

#EL FONDO AVANZA

CONVOCATORIA BLENDED FINANCE



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



Projects Update May-22

Blended Finance Call for Proposals

SUMMARY

General Information

- All legal arrangements already defined and signed.
- 1 of 7 projects pending on last disbursement.
- 2 projects with additional resources approved by SC in March-22 pending to be disbursed.
- Project total expenditure has evolved accordingly.

Key figures

Disbursed resources	\$2.070.000 USD
Resources to disburse	\$164.000 USD
Expected Private Leverage	\$13.462.925 USD
Up to May-22 execution	85%

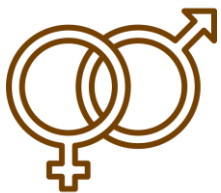
Environmental sustainability approach



- 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, CorpoCampo, IC Fundación

Gender approach



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

Supracafé, Wegrou / Mercy Corps

1. Acumen– Investment for Peace Fund

Objective

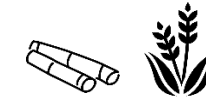
Acumen's investment in an agribusiness's portfolio with operation and presence in PDET municipalities within the framework of their Fund Investing for Peace. Acumen will provide patient capital to establish and strengthen these businesses, as well as strategic consulting, technical assistance and post-investment 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 already executed for 2 associations:

- Espiga del Atrato: since its foundation has started to sell rice in its store in downtown Quibdó (COP \$30.2 million of accumulated sales). 3 tons of rice have been threshed during 2022. Working on TA and rice seeds distribution in the municipality of Medio Atrato.
- Asoprocacoc y Asoprocof: legal formalization and review of business creation documents have begun. Following the conclusions and information received concerning brand and its registration, the Cocovida brand will be registered once the company is legally founded.

Sector



Financial with agriculture focus

PDET Municipalities

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

Z: Zomac municipalities

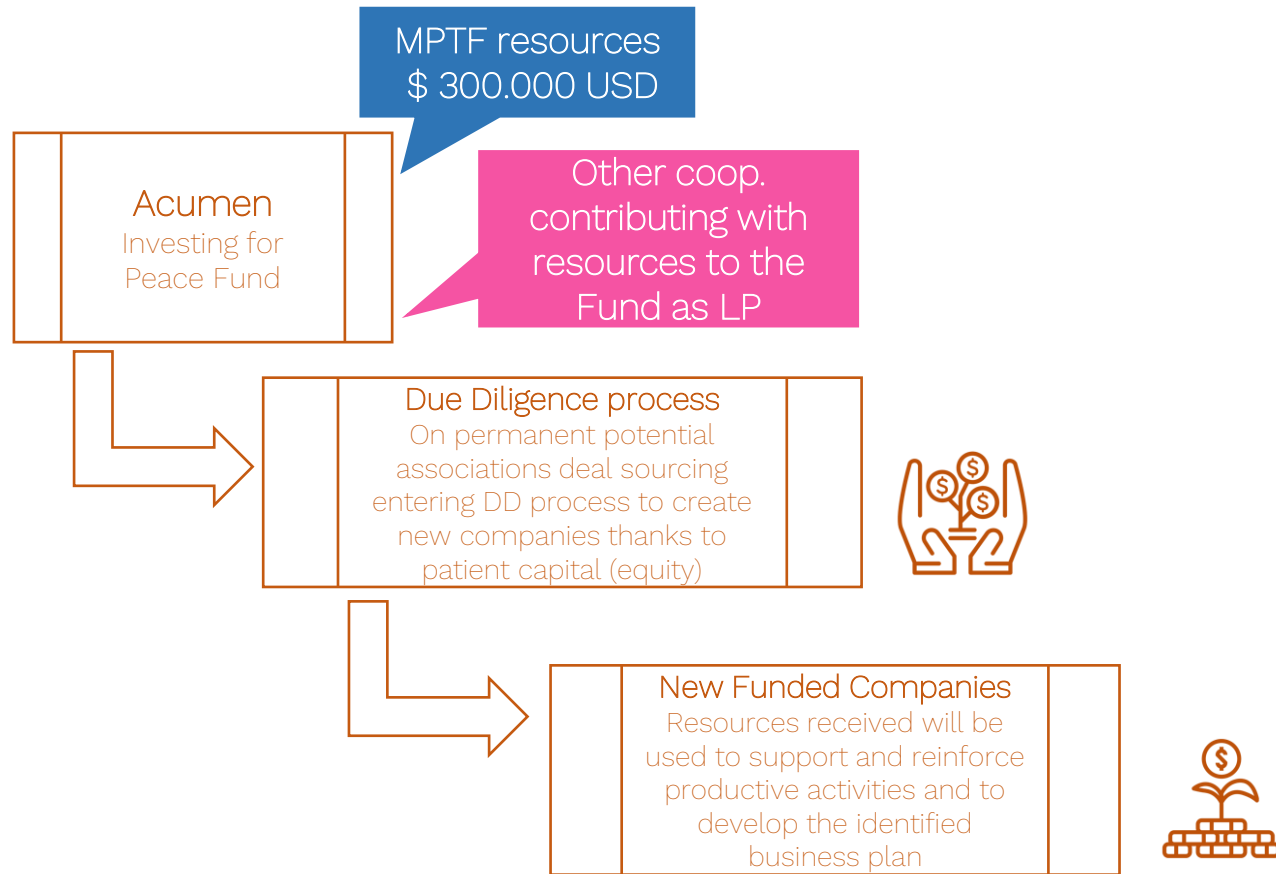
All disbursements made (3)

USD \$300.000

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 + High networth ind.) **\$ 988.571 USD**
- **Productive associates** **900 aprox.***

Private leverage
1:3

- ✓ Thanks to MPTF's resources Acumen in investing in 2 companies' creation from a portfolio of 3/4 companies coming from grassroots associations: rice - Asprodema and coconut - Asoprocacoc y Asoprocof.
- ✓ Acumen's Fund estimates to benefit **900 farmers and agriculture producers** within the 4 to 5 investments foreseen in the portfolio in the mid/long-term.
- ✓ It's patient capital and a patient investment process.

* Considering an expected portfolio of 3 / 4 companies in which will Invest the Investing for Peace Fund

2. Bancóldex – Special credit line for MFI

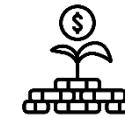
Objective

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

The special credit line was published on December 30th, 2020. Its objective is the exclusive financing of technologies for ecosystem-based adaptation based on the MEbA program developed by UNEP. Since the launch three (3) entities have requested resources from the MEbA line for COP \$4,000 million (35% of the available quota), 818 credit operations have been legalized to finance climate change adaptation technologies, 35% of which have been granted to women. Coverage of 65 PDET and ZOMAC municipalities has been achieved, reaching 36% of these municipalities.

Sector



Financial with microcredit focus

PDET Municipalities

11 microfinance institutions with presence in more than 60 PDET municipalities

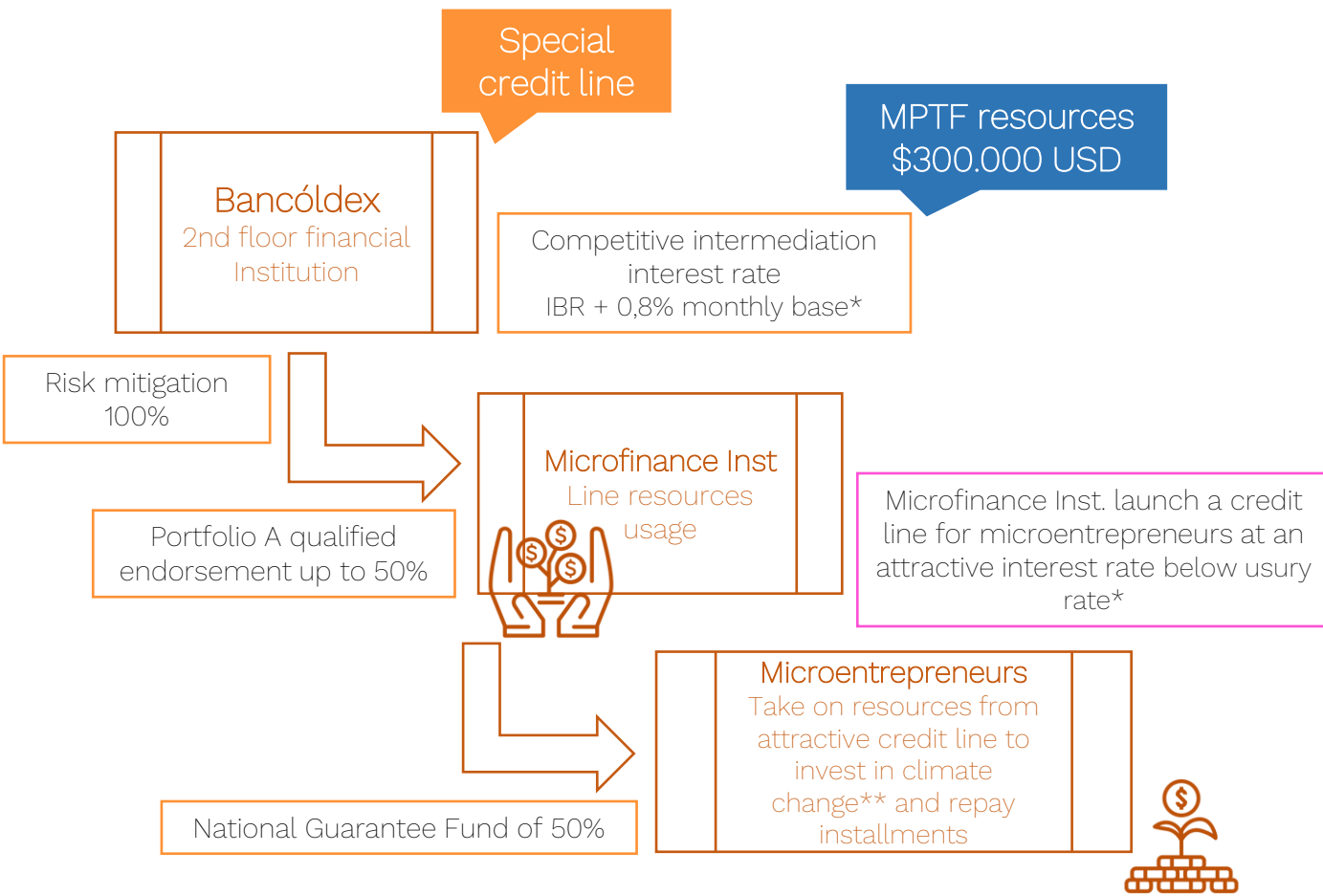
All disbursements made (3)

USD \$300.000

SDGs



Special credit line for MFI



Credit line basic information

- **Credit line amount** (Bancóldex resources) **\$ 3.500.000 USD**
- **Interest rate subsidy** (Blended MPTF resources) **\$ 300.000 USD**
- **Average disbursement Amount for microentrep.** **\$700 USD**
- **Estimated credit disbursement** **2.400 aprox.**
- **Average time period** **12 / 24 months**

Private Leverage
1:12

- ✓ It is expected to disburse between 2.000 / 2.600 loans over 2 years.
- ✓ US \$3.5 millions available on the credit line, dedicated to finance exclusively 28 MEbA technologies.
- ✓ Bancóldex has been working side by side with UNEP to present and develop this special credit line.

* 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

*This Project received approval from SC on March-22 to execute USD \$74.000 of additional budget. Pending to disburse

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

This project has already established 523 contracts with 611 rural producers for the harvest and commercialization of acai through CorpoCampo, 521 individual and 2 collective contracts: (1) with the Cooperativa Multiactiva del Pueblo Putumayense, which covers 80 ex-combatants of the former FARC-EP from the ETCR La Carmelita, Puerto Asís and (2) with the cabildo of the Inga de Condagua indigenous reservation. 303 of the producers linked to the Açaí berry dream project (Corpocampo) have already formalized and receive incentives for the maintenance of Amazonian and short-cycle crops.

Out of the 611 rural producers linked to date with short-term crops in "The açaí berry dream" (CorpoCampo), 244 are women (40%). Technical assistance and training have been provided for US \$48,000.

Sector



Agriculture – Açaí berry

PDET Municipalities

Mocoa, Pto Asis, Pto Caicedo, Pto Guzmán, Orito, Valle del Guamuez, Villagarzón

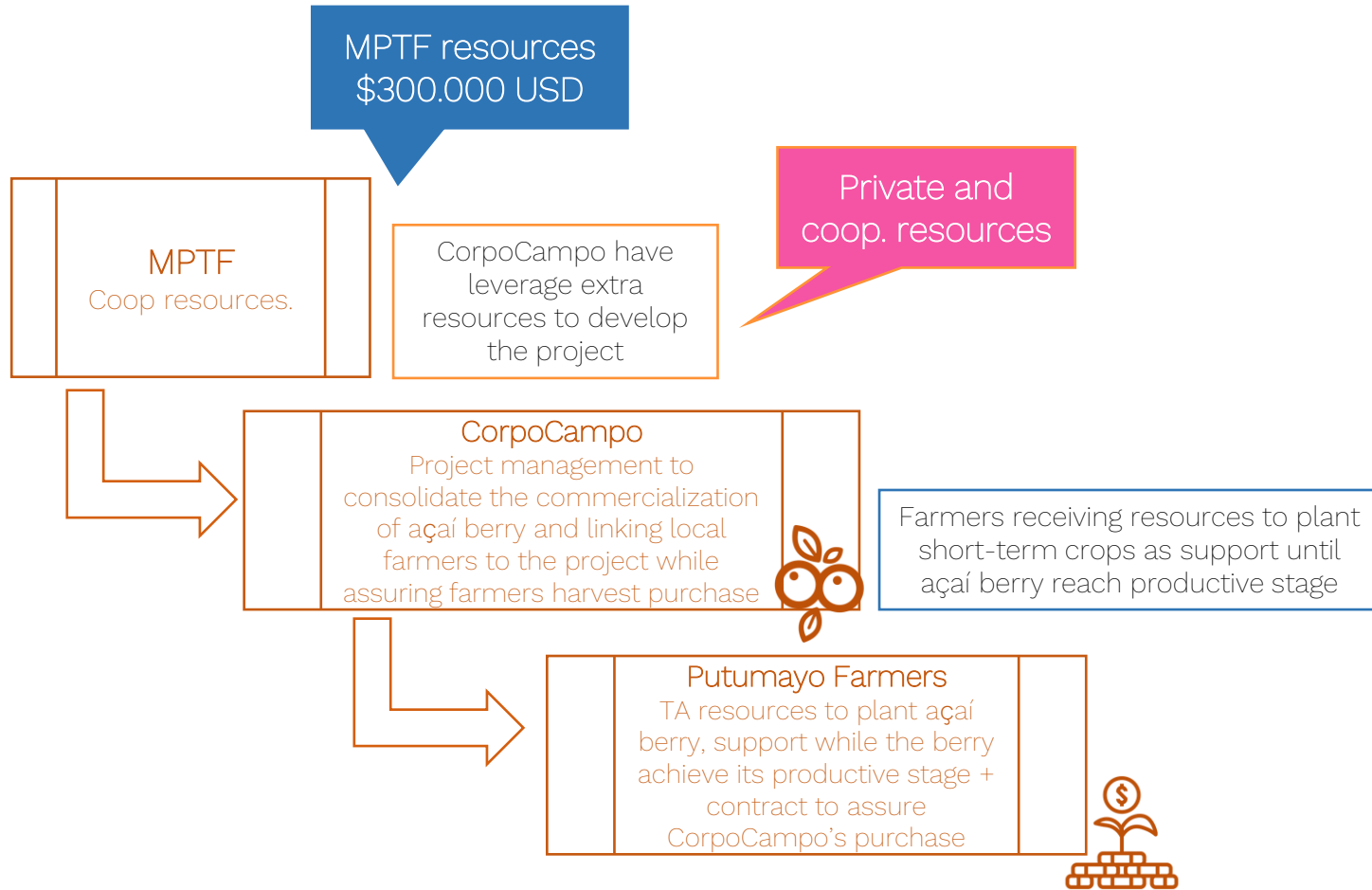
All disbursements made (4)

USD \$300.000

SDGs



The açaí berry dream: Strengthen açaí berry productive chain



Project's basic information

- **Project amount** (Private resources) **\$ 3.545.450 USD**
- **Blended for TA** (MPTF resources) **\$ 374.000 USD**
- **Other Coop. resources** **\$3.026.900 USD**
- **Traditional Farmers** **500**

Private leverage
1:9

- ✓ Covid-19: restrictions, slow execution during 2020 and lack of connectivity to activate financial accounts and independent tax info required to sign commercialization contracts.
- ✓ 2.000 ha of native **Açaí palms** combined with potential for reforestation (carbon credit market).
- ✓ This project has additional resources: Norad, Partnerships for Forest (UK), Leasing, Cl.

4. IC Fundación – Chocolate Colombia strengthen

*This Project received approval from SC on March-22 to execute USD \$60.000 of additional budget. Pending to disburse

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

1.158 technical assistance and support visits were made to cocoa farmers of the 8 associations that are part of the Fairtrade certification process. Data gathered by the 911 cocoa farmers involved in the process was debugged. A cocoa beans roaster with 25 kg capacity was purchased and installed, as well as 4 melangers for the cocoa value-added production plant. Chocolate Colombia is requesting quotations and tests for plant improvements and equipment, such as a 1.000-liter double jacketed tank and a disk mill for pre-grinding cocoa.

In Sept-22 the approval to sell certificated cocoa was granted by Flocert International. Chocolate Colombia and its 8 partner associations can now sell Fairtrade cocoa and increase its income from their production up to a 10% per certified kg.

Sector



Agriculture - Cocoa

PDET Municipalities

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

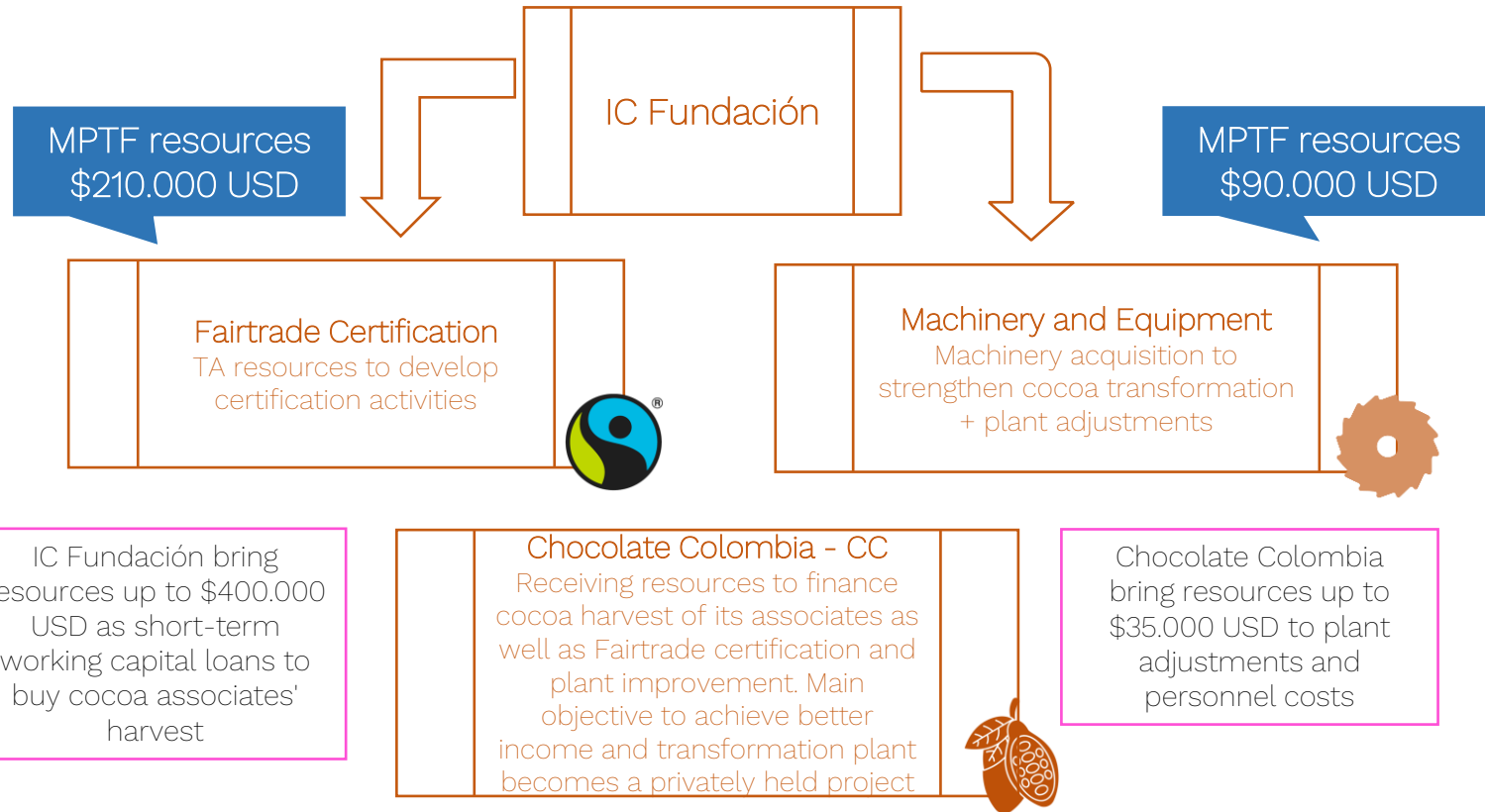
All disbursements made (3)

USD \$300.000

SDGs



Fairtrade certification and plant improvement to Chocolate Colombia



Project's basic information

- **Project amount** (IC Fund + CC resources) **\$ 435.000 USD**
- **Blended for TA** (MPTF resources) **\$ 360.000 USD**
- **Other leveraged resources** (Swisscontact / others.) **\$ 260.000 USD**
- **Cocoa grower assoc.** **584 men
224 women**

Private leverage
1:2

- ✓ An income increase of 10% per kilo due to certificated cocoa sales was accomplished.
- ✓ 30 tons per year of cocoa paste transformation to be achieved.
- ✓ Cocoa exports to Europe of 25 tons in 2021 and a forecast of 100 tons in 2023.

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 in October 2019, reason why the cooperative disbursed most of the loans to rural producers from Jan-20 and Jun-21. Some key indicators:

- New loans on PDETs municipalities - 2.995, total loans disbursed 5.050
- 47% disbursed to women
- Average loan – US \$930
- 66 loans to finance projects of solid waste management
- 35 PDETs municipalities reached.

Sector



Financial with microcredit focus

PDET Municipalities

Piendamó, Santander de Quilichao, Mocoa, Orito, Puerto Asis, Villagarzón y Chaparral. reaching more than 20 PDET.

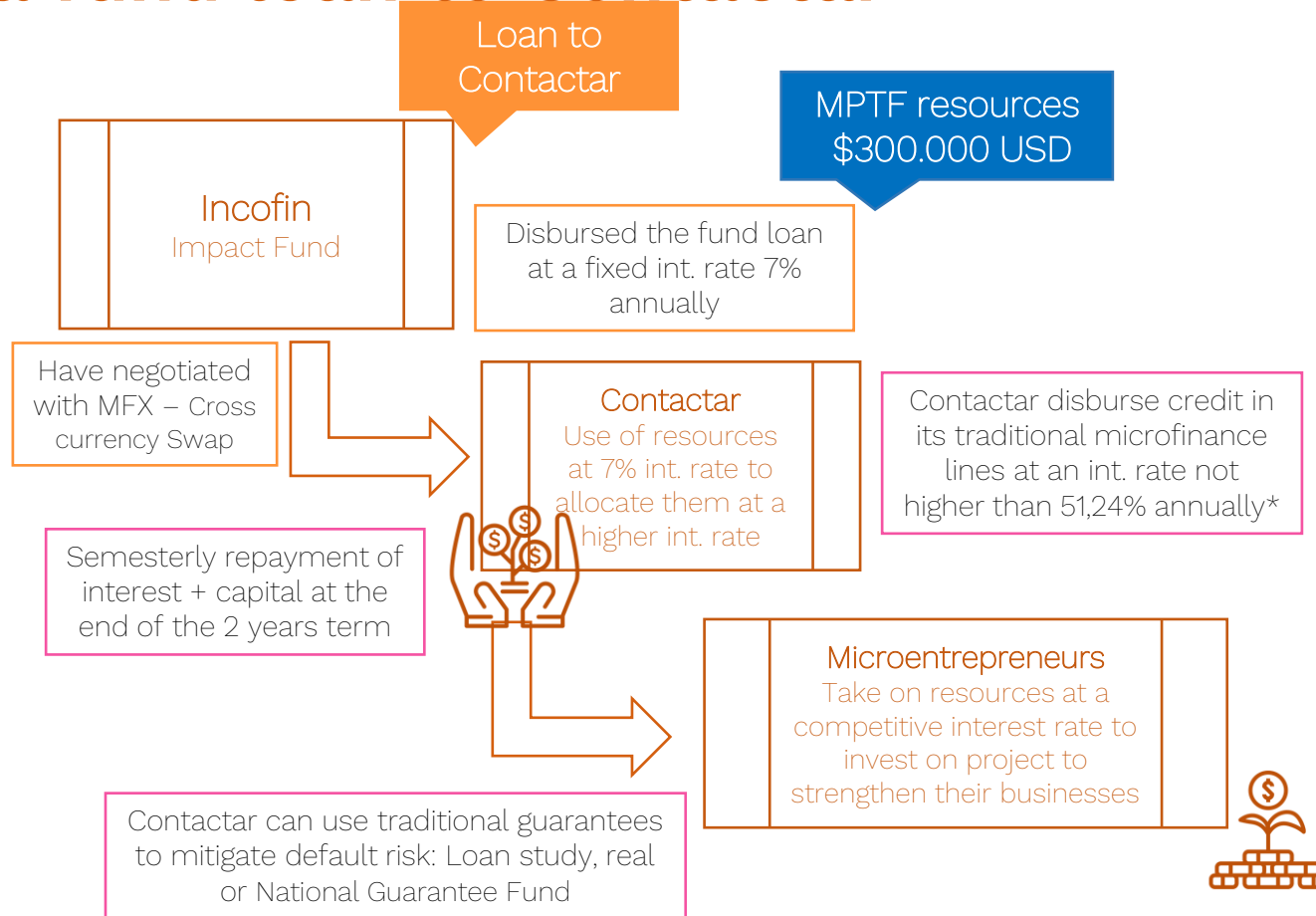
All disbursements made (3)

USD \$300.000

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** **5.059 aprox.**
- **Average time period** **12 / 24 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 wouldn'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

The coffee prefinancing revolving fund for AMUCC women disbursed only US \$6.225 during 2021 reason why an analysis to restructure the initial budget assigned to the project is under evaluation to prioritize an innovative pilot to increase trackability of parcels per women coffee grower and logistics capabilities.

During first quarter of 2022 activities were carried out with the associates to address issues such as pre-financing and logistics, a work plan to comply with the proposed modifications, advice on vehicle maintenance, both technical and economic, together with structuring an agreement for an advance on the harvest (revolving fund) which will be managed by Caficauca Cooperative.

Sector



Agriculture - Coffee

PDET Municipalities

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

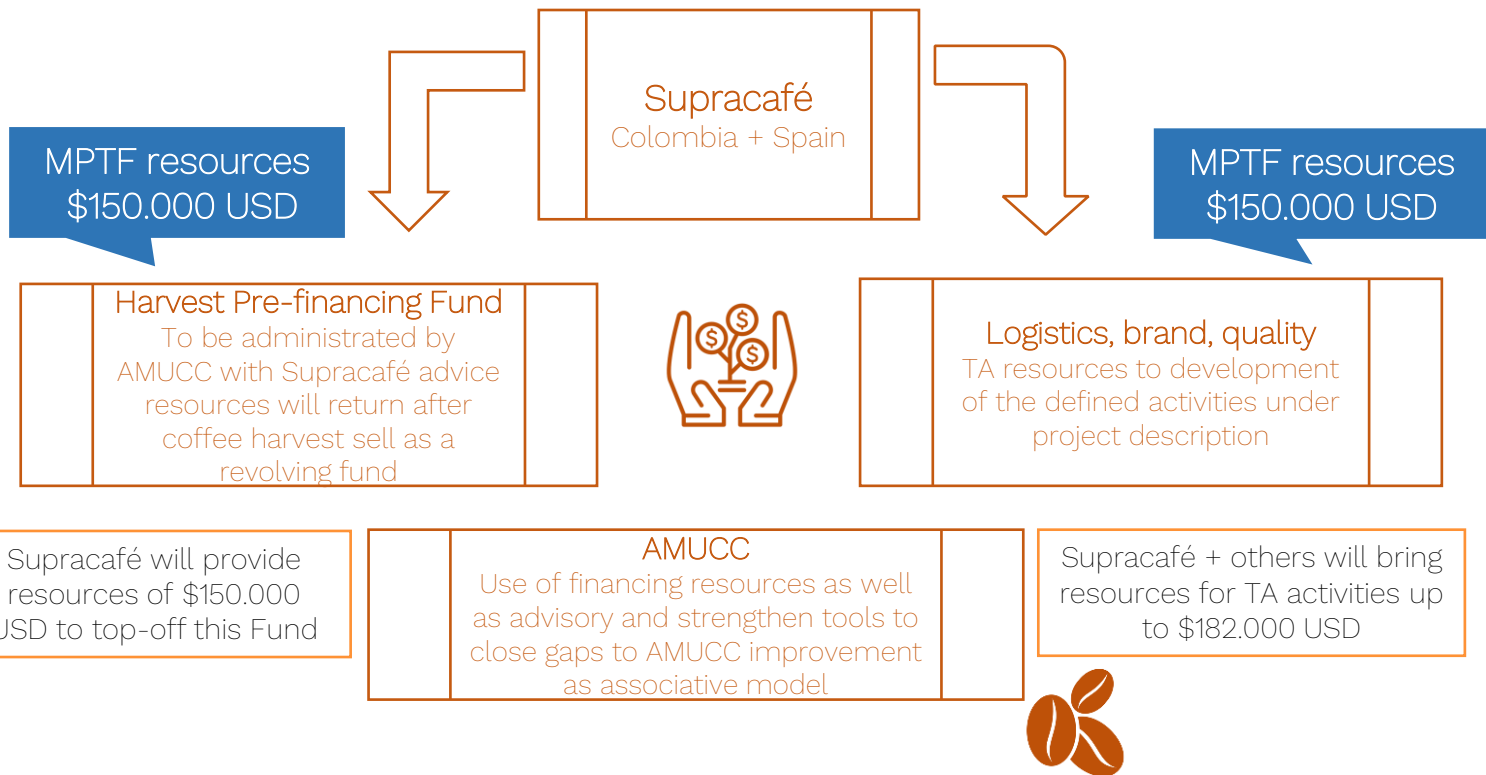
3 disbursements made

USD \$270.000

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 revolving fund
260 Strengthen to become AMUCC assoc.

Private leverage

1:1

- ✓ Strengthening of administrative and financial capacities to manage a revolving fund for harvest financing.
- ✓ Bottle neck: Brand design and approval consultations is taking longer than expected.
- ✓ Generational renewal expecting to grow association base up to 400 women.

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

In February 2021, Indiegrow website and commercialization platform was launched for the direct purchase and marketing of organic specialty coffee under the “50 amigas” brand in the international market, particularly the US. As of Apr-22, more than 1.500 pounds of “50 amigas” coffee have been sold in the US and locally. The coffee has a trademark registration and is registered with the national food and health authority. Women from the collective receive on average 25% of extra income by selling their coffee by Indiegrow.

For more information and to purchase “50 amigas” coffee please visit www.indiegrow.co

Sector



Agriculture - Coffee

PDET Municipality

El Tambo, Timbío, Popayán

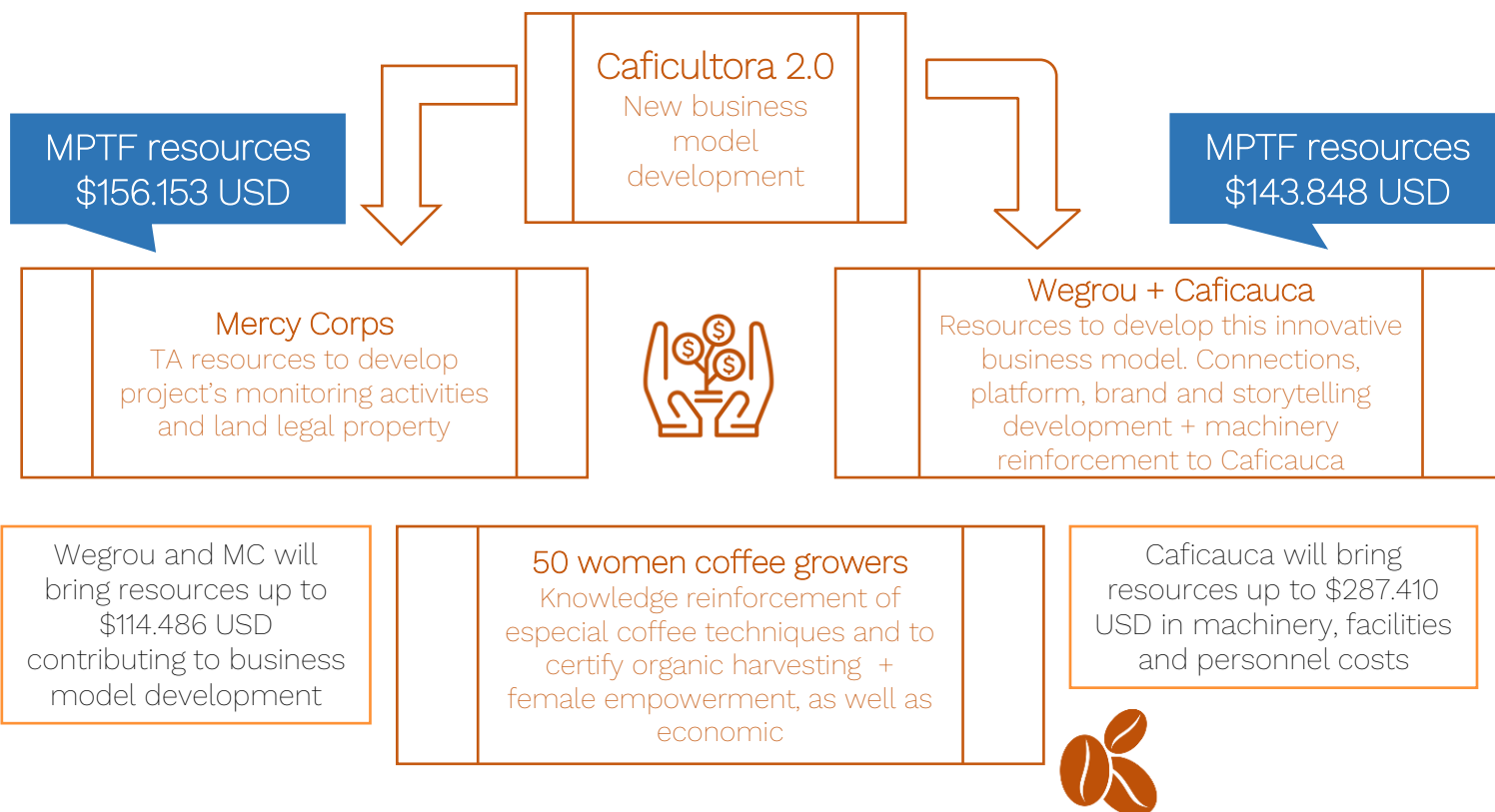
All disbursements made (3)

USD \$300.000

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)

\$ 401.900 USD
 - Blended for junior Eq + M&E**
 (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.
- ✓ The riskiest investment of the portfolio, with great expectations to scale adding new brands into the platform.

HIGHLIGHT ON PARTNERS



National
Private Held Company

SUPRACAFÉ[®]

International / national
Private Held Company

wegrou

Start-up



International
NGO



Philanthropy
Business Foundation



International
Impact fund



International
Impact fund



National DFI

PRODUCTIVE / AGRICULTURE

MICROCREDIT / LOANS

+ **Deloitte.**

Entities strengthened per investment



Investment with patient capital in 2 grass-root agribusinesses:
Asprodema - Rice in Chocó - Company Espiga del Atrato
Asoprocacoc y Asoprocof – coconut in Nariño – Cocovida company to be funded



Resources at a special and an attractive intermediation interest rate to be demanded by **11 Microfinance Institutions**, mainly cooperatives and medium to small financial institutions. 3 Microfinance Institutions actively demanding.



Supporting of **CorpoCampo new business line** with açai berry to engage and take care of peasants and small farmers while açai palm trees enters their productive stage



Strengthen of **Chocolate Colombia a second-floor association** which gathers 10 cocoa associations from north of Antioquia, Córdoba, south of Bolívar and Urabá region. 8 associations will receive Fairtrade certificate and have emerge from illicit crop sust.



Credit disbursement to **Cooperativa Contactar** a microfinance institution with strong presence in south of Colombia – mainly in departments of Nariño, Cauca and Putumayo in order to extend its microfinance business model



Strengthen of **AMUCC** – an association of women coffee growers in Cauca department. The association will receive resources to manage a revolving fund, innovative coffee techniques training and special coffee brand design



Supporting an innovative business model where **Wegrou** as a startup partnering with international ONG Mercy Corps and 50 women coffee growers in El Tambo, Cauca, to develop and connect their special coffee brand “50 amigas” directly with international market

FINANCIAL REPORT

Expenditure May-22

	Budget to invest in projects	Expenditure up to May-22	To Execute
To invest in selected projects	2.234.000	2.070.000	164.000
GMS	63.000	63.000	-
Direct Costs (UNDP)	52.613	52.613	-
TOT to invest	2.349.613	2.185.613	164.000
	Budget 1st + 2nd Tranche	Expenditure up to May-22	To execute
Travel	25.400	6.466	18.934
Contractual Services Avina / SPI	38.870	22.206	16.664
Contractual Services Territorial data collection (XploraDATA)	204.000	99.281	104.719
Personnel (Finance expert + Legal advisor)	221.200	195.226	25.974
Due Diligence Investments - Capacity Ev.	5.616	5.616	-
Utilities, Rent, Facilities, Connectivity, Learning Costs	15.000	9.136	5.864
Technical Secretariat Costs (admin + monitoring)	23.469	8.639	14.830
External Evaluation	70.000	-	70.000
Subtotal	603.555	346.570	256.985
GMS	46.832	24.621	22.211
TOT	650.387	371.191	279.196
GRAND TOTAL	3.000.000	2.556.804	443.196
% Expenditure up-to-date (May-22)		85%	



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