to CorpoCampo experience, installed capacity and market development

# 4. IC Fundación – Chocolate Colombia strengthen

## Objective

Strengthen of a second-floor cocoa association “Chocolate Colombia” located in Nudo de Paramillo region, largely affected by violence. Resources will support Fairtrade certification to 6 Chocolate Colombia related associations and the purchase of machinery and equipment for the association cocoa transformation plant, as well as skills improvement to increase added value of final products.

This project aims to transform previous conflict area Nudo de Paramillo to a strategic hub in cocoa production appealing to international markets and ensuring legal income to nearly 1.500 families.

## Actual Progress

During last months, the project has advanced signing of the agreements required to implement Fairtrade certification and gathering the baseline information required to proceed with the engagement of the beneficiaries with the certification process.

They have also executed socialization meeting working with online assistance due to Covid-19 restrictions and hiring supervisors' personnel in the municipalities where the project will need strategic cocoa farms visits.

## Sector



Agricultural - Cocoa

## PDET Municipalities

Cáceres, Chigorodó, Simití, San José de Ure, El Bagre, Montelíbano, Morales, Pto Libertador, San Pablo, Santa Rosa del Sur, Valencia

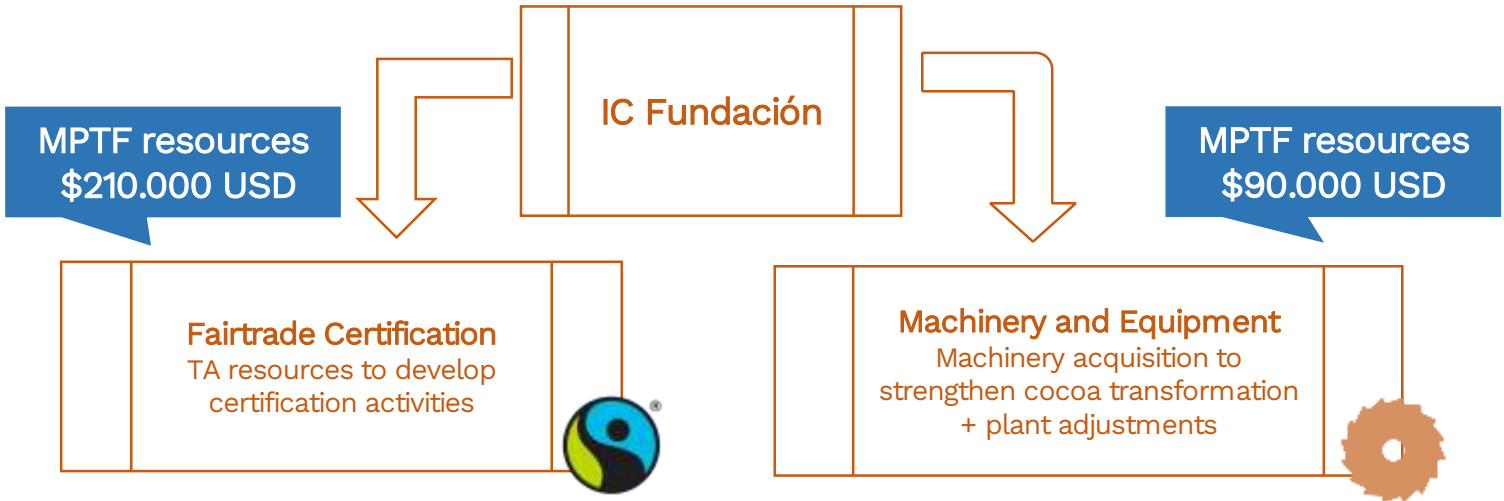
## First disbursement

USD \$90.000

## SDGs



# FairTrade certification and plant improvement to Chocolate Colombia



IC Fundación bring resources up to \$400.000 USD as short-term working capital loans to buy cocoa associates harvest

**Chocolate Colombia - CC**  
 Receiving resources to finance cocoa harvest of its associates as well as Fairtrade certification and plant improvement. Main objective to achieve better income and transformation plant becomes a privately held project

Chocolate Colombia bring resources up to \$35.000 USD to plant adjustments and personnel costs

### Project's basic information

- Project amount (IC Fund + CC resources) **\$ 435.000 USD**
- Blended for TA (MPTF resources) **\$ 300.000 USD**
- Cocoa grower assoc. **450 men  
50 women**
- Private leverage **1:1**

- ✓ 6 CC cocoa associations to be certified.
- ✓ Expecting income increase of 10% due to certificated cocoa sales.
- ✓ 30 tons per year of cocoa paste transformation to be achieved.

# 5. Incofin – Funding loan to Contactar

## Objective

Incofin's loan to finance lending activities for “Cooperativa Contactar” which will allow this microcredit institution to develop and increase its microfinance business model in Colombia's south region.

The resources of this loan will be disbursed among PDET municipalities, where Contactar have presence and influence, promoting the reduction of the historical financial gap and equal access to formal financial services in remote regions of the country.

## Actual Progress

Incofin disbursed the loan to Contactar on October 2019, reason why up to date is the project which has strong advance, some key indicators:

- New credits on PDETs municipalities - 2.995
- 45% disbursed to women
- Average loan – 840 USD
- 66 loans to finance projects of solid waste management
- 35 PDETs municipalities reached

## Sector



Financial with microfinance focus

## PDET Municipalities

Piendamó, Santander de Quilichao, Mocoa, Orito, Puerto Asis, Villagarzón y Chaparral. Capacity to reach nearly 30 more

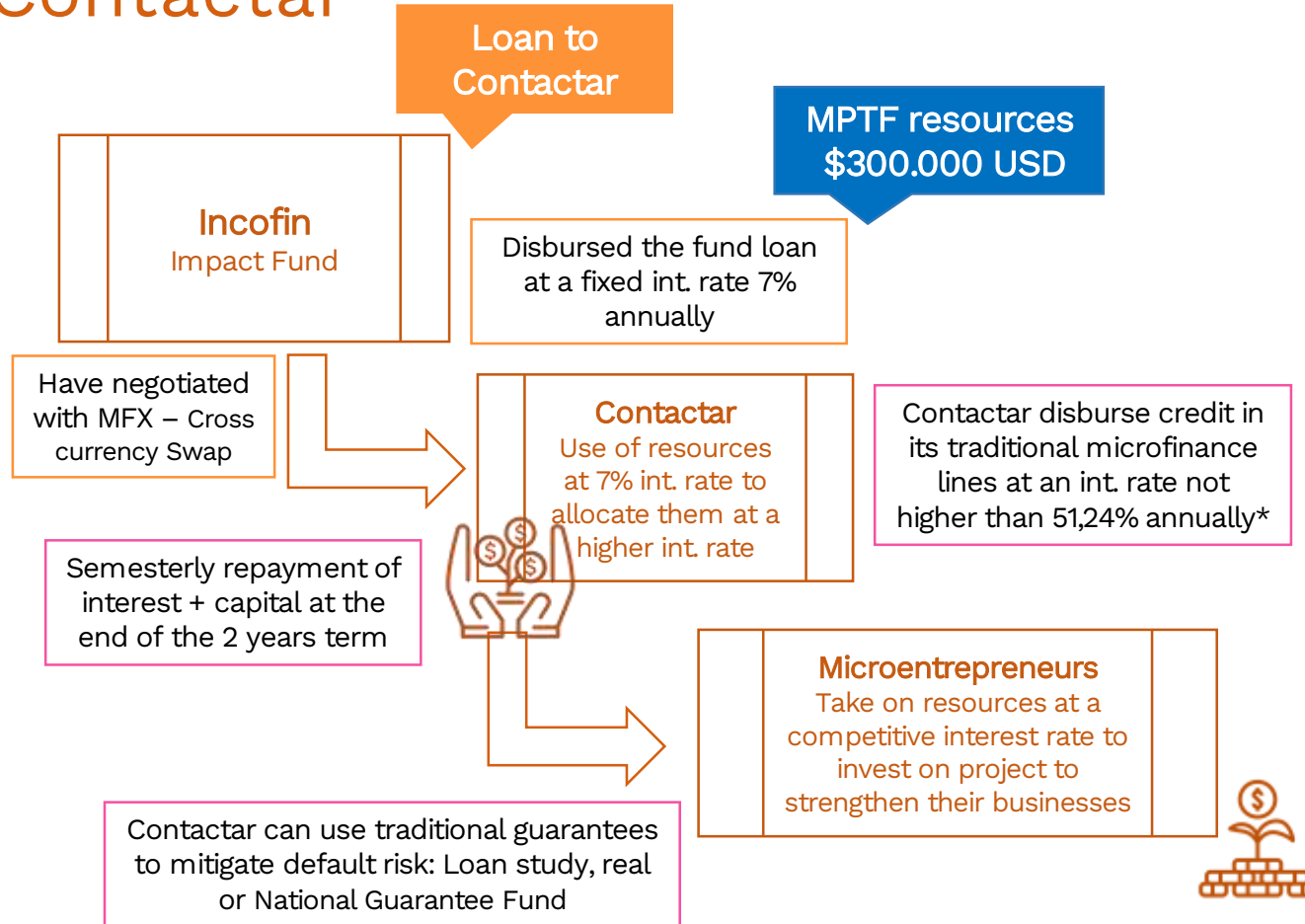
## First disbursement

USD \$75.000

## SDGs



# Interest rate cross currency swap to bring viable a fund loan to Contactar



## Credit line basic information

- Credit line amount (Incofin funding resources) **\$ 4.000.000 USD**
- Cross Currency Swap (Blended MPTF resources) **\$ 300.000 USD**
- Average disbursement Amount for microentrep. **\$ 930 USD**
- Estimated credit disbursement **4.210 aprox.**
- Average time period **24 / 48 months**

Private leverage  
**1:13**

- ✓ MPTF Col resources have allowed this credit operation between Incofin and Contactar where Incofin will achieve minimum required profitability by FAF Fund which is providing loan resources.
- ✓ Without the currency risk mitigation that the fund have provided this agreement could haven't be achieved.

\* According to portfolio risk analysis and credit policies of the microentrepreneur and subject to the maximum usury interest rate authorized by the Financial Superintendence of Colombia

# 6. Supracafé – AMUCC strengthen

## Objective

Capacity improvement, transformative innovation and development of own brand of coffee for the Association of Women Coffee Producers of Cauca - AMUCC, developing of profitable and legal economic alternative for young and conflict affected women in Cauca region.

## Actual Progress

UNDP contract was signed mid June 2020.

The project assemble the kickoff documents to receive the first disbursement expecting to have greater improvements during the second semester of 2020.

## Sector



Agricultural - Coffee

## PDET Municipalities

Cajibío, Caldono, El Tambo, La Sierra, La Vega, Morales, Piendamó, Popayan, Timbio

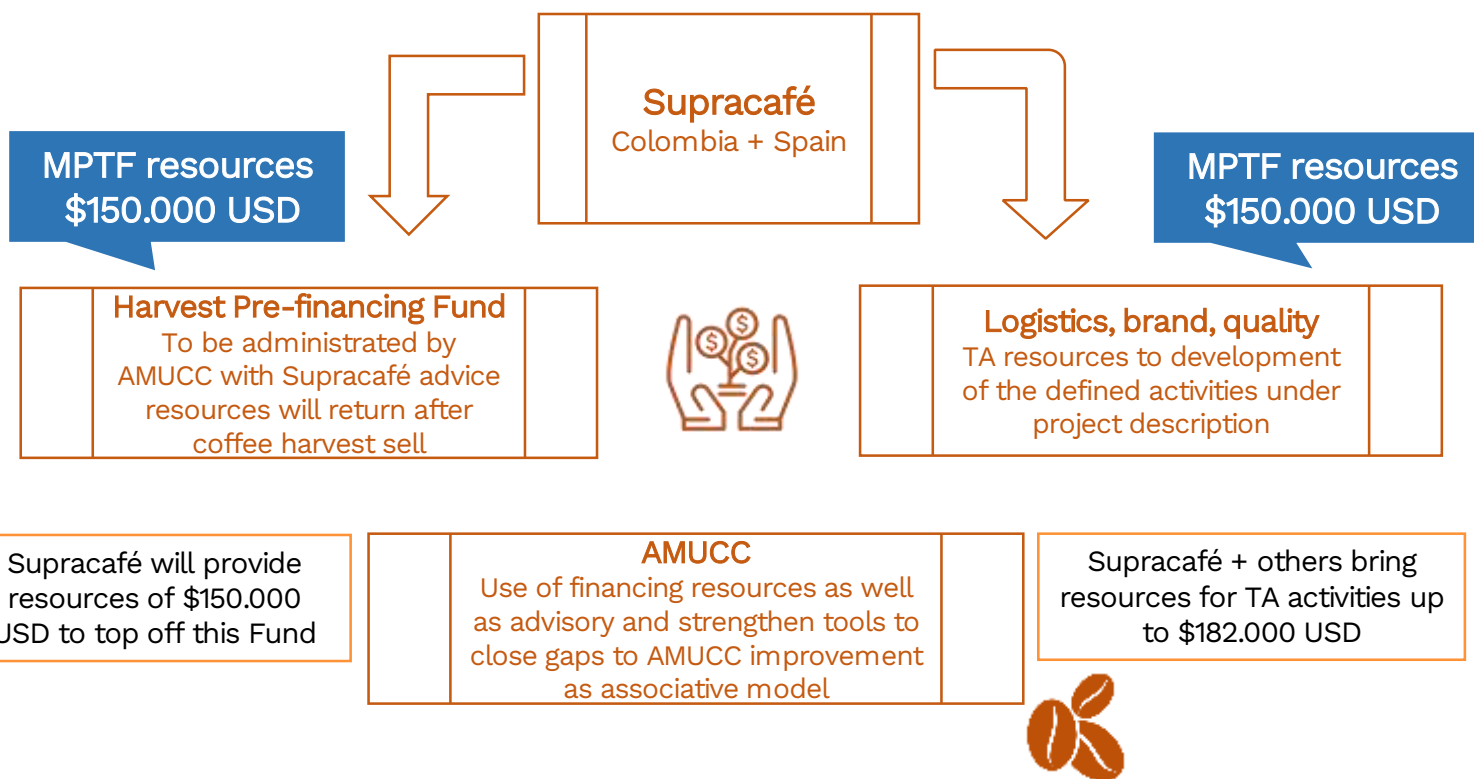
## First disbursement

USD \$60.000

## SDGs



# AMUCC's Innovative transformation, brand development and value chain strengthen



## Project's basic information

- Project amount (Supracafé + others resources)

**\$ 332.000 USD**

- Blended for TA (MPTF resources)

**\$ 300.000 USD**

- Other Coop. resources AECID - Spain

**\$402.000 EUR**

- Women coffee growers

**150 Strengthen + Pre-financing Fund  
260 Strengthen to be part of AMUCC**

Private leverage

**1:1**

- ✓ Strengthening of administrative and financial capacities to manage a revolving fund for crop financing.
- ✓ Development of an own AMUCC special coffee brand.
- ✓ Generational renewal.

# 7. Wegrou / Mercy Corps – Caficultora 2.0

## Objective

Project lead by an alliance between a non-for-profit foundation Mercy Corps and the startup Wegrou. This investment will promote empowerment and connections for women coffee growers in El Tambo, Cauca region. Women will be selling directly their special coffee within international clients through a connecting platform, that guarantee a fair price. This entrepreneurial project will contribute to the resilience of female household heads in this municipality ensuring a secure and legal income as a strategy to strengthen social cohesion and generate resilience for women. This is a prototype of a scalable and replicable model for territorial peacebuilding and reconciliation.

## Actual Progress

During the year even with difficulties due to Covid-19 restrictions this project has advance in the following activities:

- Project socialization with selected women coffee growers
- Activities to collect baseline information of selected women and survey execution
- Training activities from Wegrou/MC which will be focused on two lines: informative and participative (including storytelling and self esteem)
- Caficauca activities to define technical conditions of the machinery required and definition of the training program for special coffee for the selected women

## Sector



Agricultural - Coffee

## PDET Municipality

El Tambo, Timbío, Popayán

## First disbursement

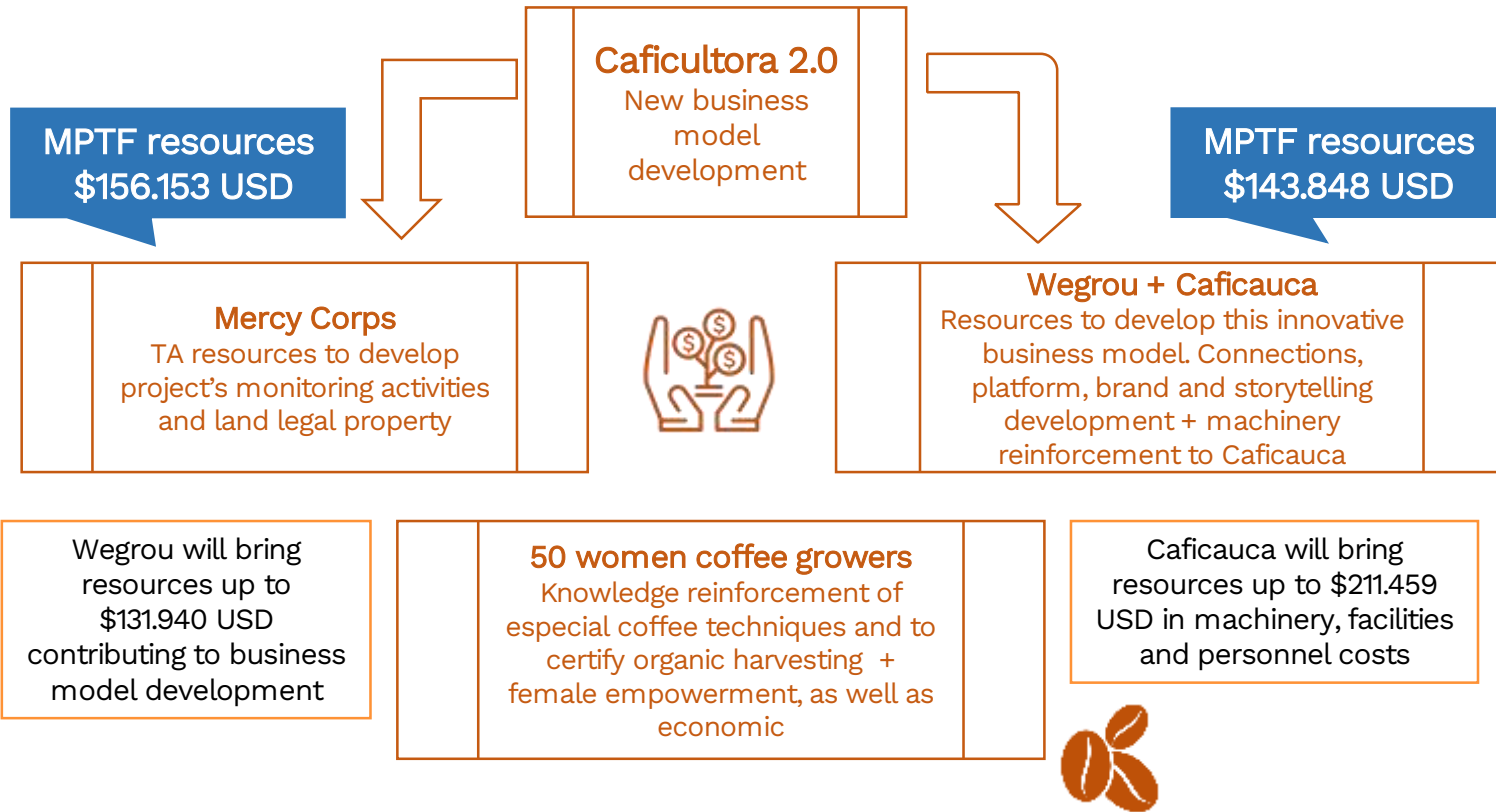
USD \$90.000

## SDGs





# Caficultora 2.0: Direct connection for El Tambo Cauca women coffee growers with international markets



## Project's basic information

- Project amount (Wegrou + Caficauca resources)

\$ 343.400 USD

- Blended for TA (MPTF resources)

\$ 300.000 USD

- Women coffee growers

50

Private leverage

1:1

- ✓ Disruptive model to avoid intermediation thanks to a digital platform developed by Wegrou.
- ✓ Logistics chain improvement to guarantee delivery commitments.
- ✓ Premium revenue when selling organic certified coffee + brand development.

# FINANCIAL REPORT

## Expenditure August-20

	Budget to invest in projects	Expenditure up to August-20
<b>To invest in selected projects</b>	<b>2.100.000</b>	435.000
<b>GMS</b>	<b>63.000</b>	13.050
<b>Direct costs</b>	<b>52.613</b>	
<b><i>TOTAL to invest</i></b>	<b><i>2.215.613</i></b>	<i>448.050</i>
	Budget 1st + 2nd Tranche	Expenditure up to August-20
<b>Travel</b>	<b>57.000</b>	2.312
<b>Contractual Services Avina</b>	<b>37.500</b>	8.215
<b>Contractual Services Impact measurement</b>	<b>286.000</b>	1.346
<b>Personnel (Finance expert + Legal advisor)</b>	<b>170.845</b>	99.155
<b>Utilities, Rent, Facilities, Connectivity, Learning Costs</b>	<b>25.632</b>	6.683
<b>Due Diligence Investments - Capacity Ev.</b>	<b>5.616</b>	5.616
<b>Technical Secretariat Costs (admin + monitoring)</b>	<b>118.145</b>	2.527
<b>Subtotal</b>	<b>700.738</b>	125.855
<b>GMS</b>	<b>83.649</b>	8.939
<b><i>TOTAL</i></b>	<b><i>784.387</i></b>	<i>134.794</i>
<b><i>GRAND TOTAL</i></b>	<b><i>3.000.000</i></b>	<i>582.844</i>
<b>% Expenditure up-to-date (August-20)</b>		<b>19%</b>



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