

**GREEN
CLIMATE
FUND**

Meeting of the Board
25 – 28 March 2026
Songdo, Incheon, Republic of Korea
Provisional agenda item 10

GCF/B.44/02/Add.09

4 March 2026

Consideration of funding proposals – Addendum IX

Funding proposal package for FP293

Summary

This addendum contains the following six parts:

- a) A funding proposal summary titled “Food Securities Fund Accountable Cocoa and Coffee Tranche (FSF ACCT)” by Clarmondial AG;
- b) No-objection letter(s) issued by the national designated authority(ies) or focal point(s);
- c) Secretariat’s assessment of the project-specific assessment approach applicant;
- d) Independent Technical Advisory Panel’s assessment;
- e) Response from the project-specific assessment approach applicant to the independent Technical Advisory Panel’s assessment; and
- f) Gender documentation of the funding proposal.

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Pursuant to the Comprehensive Information Disclosure Policy of the Fund, the funding proposal is being circulated on a limited distribution basis only to Board Members and Alternate Board Members to ensure confidentiality of certain proprietary, legally privileged or commercially sensitive information of the entity.

Funding Proposal

Project/Programme title:	Food Securities Fund Accountable Cocoa and Coffee Tranche (FSF ACCT)
Country(ies):	Côte d'Ivoire, Costa Rica, Dominican Republic (the), Ecuador, Ghana, Guatemala, Nigeria, Peru, Rwanda, Uganda
Accredited Entity:	Clarmondial AG
Date of first submission:	14 May 2025
Date of current submission	05 December 2025
Version number	V.6



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Note to Accredited Entities on the use of the funding proposal template

- Accredited Entities should provide summary information in the proposal with cross-reference to annexes such as feasibility studies, gender action plan, term sheet, etc.
- Accredited Entities should ensure that annexes provided are consistent with the details provided in the funding proposal. Updates to the funding proposal and/or annexes must be reflected in all relevant documents.
- The total number of pages for the funding proposal (excluding annexes) **should not exceed 60**. Proposals exceeding the prescribed length will not be assessed within the usual service standard time.
- The recommended font is Arial, size 11.
- Under the [GCF Information Disclosure Policy](#), project and programme funding proposals will be disclosed on the GCF website, simultaneous with the submission to the Board, subject to the redaction of any information that may not be disclosed pursuant to the IDP. Accredited Entities are asked to fill out information on disclosure in section G.4.

Please submit the completed proposal to:

fundingproposal@gcfund.org

Please use the following name convention for the file name:

“FP-[Accredited Entity Short Name]-[Country/Region]-[YYYY/MM/DD]”

A. PROJECT/PROGRAMME SUMMARY			
A.1. Project or programme	Programme	A.2. Public or private sector	Private
A.3. Request for Proposals (RFP)	<u>Not applicable</u>		
A.4. Result area(s)	<p>Check the applicable GCF result area(s) that the <i>overall</i> proposed project/programme targets below. For each checked result area(s), indicate the estimated percentage of GCF and Co-financers' contribution devoted to it. The total of the percentages when summed should be 100% for GCF and Co-financers' contribution respectively.</p>		
		GCF contribution	Co-financers' contribution¹
	Mitigation total	<u>Enter number</u> %	<u>Enter number</u> %
	<input type="checkbox"/> Energy generation and access	<u>Enter number</u> %	<u>Enter number</u> %
	<input type="checkbox"/> Low-emission transport	<u>Enter number</u> %	<u>Enter number</u> %
	<input type="checkbox"/> Buildings, cities, industries and appliances	<u>Enter number</u> %	<u>Enter number</u> %
	<input checked="" type="checkbox"/> Forestry and land use	80 %	80 %
	Adaptation total	<u>Enter number</u> %	<u>Enter number</u> %
	<input checked="" type="checkbox"/> Most vulnerable people and communities	9 %	9 %
	<input type="checkbox"/> Health and well-being, and food and water security	0 %	0 %
<input type="checkbox"/> Infrastructure and built environment	<u>Enter number</u> %	<u>Enter number</u> %	
<input checked="" type="checkbox"/> Ecosystems and ecosystem services	11%	11%	
A.5. Expected mitigation outcome <i>(Core indicator 1: GHG emissions reduced, avoided or removed / sequestered)</i>	8,466,857 tCO ₂ e over 15 years ²	A.6. Expected adaptation outcome <i>(Core indicator 2: direct and indirect beneficiaries reached)</i>	Direct + indirect beneficiaries: 8,777,070 Direct beneficiaries: 1,504,728 Indirect beneficiaries: 7,272,342 0.33% of the total population of countries 1.61% of the total indirect population of the countries
A.7. Total financing (GCF + co-finance³)	212,000,000 USD	A.9. Project size	Medium (Upto USD 250 million)
A.8. Total GCF funding requested	<u>56,000,000 USD</u> <i>For multi-country proposals, please fill out annex 17.</i>		

¹ Co-financer's contribution means the financial resources required, whether Public Finance or Private Finance, in addition to the GCF contribution (i.e. GCF financial resources requested by the Accredited Entity) to implement the project or programme described in the funding proposal.

² The total lifespan of the project/programme is defined as the maximum number of years over which the outcomes of the investment are expected to be effective. This is different from the project/programme implementation period.

³ Refer to the Policy of Co-financing of the GCF.

<p>A.10. Financial instrument(s) requested for the GCF funding</p>	<p><i>Mark all that apply and provide total amounts. The sum of all total amounts should be consistent with A.8.</i></p> <p> <input checked="" type="checkbox"/> Grant <u>6,000,000</u> <input checked="" type="checkbox"/> Equity <u>50,000,000</u> <input type="checkbox"/> Loan <u>Enter number</u> <input type="checkbox"/> Results-based payment <u>Enter number</u> <input type="checkbox"/> Guarantee <u>Enter number</u> </p>		
<p>A.11. Implementation period</p>	<p>15 years</p>	<p>A.12. Total lifespan</p>	<p>15 years</p>
<p>A.13. Expected date of AE internal approval</p>	<p>11/3/2025</p>	<p>A.14. ESS category</p>	<p>I-3</p>
<p>A.15. Has this FP been submitted as a CN before?</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>	<p>A.16. Has Readiness or PPF support been used to prepare this FP?</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
<p>A.17. Is this FP included in the entity work programme?</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>	<p>A.18. Is this FP included in the country programme?</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
<p>A.19. Complementarity and coherence</p>	<p><i>Does the project/programme complement other climate finance funding (e.g. GEF, AF, CIF, etc.)? If yes, please elaborate in section B.1.</i></p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>		
<p>A.20. Executing Entity information</p>	<p>Component 1: FSF ACCT Investment Facility</p> <ul style="list-style-type: none"> ▪ The Food Securities Fund (FSF) through the FSF ACCT sub-fund, which will be created to perform the investment activities described herein. ▪ Clarmondial, as the Investment Adviser to the FSF. ▪ Vistra, as the External AIFM of the FSF (and consequently of FSF ACCT sub-fund). <p>Component 2: Technical Assistance Facility (TAF)</p> <ul style="list-style-type: none"> ▪ The Clarmondial Foundation, which will host the Technical Assistance Facility (TAF), to be created and managed by Clarmondial. ▪ Clarmondial, as the manager of the TAF. 		
<p>A.21. Executive summary (max. 750 words, approximately 1.5 pages)</p>			
<p>1. Timely pre-harvest finance, access to working capital and targeted Technical Assistance are critical challenges that inhibit action on Greenhouse Gases (GHGs) from commodity-driven deforestation and degradation, in particular in smallholder farmer dominated landscapes and supply chains. The Food Securities Fund (FSF) Accountable Cocoa & Coffee Tranche (ACCT) is a targeted initiative to scale access to sustainability-linked working capital and Technical Assistance (TA) for enterprises operating in cocoa, coffee and associated crops in 10 countries. While innovative, the FSF ACCT is based on a proven strategy that has been successfully tested for over 4 years, has already created impact in relevant landscapes through working capital loans and TA, has mobilized private sector support</p>			

including through guarantees and investment, is endorsed by key local and international stakeholders including farmers, businesses and investors, and is ready to scale with GCF's support.

2. Coffee, cocoa and many of their associated crops (e.g., rubber, West African palm oil) are global commodities that are economically significant and agronomically suited to agroforestry systems, where intercropping with food and cash crops contributes to climate mitigation and adaptation, while supporting biodiversity, food security, and rural livelihoods. They are among the most climate-sensitive commodities - in the 10 countries cocoa and coffee are cultivated by millions of smallholder farming families who depend on them for their livelihoods. They are also important for the national budgets of the 10 countries; in each country they generate several billions to hundreds of millions each year. Climate variability, land degradation, crop price and quality volatility, and tightening regulatory requirements are increasing operational risks. There are urgent need and interest from farmers, public and private sector to ensure supply chain resilience, and to implement climate smart production and sourcing. ACCT addresses this by enabling the deployment of additional renewable, sustainability-linked working capital to businesses that work with farmers to implement climate-smart practices, along with targeted Technical Assistance focused on three thematic areas (livelihoods, environment, business resilience). The TA will *inter alia* support localized smallholder community risk management strategies (mixed agroforestry, drought resistant crops, parametric insurance products, land tenure, expansion of certified supply chains) and contribute to improved, community-based Measurement, Monitoring, Reporting and Verification (MMRV). It pursues a diversified portfolio, spanning a mix of crops and companies across East Africa, West Africa, South and Central America and the Caribbean.
3. Farmers in these sourcing landscapes typically cultivate cocoa or coffee alongside food and cash crops (associated crops). Adoption of improved practices is limited due to lack of access to appropriate resources. Midstream actors - such as cooperatives, processors, traders, and exporters - are critical to the implementation of climate-smart production but lack financial resources to support farmers throughout the year. Farmers, notably smallholders, are often amongst the poorest and most vulnerable and have little capacity and interest to take on additional debt. Timely pre-harvest working capital is required to finance field-level engagement, ensure traceability, and manage risks across sourcing networks. Without this finance there is no pathway to scaling adaptation and mitigation. Pre-harvest finance remains structurally underprovided: most commercial lenders do not extend unsecured credit in rural emerging markets, and climate finance favors large, long-term infrastructure or national-level programs rather than value chain operations. Smallholder-linked supply chains lack conventional collateral, while being central to global commodity flows. They are and will remain structurally underfunded by traditional financiers given *inter alia*, the lack of traditional collateral, specific underwriting expertise required including industry linkages, regulatory constraints imposed on deposit-taking financial institutions and targeted TA.
4. Through extensive multi-year engagement with hundreds of farmers, local governments, businesses, lenders and investors, Clarmondial identified pre-harvest finance as a binding constraint to achieving sustainability objectives. This insight informed the design and launch of the FSF in 2021, an impact-oriented open-ended fund that deploys short-term, renewable loans to enterprises sourcing from smallholders. Clarmondial is the Investment Advisor to the FSF. A key innovation identified and harnessed by Clarmondial, is that private sector actors, "Value Chain Partners" (VCPs) - provide de-risking on a transaction basis to specific loans, reducing the need for traditional borrower collateral, and serving as a basis for attracting private institutional capital. FSF loans are offered on an annual renewable basis, contingent on financial performance and compliance with environmental and social safeguards. The FSF has demonstrated this approach works, and that private institutional capital can be attracted. Investors include an insurance company, family offices, bank, and endowments. Additional private investors are interested in investing in the FSF (and ACCT), notably subject to Net Asset Value (NAV) growth. GCF's investment in the FSF ACCT would unlock existing private sector commitments and attract new private sector investors that have already demonstrated interest.

An overview of Clarmondial and the Food Securities Fund

5. Clarmondial is an independent women-led investment advisory firm that is the FSF's Investment Advisor. Clarmondial proactively designed the FSF in response to needs identified over a decade of working with local smallholder-focused organizations, development partners, businesses, and local government agencies on climate, nature, and livelihood initiatives, and in extensive consultations with private investors. It was designed to respond to the urgent and growing need for working capital to support sustainable sourcing in emerging and developing economies. For the agricultural sector to deliver economic, social, and environmental benefits, capital must be available on time and with conditions that enable responsible value creation from farmers to consumers. Without access to such working capital to complement long-term investments by the public and private sectors the Sustainable Development Goals ("SDGs") will not be met.
6. A recent (October 2025) report indicates the scale and urgency of the smallholder working capital gap: out of an estimated USD 200 billion smallholder finance gap, USD 138 billion is estimated to be for working capital. This report also indicates that the current largest source of funding for smallholder farmers is from larger agribusiness value chain actors (circa USD 43 billion), versus formal financial institutions (26 billion) and informal and community groups (25 billion).⁴ However such agribusiness value chain actors also operate in emerging and developing countries where there is an estimated USD 4 trillion annual investment gap (UNCTAD, 2023),⁵ and a global trade finance funding gap of over USD 2 trillion (ADB, 2023).⁶ This gap has increased due to higher interest rates and increased payment delays.⁷ Appropriate and timely availability of working capital finance is critical for businesses, so they can continue to support rural livelihoods, promote food security and resilience, and leverage momentum on responsible sourcing including on climate, biodiversity, land health, living income, gender and jobs. The demand for working capital from companies that link farmers in global emerging and developing markets and the consumers of their products needs urgent support, and should be tied to sustainable sourcing commitments and action, where innovative, blended approaches must leverage and strengthen value chain relationships.
7. The FSF addresses this by lending to businesses that aggregate produce from farmers and smallholders by harnessing their existing business relationships with Value Chain Partners ("VCPs") - i.e., larger more diversified companies. The FSF provides working capital loans with a typical term of 9 to 12 months, and that can be renewed subject to the financial and non-financial (impact) performance of borrowers. By linking credit to the implementation of responsible practices, the FSF contributes to positive social and environmental outcomes. The premise of the FSF is that responsible emerging market companies that operate in strong value chains and demonstrate a substantive and lasting commitment to social and environmental best practices are likely to generate competitive risk-adjusted returns. The FSF considers impact to be material factors in assessing, monitoring, and mitigating investment risk, as described in the ESMS, including the ESG policy.
8. By providing borrowers (aggregators) with access to additional credit, the FSF enables them to expand their operations and create jobs, including opportunities for women and youth. These can translate into an improved, more reliable demand for produce from farmers, including smallholders and female farmers. Better access to working capital also improves the borrowers' ability to provide pre-harvest support to farmers. The FSF actively selects borrowers that are committed to good social and environmental practices, including climate-smart agriculture. Such practices increase the resilience of agricultural production to climate change through mitigation and adaptation measures. Combined with better access to inputs, this allows farmers to increase and stabilize yields, which improves livelihoods and food security.
9. VCPs also benefit from the additional financing provided by the FSF to their suppliers. It allows borrowers to grow their trading volumes with VCPs, thereby contributing to responsible sourcing. Partnering with the Fund helps VCPs strengthen their supply chains and scale responsible agricultural practices. Over time and with increasing size, the FSF aims to become a key financing partner that

⁴ ISF Advisors (ISF), October 2025. *Beyond the Frontier: Decoding viability in smallholder finance. Rural and agricultural finance state of the sector report*. Available at: https://isfadvisors.co/wp-content/uploads/2025/10/ISF_AgFinance-SoS-Report-Oct-2025.pdf

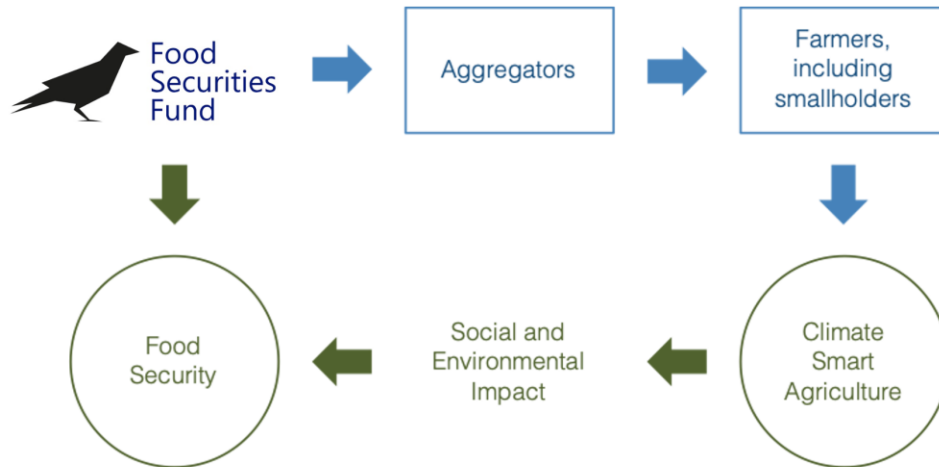
⁵ United Nations Conference on Trade and Development (UNCTAD), *World Investment Report 2023*. Available at: unctad.org

⁶ Asian Development Bank, *2023 Trade Finance Gaps, Growth, and Jobs Survey*.

⁷ Allianz Trade, *2023 World Credit Risk and Liquidity Gap Report*. Available at: allianz-trade.com

provides an incentive for stakeholders along various value chains to adopt responsible practices. To investors, the FSF aims to demonstrate that responsible agriculture in emerging and developing markets is financially attractive and impactful.

10. The Fund's approach is illustrated below.



11. The FSF has closed 22 transactions across Sub-Saharan Africa and Latin America since inception, including cocoa and coffee borrowers in Côte d'Ivoire, Uganda, and Peru, and in other supply chains in Nigeria and Ghana. Since its start in March 2021, FSF has deployed over USD 66 million in financing, and mobilized over USD 53 million in VCP guarantees. FSF is classified as an EU SFDR (Sustainable Finance Disclosure Regulations) Article 9 fund and includes a guarantee from the U.S. International Development Finance Corporation (DFC). While the FSF has attracted investment from the Global Environment Facility (GEF) in collaboration with Conservation International (CI), most of its investors are private sector. The model enables quarterly liquidity for investors while channeling capital into underserved segments of high-impact value chains.
12. Clarmondial has also successfully managed and developed Technical Assistance (TA) projects linked to the FSF. These include projects on climate smart (regenerative) agriculture, women's economic empowerment, and soil health. These projects were co-funded by private sector and development partners. Clarmondial has recently secured additional grant funding for TA and to expand a successful partnership with Stockholm Environment Institute (SEI), and is in discussions with companies, foundations and donors to contribute to TA projects.
13. The FSF Accountable Cocoa & Coffee Tranche (ACCT) expands this structure through a dedicated USD 200 million facility (USD 50 million from GCF, USD 150 million in co-financing), with an additional USD 12 million in Technical Assistance (USD 6 million from GCF, USD 6 million in co-financing). The ACCT focuses on cocoa, coffee, and associated crops in 10 countries: Côte d'Ivoire (CIV), Costa Rica, Dominican Republic (DR), Ecuador, Ghana, Guatemala, Peru, Nigeria, Rwanda, and Uganda. The objective is to scale renewable, sustainability-linked working capital and strengthen operational capacity for and delivery of climate-smart agriculture and impactful supply chains.
14. ACCT's financing model combines loans and TA and draws on FSF's existing, tested, Environmental and Social Management Framework (ESMF), ESG Policy, grievance mechanism, and gender strategy, and is aligned with GCF safeguards. Borrowers are required to meet traceability and zero-deforestation criteria and are supported with targeted TA, co-funded with private sector partners. Loans are renewed annually, based on financial and impact performance, which increases accountability and reduces risks. Note that as a CI-GEF investee through the Non Grant Instrument (investment), FSF has been audited several times by independent consultants, all with positive outcomes. The most recent successful audit was in 2025, where an independent consultancy group visited farmers, spoke with

borrowers, and with existing and potential investors. In addition, the FSF is classified as an Article 9 Fund under the EU SFDR, which requires annual audits, all of which the FSF has passed consistently.

15. The Technical Assistance Facility (TAF) under ACCT will be established in a separate foundation, and will provide targeted support for borrowers across three themes: social (focused on gender and youth), environmental (focused on ecosystem and soil health including contributing to improved climate Measurement, Monitoring, Reporting and Verification), and business resilience (focused on improving operations, promoting additional local value creation and mitigating risks including through locally-appropriate insurance solutions). Support will be provided alongside borrowers in collaboration with local stakeholders including NDAs, including on topics such as improving MMRV and market access for sustainably production (e.g., EUDR readiness), digitalisation of supply chains, agroforestry, soil management, biodiversity restoration, and gender-inclusive programming. TA priorities will be aligned with borrower needs and national priorities and governed by an independent Technical Advisory Committee.
16. The 10 target countries together represent over 70% of global cocoa exports and a large share of Arabica coffee production. These countries are among the most exposed to climate-driven yield risks and natural resource degradation but also offer strong potential for landscape-level improvements. By focusing on enterprises already integrated into supply chains, FSF ACCT enables rapid and scalable interventions that address both demand- and supply-side barriers. The proposed structure complements national development plans and climate targets, while providing a financially sustainable channel to crowd in institutional capital for smallholder-inclusive agriculture. It is tested and proven and has strong local and international buy-in, including from local businesses, local governments and international investors.

Project aims

17. The project will provide working capital to enterprises supporting cocoa, coffee, and associated crops. Like the FSF, working capital loans are renewed annually subject to financial and impact performance. This additional working capital will be made available in part due to transaction-level guarantees provided by VCPs, promoting shared accountability and generating significant private sector leverage.
18. The project will mobilize investment from the private sector through the FSF ACCT, by providing a return that, like the FSF, is de-risked by VCPs as well as a junior equity contribution by the GCF. This will further complement the FSF's track record and contribute to reaching economies of scale, delivering an evergreen, financially sustainable mechanism providing additional working capital for companies demonstrating progress on sustainable sourcing and mobilizing private sector finance including from institutional investors.
19. The project will provide accompanying TA, coordinated with national governments and co-funded by private sector. This will promote the adoption of practices that contribute to adaptation and mitigation, build capacity, support technology transfer and enhance Measurement, Monitoring, Reporting and Verification (MMRV). TA from the GCF will be matched with funding from the private sector.

Climate Results and Benefits

20. Adaptation Benefits: By financing activities early in the agricultural season, FSF ACCT can contribute to adaptation by supporting more diversified management practices and enabling farmers and rural communities to increase incomes from agriculture. These approaches primarily need funding early in the agricultural cycle (pre-harvest), typically unavailable from traditional lenders. TA will help ensure women and youth in particular can access quality services, inputs, and decision-making roles, and that ecosystem health is protected and enhanced. The FSF has experience with designing and overseeing such TA programs. FSF ACCT is estimated to deliver benefits for over 1.5 million direct beneficiaries (20% women) and over 7 million indirect beneficiaries over 15 years, primarily benefitting smallholder farmers but also employees. It will contribute to national development plans, and corporate social and

environmental commitments including on living income, gender, biodiversity and soil health. In addition, the ACCT is intended to create local economic co-benefits, notably in terms of local, rural jobs.

21. **Mitigation Benefits:** The ACCT will enable climate mitigation, and will contribute to reduced emissions from the Land Use (LU) sector, improved agricultural inputs and input management, and enhanced sequestration associated with regenerative agriculture and agroforestry practices. Notably, this will include supporting deforestation and degradation-free supply chains, reduced non-CO₂ emissions from agricultural fertilizers (Nitrogen), and promoting sequestration through Afforestation, Reforestation and Revegetation. The ACCT will provide more flexible capital through the agricultural value chain so that participants have timely and affordable resources to take action, hold borrowers to account on mitigation activities, and support with TA. FSF ACCT is estimated to contribute over 8 million tCO₂e in GHG mitigation (removals and reductions) over 15 years, supporting national governments on their REDD+ initiatives, and helping to deliver corporate climate targets.
22. **Paradigm Shift Potential:** FSF ACCT scales a tested innovative financing model and TA delivery that integrates adaptation and mitigation into value chain finance. It builds on demonstrated significant buy-in from public and private sector, including local community groups, local and international private companies, national government agencies including NDAs and TA funders and private investors. The Fund's scalable architecture allows replication across commodities and regions.
23. **Co-Benefits and Inclusivity:** By investing in associated food crops and landscape restoration, and providing accompanying TA for additional social, environmental and business resilience outcomes, the project strengthens food security, biodiversity (ecosystem health), and rural livelihoods. Women and youth benefit from targeted inclusion in financing and TA.

B. PROJECT/PROGRAMME INFORMATION

B.1. Climate context (max. 1000 words, approximately 2 pages)

24. Cocoa and coffee are important commodities that are being impacted by climate change to the detriment of farmers, governments, and businesses, and are grown in landscapes where associated food and cash crops are similarly impacted (e.g., legumes, plantains, vegetables, fruits, herbs and spices, rubber, oil seeds). Top cocoa-producing countries include Côte d'Ivoire, Ghana, Ecuador, Nigeria, Peru, and Dominican Republic.^{8,9,10} Top *Arabica* and *Robusta* coffee-producing countries include Uganda and Peru.¹¹ Important coffee and cocoa origins also include Costa Rica, Rwanda, and Guatemala.¹² In some countries these crops generate 20 - 40% of export revenues.^{13,14} There are ca. 5-6m cocoa farmers and 12.5m coffee farmers globally, primarily smallholders.¹⁵ Many live on less than USD 2 per day and rely on these crops for most of their income.¹⁶ The long-term outlook for cocoa and coffee demand is positive.^{17,18} Climate change is impacting coffee, cocoa, and associated crop production, undermining food security and economic growth. Climate change is causing longer, more intense dry seasons, droughts, and high temperatures in some areas, and rainfall increases in other areas, resulting in increased pest and disease instances.^{19,20}
25. *Cocoa*: climate change will affect millions of smallholder cocoa farmers, the economies of producing countries, and global industry.^{21,22} Climate change is expected to lead to longer or more intense dry seasons, droughts, and high temperatures in some growing areas, while in others, increases in rainfall may lead to an higher incidence of pests and diseases.²³ A study by Bunn et al. (2017) noted that the projected increase in temperatures and changes in the spatial and temporal distribution of precipitation may impact cocoa production globally. It found that, in the intermediate emissions scenario RCP 6.0 by 2050, available areas of high suitability will be reduced while areas with low suitability may increase with climate change. Current growing regions in Central and South America, West Africa and South Asia will be most affected, with the West Africa²⁴ region projected to experience the greatest suitability score changes. The suitability of the Caribbean, Middle and Eastern Africa and Southeast Asia may remain unaffected or even increase.²⁵ This is supported by Läderach, P. et al. (2013), which predicts that some cocoa producing areas will become unsuitable, others will require adaptations in agronomic management, while in others the suitability will increase.²⁶ It is clear that climate change is already impacting cocoa markets: an example of this is the 2024 record price spike due to a significant reduction of supply from West Africa.²⁷
26. *Coffee*: both *Robusta* and *Arabica* coffee varieties are showing the impact of climate change.^{28,29} A 2023 study by Bilén et. al. indicated that yield losses would be as high as 70% in the Americas. Estimates suggest that climate change will reduce land suitable for coffee production by more than 50%.³⁰ While it may be possible to mitigate these impacts through good practices, including shifting

8 The International Institute for Sustainable Development (IISD) (2019). [Global Market Report: Cocoa](#).

9 Aremu-Dele, O. et al. (2022). Cocoa Production Improvement in some Major Producing Countries of the World.

10 <https://www.fao.org/faostat/en/#data> (2020 data)

11 Coffee Production & Export Statistics: Latest data on global coffee trade (August 10, 2023): <https://craftcoffee.com/coffee-production-and-export-statistics/>

12 For example, supported by the Government and the World Bank Group, and in collaboration with local farmers groups and major traders (e.g., Barry Callebaut): <https://solomons.gov.sb/cocoa-industry-injects-sbd-261-million-into-the-solomon-islands-economy-in-2024-a-remarkable-increase-from-2023/>

13 ICO Coffee Development Report 2019: Growing for Prosperity. Economic viability as the catalyst for a sustainable coffee sector. <http://www.ico.org/documents/cy2021-22/coffee-development-report-2019.pdf>

14 <https://www.idhsustainabletrade.com/publication/cote-divoire-cocoa-forests-initiative-2022-annual-report/#:~:text=Cocoa%2C%20of%20which%20Côte%20d,over%2040%25%20of%20export%20earnings.>

15 World Cocoa Foundation (WCF) (2014). [Cocoa Market Update, April 2014](#).

16 The International Institute for Sustainable Development (IISD) (2019). [Global Market Report: Cocoa](#).

17 <https://www.worldcocoafoundation.org/initiative/african-cocoa-initiative-ii/>

18 <https://stratiresearch.com/report/coffee-market>

19 <https://www.worldcocoafoundation.org/initiative/climate-smart-cocoa/>

20 Bilén, C.; El Chami, D.; Mereu, V.; Trabucco, A.; Marras, S.; Spano, D. A systematic review on the impacts of climate change on coffee agroforestry systems. *Plants* 2023, 12, 102.

21 <https://www.worldcocoafoundation.org/initiative/climate-smart-cocoa/>

22 Schroth, G., Läderach, P., Martínez-Valle, A.I., Bunn, C. (2017). From site-level to regional adaptation planning for tropical commodities: cocoa in West Africa. In *Mitigation and Adaptation Strategies for Global Change*: <https://link.springer.com/article/10.1007/s11027-016-9707-y>

23 <https://www.worldcocoafoundation.org/initiative/climate-smart-cocoa/>

24 Bunn, C. et al. (2019). [Climate Smart Cocoa in Côte d'Ivoire: Towards climate resilient production at scale \(CCAFS Info Note\)](#). CGIAR Research Program on Climate Change, Agriculture and Food Security (CCAFS).

25 Bunn, C. et al. (2017). [Global climate change impacts on cocoa](#). International Symposium on Cocoa Research (ISCR), Lima, Peru, 13-17 November 2017. Castro International Center for Tropical Agriculture, Cali, Colombia.

26 Läderach, P. et al. (2013). Predicting the future climatic suitability for cocoa farming of the world's leading producer countries, Ghana and Côte d'Ivoire. *Climatic Change* 119, 841-854, 2013.

<https://doi.org/10.1007/s10584-013-0774-8>

27 IFPRI, May 8th 2024: Soaring cocoa prices: Diverse impacts and implications for key West African producers. Available from: <https://www.ifpri.org/blog/soaring-cocoa-prices-diverse-impacts-and-implications-key-west-african-producers>

28 WSJ, April 11th, 2024: Cocoa and coffee prices have surged. Climate change will only take them higher. Available from: <https://www.wsj.com/articles/cocoa-and-coffee-prices-have-surged-climate-change-will-only-take-them-higher-d9b77e24>

29 Grüter R., Traschel T., Laube P., Jaisli I. (2022). Expected global suitability of coffee, cashew and avocado due to climate change. *PLoS ONE* 17(1): e0261976.

<https://doi.org/10.1371/journal.pone.0261976>

30 Phys.org, May 15th, 2024: Climate change will cut land for coffee by more than 50%, report says. Available at: <https://phys.org/news/2023-05-climate-coffee.html>

from *Arabica* to *Robusta*, and in some cases to *Liberica*³¹, some areas will become unviable.³² Farmers may be pushed to higher altitudes, which may further exacerbate climate change impacts through deforestation and soil erosion.³³ Given the high number of smallholders that depend on coffee for their livelihoods, this is an important challenge, and highlights the urgent need for Nature based Solutions (NbS) and EbA. Climate change will impact not only farmers' incomes from coffee, but also other associated crops, e.g., plantain, often an important companion crop. Economic losses, increased food insecurity, malnutrition, migration of farmers to other regions and expansion of land uses with less biodiversity value are expected to occur at the expense of forest cover - these stresses on production and livelihoods have already decreased exportable coffee production in some markets.³⁴

27. The Market and Feasibility study (Annex 2) provides an overview of the cocoa and coffee markets and notable associated crops, and individual country contexts, notably under the RCP 4.5 (stabilization scenario) and RCP 8.5 (high-emissions scenario). The study indicates that many landscapes are being impacted by climate change, including from temperature increases, changes to rainfall patterns, droughts, and heatwaves. These have direct and secondary consequences, e.g., for pest and disease outbreaks. If not properly managed, including through collaboration with the supply chain and alignment with government initiatives, changes in production patterns may drive commodity-driven agricultural expansion into forest areas. For adaptation and resilience interventions to be successful, they must be designed and implemented with relevant stakeholders, notably farmers, farmers groups and their business partners (traders, manufacturers and brands), and aligned with national policies. Such interventions require both additional TA as well as financing.
28. A summary of the country context is provided below, based on the country assessments in the Market and Feasibility Study and multi-year stakeholder engagement. The Feasibility Study includes specific local country contexts and recommended country-specific interventions. The ACCT is urgently needed to support transition to improved practices that have climate mitigation, adaptation and resilience outcomes, as well as social and environmental co-benefits. These include improved market access, agronomic support (TA) including to protect smallholder farmer livelihoods, access to premium markets through certification, access to markets where sustainability characteristics are required and valued, access to low-carbon agricultural inputs, supply chain digitalization and traceability.

Country	Main Climate Hazards	Observed & Projected Trends	Cocoa/Coffee Sector Impact
1. Côte d'Ivoire	Heat, Drought, Rainfall Variability	↑ temp +1.5–3°C by 2050 Erratic rainfall, ↑ droughts & heatwaves	↓ yield stability, ↑ pests/disease Crop zone shrinkage
2. Costa Rica	Rainfall shift, Temp rise	↑ rainfall anomalies, ↑ temp by +1.2–1.5°C	Reduced Arabica suitability Changing flowering cycles
3. Dominican Republic	Hurricanes, Drought	↑ frequency of droughts and cyclones	Coffee quality decline Soil degradation in uplands
4. Ecuador	Rainfall variability, Heat stress	↑ rainfall extremes, ↑ temp in Andean zones	Crop disease ↑, ↓ quality in lowland cocoa
5. Ghana	Drought, Rainfall Decline	↑ heat extremes ↓ rainfall during key growth phases	Soil moisture loss, ↓ productivity, ↑ rural poverty
6. Guatemala	Drought, Temp rise	↑ dry spells, +1.8°C projected by 2050	Water scarcity, ↓ coffee yields in lowlands

³¹ <https://coffee-consulate.com/en/blog/liberica-the-forgotten-kind>

³² Bilen, C.; El Chami, D.; Mereu, V.; Trabucco, A.; Marras, S.; Spano, D. A systematic review on the impacts of climate change on coffee agroforestry systems. *Plants* 2023, 12, 102.

³³ Coffee, bananas and malaria: Uganda's farmers battle to survive in the face of climate change. 2023. <https://www.euronews.com/green/2023/08/19/coffee-bananas-and-malaria-ugandas-farmers-battle-to-survive-in-the-face-of-climate-change#:~:text=Coffee%20farmers%20have%20to%20move,lower%20altitudes%20warm%20up%20rapidly>.

³⁴ Bilen, C.; El Chami, D.; Mereu, V.; Trabucco, A.; Marras, S.; Spano, D. A systematic review on the impacts of climate change on coffee agroforestry systems. *Plants* 2023, 12, 102.

7. Nigeria	Heat, Erratic Rainfall	↑ temp, rainfall extremes Low traceability	High deforestation from cocoa Soil degradation risk ↑
8. Peru	Heat stress, Water scarcity	↑ temp +2.5°C in Amazon Seasonal droughts ↑	↓ suitability for cocoa in Amazon Migration upslope risks deforestation
9. Rwanda	Drought, Temperature rise	↑ temp, ↓ rainfall in highlands	Bean quality ↓, stress on smallholders
10. Uganda	Heat, Soil degradation	↑ temp and drought intensity Loss of biodiversity	↓ coffee quality Farmer incomes vulnerable

29. Proven adaptation strategies exist but these require changes to business model and financing arrangements.³⁵ Adaptation options at the farm-level include agroforestry, soil and water conservation measures comprising improved fertility management and use of organic fertilizers, mulching, cover crops, tree retention and planting (including agroforestry), diversification and adoption of resilient varieties.³⁶ Agroforestry provides a range of benefits including reduced soil erosion, improving soil water retention, creating favorable microclimates, providing essential nutrients for plants, habitats for important species that safeguard ecosystem services and biodiversity (e.g., pollinators), and resilience to climate change impacts, and improved socio-economic benefits. It may also help address the drivers of deforestation while improving livelihoods.³⁷ Improving business skills of farming households, increasing and improving farmer engagement structures can help increase resilience, alongside other enabling activities such as enhancing access to locally appropriate inputs and services (e.g., community-level Village Savings & Loans Associations, parametric weather insurance, improved drought resilient seedlings).³⁸ Adaptation may also come from income diversification, including associated food and cash crops like vegetables, fruits, vanilla, herbs and spices, new income streams for example from trees for fiber, food, fuel, and apiculture. These have been successfully tested, including by existing FSF borrowers in Uganda and Côte d'Ivoire. They can be scaled by ACCT.
30. While the adaptation interventions are generally known, there is a significant gap in implementation as they mostly result in higher up-front (pre-harvest) costs (e.g., labor, inputs). Farmers and companies are often unable to obtain sufficient resources to cover up-front costs and thus current adaptation efforts are inadequate. The FSF provides an additional source of more flexible working capital (for operational expenditures) for companies that intermediate between farmers and companies. Climate smart practices will not be implemented if timely and affordable pre-harvest finance is not available. This may be most efficiently and effectively delivered through supply chains, where business partners share accountability for financial and impact performance. Over four years of experience with the FSF, including feedback from borrowers, indicates that, by having access to such working capital, resources may be freed up to make longer-term investments including in traceability to ensure deforestation-free supply chains, agroforestry for enhanced on-farm sequestration, improved crop nutrition including to reduce non-CO₂ greenhouse gas emissions, and local value-addition. Working capital is also required for companies to engage with farmers prior to harvest, e.g., to train farmers on Good Agricultural Practices (GAP), and certify and incentivize farmers to implement more responsible production practices. Examples of this can be found in the FSF impact reports and overviews of delivered TA projects which have encompassed topics like expanding smallholder farmer organic certification, soil testing and diagnostics and soil health interventions,

35 Pulleman MM; Rahn E; Valle JF. 2023. Regenerative agriculture for low-carbon and resilient coffee farms: A practical guidebook. Version 1.0. International Center for Tropical Agriculture (CIAT). Cali, Colombia. 181 p. <https://hdl.handle.net/10568/131997>

36 Amfo, B. et al. (2021). Climate change, soil water conservation, and productivity: Evidence from cocoa farmers in Ghana, *Agricultural Systems*, Volume 191, 2021. <https://doi.org/10.1016/j.agsy.2021.103172>.

37 USAID Feed the Future (2020). [Developing Cocoa Agroforestry Systems in Ghana and Côte d'Ivoire](#).

38 Bunn, C. et al. (2019). [Climate Smart Cocoa in Côte d'Ivoire: Towards climate resilient production at scale \(CCAFS Info Note\)](#). CGIAR Research Program on Climate Change, Agriculture and Food Security (CCAFS).

women's economic empowerment and training on GAP to improve household income through diversified climate resilient cropping systems.

31. The FSF ACCT will support adaptation strategies in selected countries by providing additional, more flexible working capital and TA, focused on supporting farmers growing cocoa, coffee and associated crops. FSF and FSF ACCT differ from traditional working capital funding, which is made available based on collateral, and primarily available post-harvest (e.g., based on stocks held in a warehouse). Farmers themselves typically have very limited collateral (e.g., insecure land tenure), and their suitability to take on additional debt for climate investments is limited. By making funding available earlier in the agricultural season and doing so in a manner that shares the financial risk among various stakeholders in the supply chain rather than imposing it on farmers, the FSF and ACCT can address the large and growing working capital gap in a way that addresses mitigation and adaptation needs, and a manner that promotes a just transition. For example, one borrower currently in the FSF portfolio provides farmers with more resilient coffee varieties on very favorable terms as well as free non-coffee seedlings for income diversification and erosion management. These locally-adapted improved coffee seedlings are typically not available to farmers due to high cost and availability.

GHG emissions associated with cocoa and coffee cultivation

32. It is critical to address GHG emissions from the Agriculture, Forestry and Other Land Uses (AFOLU) sectors, and to support sequestration of carbon dioxide. Effectively managing GHG emissions from cocoa and coffee sectors means reducing deforestation, forest degradation and improving on-farm practices interventions that can be classified as NbS – and are prioritized in many Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs) and Nationally Appropriate Mitigation Actions (NAMAs). Reduced quality and yield³⁹ including for coffee, cocoa, and associated crops⁴⁰ could lead to an expansion of growing areas resulting in increased deforestation, forest degradation and GHG emissions.⁴¹ Coffee and cocoa cultivation occurs on a combined over 21m ha globally, of which coffee cultivation occurs on circa 11m ha and cocoa on 10.2m ha, improving practices on existing lands and supporting the sectors to ensure responsible growth is important given this land footprint.⁴² On average, GHG emissions from cocoa production are estimated at 1.47 kgCO₂e per kg of cacao beans. A study by Vervuurt et al. (2022) noted that GHG emissions in cocoa primarily result from deforestation, while tree biomass and residue management contribute to carbon sequestration. The carbon footprint of 1 kg of fresh coffee cherries varies by production system.⁴³ In Costa Rica it is between 0.26 and 0.67 kgCO₂e for conventional coffee, and 0.12 to 0.52 kgCO₂e for organic coffee, however this does not consider indirect emissions (e.g., from deforestation and forest degradation). The main contributor to GHG emissions in many coffee systems are organic and inorganic inputs (nitrogen fertilizer).⁴⁴ In one East African study, GHG emissions from coffee cherry production was 14.75 kgCO₂e, with most emissions from transport (14.4 kgCO₂e) and fertilizer (0.23 kgCO₂e). However, when embedded emissions from LU change are considered, the footprint of coffee production can reach 35 kgCO₂e / kg.⁴⁵

Global land use change due to cocoa and coffee

33. Production of agricultural commodities (including cocoa and coffee) drive deforestation and degradation, leading to biodiversity loss and GHG emissions. The sub-optimal use of agricultural inputs, including fertilizer, and lack of TA, leads to environmental degradation and decreasing soil fertility, impacting food and cash crops and thus farmer livelihoods. Countries with the highest

39 Bunn, C. et al. (2019). [Climate Smart Cocoa in Côte d'Ivoire: Towards climate resilient production at scale \(CCAFS Info Note\)](#). CGIAR Research Program on Climate Change, Agriculture and Food Security (CCAFS).

40 <https://www.greenbiz.com/article/how-climate-change-has-altered-cocoa-farming-ivory-coast>

41 Bunn, C. et al. (2017). [Global climate change impacts on cocoa](#). International Symposium on Cocoa Research (ISCR), Lima, Peru, 13-17 November 2017. Castro International Center for Tropical Agriculture, Cali, Colombia.

42 Profor. 2019. Coffee and cocoa agroforestry systems: pathways to deforestation, reforestation and tree cover change.

https://www.profor.info/sites/profor.info/files/PROFOR_LEAVES_Policy%20Brief%20Coffee.pdf

43 Puller MM; Rahn E; Valle JF. 2023. Regenerative agriculture for low-carbon and resilient coffee farms: A practical guidebook. Version 1.0. International Center for Tropical Agriculture (CIAT), Cali, Colombia. 181 p. <https://hdl.handle.net/10568/131997>

44 April 2012. Agriculture Ecosystems & Environment. 151:6-15.

https://www.researchgate.net/publication/257015313_Greenhouse_gas_emissions_in_coffee_grown_with_differing_input_levels_under_conventional_and_organic_management

45 https://coffeebarometer.org/documents/resources/coffee_barometer_2023.pdf

estimated cocoa-driven deforestation and forest degradation include Côte d'Ivoire,⁴⁶ Ghana,⁴⁷ Nigeria⁴⁸, Peru and Ecuador.⁴⁹ In Côte d'Ivoire it accounts for 45% of total forest loss.^{50,51} Côte d'Ivoire and Ghana, the two major cocoa producers of West Africa, have estimated annual deforestation rates of 2.7% and 2.9%, respectively.⁵² In Ghana and Côte d'Ivoire combined, cocoa cultivation is associated with over 37% and 13% of forest loss in protected areas, respectively.⁵³ GHG emissions from land use, land use change and forestry (LULUCF) were estimated at 5.5 million tCO₂e in 2014, ca. 13.75% of total national GHG emissions. In Peru, cocoa contributes ca. 30% of GHG emissions from forest conversion and 28% of GHG emissions from the agricultural sector.⁵⁴

34. The impact of cocoa on deforestation has increased over time.⁵⁵ Factors influencing cocoa-related deforestation include market dynamics, weak environmental frameworks, and land tenure.⁵⁶ Improving traceability and transparency in cocoa supply chains is crucial to identifying and dealing with commodity-driven deforestation and degradation. For example, only 43.6% of Ivorian cocoa exports could be traced in 2019.⁵⁷ Continuous monocropping and poor soil management lead to land degradation in the long-term, including soil nutrient depletion, organic matter loss, increased soil acidity, and textural breakdown.⁵⁸ A composite soil degradation assessment index developed for cocoa agroecosystems in Nigeria revealed that 65% of were moderately degraded, while 18% showed high degradation.⁵⁹ The trajectory for land use change driven by cocoa is likely to continue without additional resources, including those that can be provided by FSF ACCT.
35. Coffee production has contributed directly and indirectly to deforestation and climate change. Examples include forest encroachment and replacement of indigenous species. While shade-grown coffee can support biodiversity and ecosystem services⁶⁰, there has been a trend towards conventional intensification.⁶¹ Dependency on coffee exports has been linked with deforestation in some countries.⁶² Coffee-induced deforestation may be further exacerbated by climate change.⁶³ While *Robusta* coffee cultivation could be accommodated without significant forest encroachment, expanded *Arabica* production may result in forest loss, impacting carbon storage and biodiversity.⁶⁴ Studies indicate that coffee production can help to stabilize forest borders.⁶⁵ In Africa, the spread of commercial crops including coffee, cocoa and palm oil have resulted in deforestation.⁶⁶ In many African countries that are expanding coffee areas, deforestation and forest degradation rates are high. Uganda has one of the highest global deforestation rates, primarily due to agricultural expansion.⁶⁷ Sun-grown coffee farms, can also lead to erosion.⁶⁸ Increasing farmer profitability through improved practices and inputs can decrease the contribution of coffee to deforestation and degradation. For example, coffee production has increased more than 50% in Vietnam requiring a 21% increase in

46 SEI, 16 May 2024, Côte d'Ivoire cocoa exports and deforestation. Available at: <https://www.sei.org/features/cocoa-exports-and-deforestation/>

47 Guardian, 22 May 2023, Cocoa planting is destroying protected forests in west Africa, study finds. Available at: <https://www.theguardian.com/environment/2023/may/22/cocoa-planting-is-destroying-protected-forests-in-west-africa-study-finds> and Kalischek, N., N. Lang, C. Renier, R. C. Duadt, T. Addoah, W. Thompson, W.J. Blaser-Hart, R. Garrett, K. Schindler and J.D. Wenger. 2023. Cocoa plantations are associated with deforestation in Côte d'Ivoire and Ghana. *Nature Food* 4, 384-393 (2023). <https://www.nature.com/articles/s43016-023-00751-8>

48 Earth.org, 7 July 2023. How does cocoa farming cause deforestation? Available at: <https://earth.org/how-does-cocoa-farming-cause-deforestation/>

49 ConfectionaryNews, 14 Feb 2018, Asia and Latin America cocoa origins also face 'large-scale' deforestation: Mighty Earth. Available at: <https://www.confectionarynews.com/Article/2018/02/14/Asia-and-Lat-Am-face-large-scale-cocoa-deforestation-Mighty-Earth>

50 Renier, C., Vandromme, M., Meyfroidt, P., Ribeiro, V., Kalischek, N., & Zu Ermgassen, E. K. H. J. (2023). Transparency, traceability and deforestation in the Ivorian cocoa supply chain. *Environmental Research Letters*, 18(2), 024030. <https://doi.org/10.1088/1748-9326/acad8e>

51 Vervuurt, W. et al. (2022). Modelling greenhouse gas emissions of cacao production in the Republic of Côte d'Ivoire. *Agroforest Syst* 96, 417–434 (2022). <https://doi.org/10.1007/s10457-022-00729-8>

52 <https://www.cocoalife.org/the-program/climate-change>

53 Nikolai Kalischek et al., 'Cocoa Plantations Are Associated with Deforestation in Côte d'Ivoire and Ghana', *Nature Food* 4, no. 5 (22 May 2023): 384–93, <https://doi.org/10.1038/s43016-023-00751-8>.

54 <http://apps.worldagroforestry.org/ar2014/trees-and-the-changing-climate/influencing-climate-change-policy-in-peru/>

55 Noble, M.D. (2017). Chocolate and The Consumption of Forests: A Cross-National Examination of Ecologically Unequal Exchange in Cocoa Exports. *Journal of World-Systems Research*, 23, 236-268.

56 Orozco-Aguilar, L., López-Sampson, A., Leandro-Muñoz, M. E., Robiglio, V., Reyes, M., Bordeaux, M., Sepúlveda, N., & Somarriba, E. (2021). Elucidating Pathways and Discourses Linking Cocoa Cultivation to Deforestation, Reforestation, and Tree Cover Change in Nicaragua and Peru. *Frontiers in Sustainable Food Systems*, 5, 635779. <https://doi.org/10.3389/fsufs.2021.635779>

57 Cécile Renier et al., 'Transparency, Traceability and Deforestation in the Ivorian Cocoa Supply Chain', *Environmental Research Letters* 18, no. 2 (1 February 2023): 024030, <https://doi.org/10.1088/1748-9326/acad8e>.

58 Jérôme Ebagnerin Tondoh et al., 'Ecological Changes Induced by Full-Sun Cocoa Farming in Côte d'Ivoire', *Global Ecology and Conservation* 3 (1 January 2015): 575–95, <https://doi.org/10.1016/j.gecco.2015.02.007>.

59 Sunday Adenrele Adeniyi, Willem Petrus De Clercq, and Adriaan Van Niekerk, 'Development of a Composite Soil Degradation Assessment Index for Cocoa Agroecosystems in Southwestern Nigeria', *Solid Earth* 8, no. 4 (9 August 2017): 827–43, <https://doi.org/10.5194/se-8-827-2017>.

60 Shalene Jha et al., 'A Review of Ecosystem Services, Farmer Livelihoods, and Value Chains in Shade Coffee Agroecosystems', in *Integrating Agriculture, Conservation and Ecotourism: Examples from the Field*, ed. W. Bruce Campbell and Silvia Lopez Ortiz, vol. 1, Issues in Agroecology – Present Status and Future Prospectus (Dordrecht: Springer Netherlands, 2011), 141–208, https://doi.org/10.1007/978-94-007-1309-3_4.

61 Celia A. Harvey et al., 'Transformation of Coffee-Growing Landscapes across Latin America. A Review', *Agronomy for Sustainable Development* 41, no. 5 (October 2021): 62, <https://doi.org/10.1007/s13593-021-00712-0>.

62 Kelly Austin, 'Coffee Exports as Ecological, Social, and Physical Unequal Exchange: A Cross-National Investigation of the Java Trade', *International Journal of Comparative Sociology* 53, no. 3 (1 June 2012): 155–80, <https://doi.org/10.1177/0020715212455350>.

63 Wageningen University & Research. Deforestation and forest degradation in coffee supply chains.

<https://edepot.wur.nl/630209#:~:text=Alternatively%2C%20coffee%20may%20also%20function,used%20for%20such%20activities%2C%20as>

64 Ainhoa Magrach and Jaboury Ghazoul, 'Climate and Pest-Driven Geographic Shifts in Global Coffee Production: Implications for Forest Cover, Biodiversity and Carbon Storage', ed. Francisco Moreira, *PLoS ONE* 10, no. 7 (15 July 2015): e01133071, <https://doi.org/10.1371/journal.pone.01133071>.

65 K. Hylander, S. Nemoissa, J. Delrue, W. Enkosa. Effects of coffee management on deforestation rates and forest integrity. Contributed Paper in Conservation Biology. 2012. <https://conbio.onlinelibrary.wiley.com/doi/pdfdirect/10.1111/cobi.12079>

66 Chatham House. Deforestation in Africa. 18 May 2023. <https://www.chathamhouse.org/2023/05/deforestation-africa>

67 CGIAR Feed the Future, Climate-smart coffee in Uganda. <https://cgispace.cgiar.org/bitstream/handle/10568/101331/Uganda%20Coffee%20brief.pdf>

68 Carlos E. Ramos-Scharrón and Yasiel Figueroa-Sánchez, 'Plot-, Farm-, and Watershed-Scale Effects of Coffee Cultivation in Runoff and Sediment Production in Western Puerto Rico', *Journal of Environmental Management* 202 (November 2017): 126–36, <https://doi.org/10.1016/j.jenvman.2017.07.020>.

land, compared to Uganda's 27% increase in coffee production with a 48% increase in land.^{69, 70} Some countries with the highest levels of primary forest loss are also places where coffee is an important crop and where it might be contributing to deforestation and degradation (e.g., in Peru).⁷¹ Productivity and economic gains can be de-coupled from deforestation and forest degradation, but requires demand-side engagement as well as additional financial resources, e.g., from by FSF (and ACCT).

36. Proven mitigation strategies exist, and include farm and landscape level interventions. Agroforestry can contribute to enhancing forest carbon stocks.⁷² Agroforestry systems, especially in Africa, are one of the most prominent land uses and are the third largest carbon sink.⁷³ For cocoa, GHG mitigation potentials are closely related to farm management practices, (e.g., shade trees and residue management).⁷⁴ GHG emissions from coffee can be minimized by tackling land expansion and promoting improved, locally suited practices. GHG emissions can also be mitigated within the value chain, i.e., in transport, processing, and waste management. Certification can be an important indicator of the application of best practices (e.g. deforestation-free) but only circa 22% of cocoa traded globally is certified⁷⁵ and about 55% of total coffee.⁷⁶ This indicates significant opportunity for improved practices to be scaled.

Enabling environment

37. Calls for reducing GHG emissions while ensuring a just rural transition are increasing. There is growing interest from companies to improve social and environmental outcomes and address climate-related risks (i.e., promoting resilience). Local and international companies, including brands, are important interlocutors that can drive good practices and resilient value creation. Value can be delivered if responsibility can be effectively shared along supply chains. This requires additional upfront and full season working capital and TA. The demand for additional pre-harvest working capital combined with targeted TA can be a lever to advance accountability and action. Global supply chain disruptions, commodity price volatility and pressure on corporations contribute to increasing focus on sustainable sourcing partnerships, including in the land use sector.⁷⁷ This is further bolstered by initiatives such as the Science Based Targets initiative (SBTi), Greenhouse Gas Protocol (GHGP) and Taskforce on Nature-related Financial Disclosures (TNFD).
38. Governments in countries important for demand and supply are increasingly focused on the role of agri-commodities in achieving climate-related objectives. Demand-side regulations are being led by the European Union (EU), with other jurisdictions including the UK, Norway, Australia and Canada considering similar approaches. In the EU these include the Corporate Sustainability Reporting Directive (CSRD), Corporate Sustainability Due Diligence Directive (CSDDD) and the European Union Deforestation Regulation (EUDR). While some EU regulations have been delayed, many businesses are implementation ready and the general expectation is that implementation will occur. This creates market pressures for transparency and sustainable sourcing. Many businesses have invested in preparing their supply chains and pressure for more accountable and resilient supply chains has increased given recent market volatility. This aligns with the ACCT's objectives of providing resources and TA to transition producers toward responsible practices. Many producer governments are also committed to achieving sustainable agricultural practices and mitigating climate change and providing an enabling environment for ACCT. For example, Ghana and Côte d'Ivoire have implemented national policies to curb cocoa-driven deforestation, aligning with ACCT, and Ecuador has been a pioneer in promoting sustainable cocoa production with the launch of its deforestation-free certification

69 Forest Trends: Tackling (illegal) deforestation in coffee supply chains: what impact can demand-side regulations have? <https://www.forest-trends.org/wp-content/uploads/2021/02/10-things-to-know-about-coffee-production.pdf>

70 Forest Trends, January 2021, Tackling (illegal) deforestation in coffee supply chains: what impact can demand-side regulations have? Available at: <https://www.forest-trends.org/wp-content/uploads/2021/02/10-things-to-know-about-coffee-production.pdf>

71 <https://www.voanews.com/a/deforestation-down-in-indonesia-amid-increases-elsewhere/7153707.html>

72 Dawoe, E. et al. (2016). *Shade tree diversity and aboveground carbon stocks in Theobroma cacao agroforestry systems: Implications for REDD+ implementation in a West African cacao landscape*. Carbon Balance and Management. 11.

73 FAO (2017). *Agroforestry for landscape restoration*.

74 Vervuurt, W. et al. (2022). Modelling greenhouse gas emissions of cacao production in the Republic of Côte d'Ivoire. *Agroforest Syst* 96, 417-434 (2022). <https://doi.org/10.1007/s10457-022-00729-8>

75 CBI, 07 Sept 2020, The European market potential for certified cocoa. Available from: <https://www.cbi.eu/market-information/cocoa-cocoa-products/certified-cocoa/market-potential>

76 CBI, 11 August 2018, The European market potential for certified coffee. Available from: <https://www.cbi.eu/market-information/coffee/certified-coffee/market-potential#:~:text=According%20to%20the%20Coffee%20Barometer,them%20at%20a%20financial%20risk.>

77 GCF (2022). *Sectoral guide: Forests and land use*.

program.⁷⁸ Local policies in the 10 countries create alignment between local governance frameworks and the ACCT, ensuring that ACCT complements national priorities. These are described for each country in the Feasibility and Market Report. Clarmondial has engaged with a variety of stakeholders over two years in the design of ACCT, and since 2016 in the design of the FSF. The Stakeholder Engagement Plan (SEP) attached describes this engagement, and the Non Objection Letters provided by 10 countries confirm it. Furthermore, through the existing FSF, Clarmondial has demonstrated that the approach works, demand exists, positive impact is possible, and that the strategy is ready to scale.

39. The table below provides an overview of how the ACCT aligns with NDCs and national adaptation priorities. The Feasibility and Market study provides a more comprehensive country-level overview of national adaptation and mitigation priorities and scaled down information including estimating the impact of the ACCT in each target country.

Country	NDC & Adaptation priorities	Link to cocoa & coffee
Côte d'Ivoire	Prioritizes agroforestry expansion, forest restoration, and zero-deforestation commodity production; committed to REDD+ and cocoa forest initiatives.	Cocoa is central to the economy; major source of deforestation and GHGs. Agroforestry and traceable sourcing are key to mitigation/adaptation efforts.
Costa Rica	Focuses on biodiversity conservation, agroecology, and climate-resilient rural development; strong policy on sustainable agriculture.	Coffee is a national export crop; linked to agroforestry systems. Sector is transitioning toward low-emissions, shade-grown production.
Dominican Republic	Highlights agroforestry, water management, and climate-smart agriculture as adaptation priorities; targets forest cover restoration.	Cocoa grown in humid forest areas; potential for sustainable intensification through improved agroforestry practices.
Ecuador	Emphasizes sustainable land use, climate-smart agriculture, and deforestation control; supports low-carbon rural value chains.	Cocoa expansion drives deforestation in Amazonia. National programs support traceability and sustainable sourcing.
Ghana	REDD+ priority country; committed to climate-smart cocoa, forest protection, and ecosystem restoration.	Cocoa is Ghana's largest agricultural export; linked to land degradation and forest loss. Sector-level reforms underway.
Guatemala	Focus on water resource protection, agroforestry, and rural adaptation. Committed to sustainable land use planning.	Coffee is a key livelihood source. Expansion affects forest corridors; agroforestry integration supports adaptation goals.
Nigeria	Focus on land restoration, forest protection, and alignment with national and sub-national REDD+ initiatives.	Cocoa grown in degraded forest zones. Opportunities for reforestation via agroforestry and improved sourcing standards.
Peru	Targets deforestation reduction, sustainable agriculture, and Amazon forest protection under its NDC and REDD+ strategy.	Cocoa and coffee are key drivers of land use change in the Amazon. Sectoral interventions align with national mitigation targets.
Rwanda	Focuses on soil fertility, agroforestry, and sustainable livelihoods. Coffee is included in climate-smart agriculture strategies.	Coffee supports rural incomes in hilly regions. Climate-smart intensification and erosion control are key co-benefits.
Uganda	Emphasizes agricultural adaptation, ecosystem restoration, and sustainable land use. National coffee strategy aligns with NDC.	Coffee is the top export; grown in erosion-prone highlands. Agroforestry and regenerative practices are promoted.

⁷⁸ <https://www.climateandforests-undp.org/deforestationfreeCOP27>

40. Adaptation and mitigation needs across the 10 target countries reflect a consistent demand for finance and TA to transform landscapes into resilient, low-emissions production systems. Adaptation priorities include support for transitioning to agroforestry models that buffer microclimatic extremes, stabilize yields, and enhance biodiversity. Diversification into associated crops is also critical – including to bolster household food security and diversify incomes, particularly when paired with market access support. Soil and water conservation techniques - such as mulching, composting, water harvesting, and use of low-emission inputs - must be tailored to smallholder contexts and supported by appropriate TA. Additionally, climate-smart adaptation requires access to improved, stress-tolerant varieties and early-season support through farmer training, traceability and digitalization, and reliable climate information services. Community-level resilience hinges on inclusive mechanisms that promote local savings (e.g., Village Savings and Loans Associations), women- and youth-targeted enterprise support, and strengthened farmer organizations. Locally-appropriate early warning systems and risk-mitigation approaches including parametric insurance are also critical.
41. Mitigation priorities are broadly halting deforestation and forest degradation through improved landscape governance, zero-deforestation sourcing enforcement, and traceability linked with market demand. Expanding carbon-sequestering agroforestry systems and sustainable soil management practices is an important mitigation pathway, as is reducing GHGs from agrochemical use and post-harvest emissions. Strengthened MMRV systems including developing localized Emissions Factors (EFs) are urgently needed, and must be embedded into sourcing, business and financing systems, integrated with national NDCs, and enable future alignment with Article 6 approaches (notably Article 6.8). This underscores the importance of a coordinated finance-plus-TA approach, working with key business partners and in alignment with NDAs, as provided by FSF ACCT.
42. Related Projects and Complementarity: ACCT builds on the existing FSF, an open-ended fund supported by the GEF Non-Grant Instrument (GEF ID 10322). FSF mobilizes private capital for sustainable agriculture by blending public and private funds to provide flexible, pre-harvest finance. It has mobilized support from private companies (VCPs), who provide guarantees to “their” value chains, and received investment from a range of private investors. ACCT is a sub-fund dedicated to 10 countries, focused on cocoa and coffee growing landscapes (but not exclusive for coffee and cocoa). ACCT applies the same blended finance structure with enhanced MMRV and TA. ACCT is aligned with several multi-stakeholder initiatives including by the World Bank Group (e.g., AgriConnect), FAO, GIZ, Conservation International, SwissCo and the Swiss Cocoa Platform, and the Climate and Forests Initiative (CFI) and other existing and planned GCF initiatives.
43. Over the past decade, leading buyers of cocoa, coffee and associated crops have made increasingly robust commitments to sustainability, driven by consumer demand, investor pressure, and regulatory requirements. Leading brands have pledged to eliminate deforestation from their supply chains, improve traceability, and advance living income benchmarks for smallholders. In cocoa, initiatives such as the CFI, the World Cocoa Foundation (WCF), and national traceability platforms including in Ghana and Côte d’Ivoire have institutionalized efforts. In coffee, members of the Sustainable Coffee Challenge, Global Coffee Platform, and the Coffee Barometer process have advanced regenerative production, income resilience, and deforestation-free sourcing. Many companies have begun integrating climate-smart practices into procurement. Implementation is constrained by lack of finance (notably working capital) and accompanying TA.
44. In the absence of additional, targeted resources, smallholder farmers will continue to rely on unsustainable practices, exacerbating emissions, biodiversity loss, and exposure to climate risks. These producers, along with the enterprises that work with them, have limited access to finance due to high transaction costs, limited collateral, and perceived risk. The existing finance landscape is dominated by very short-term (typically less than 3 months), post-harvest collateral based funding, leaving a critical pre-harvest working capital gap unaddressed - precisely when sustainable sourcing practices and climate-smart agricultural decisions must be implemented. Without a scalable mechanism to address this constraint, climate commitments related to AFOLU will remain unmet. FSF ACCT directly tackles these gaps by providing renewable, pre-harvest focused working capital linked

to measurable adaptation and mitigation performance; catalyzing private investment in diversified agroecology and associated crops; strengthening monitoring, MMRV and traceability; activating VCPs; and establishing a scalable blended finance vehicle that contributes to measurable impact.

B.2 (a). Theory of change narrative and diagram (max. 1500 words, approximately 3 pages plus diagram)

45. The project will contribute to resilient and low-emission development in cocoa and coffee landscapes (centered on the production of cocoa, coffee and associated crops) by addressing barriers that prevent smallholder farmers and the companies that work with them from adopting climate-smart practices, as described below. It is grounded in the principle that climate adaptation and mitigation at scale can only occur when timely and appropriate financial and technical resources are made available, delivered in collaboration with supportive business partners.

Description of barriers

46. *Economic and structural:* the production of cocoa, coffee and associated crops tends to occur on smallholder farms, where farmers have few assets and relatively high levels of poverty. Farmers main assets tend to be their farms, which can be very small. For example, in Rwanda, the average coffee farm is 0.26 hectares⁷⁹, and in Uganda 0.18 hectares.⁸⁰ Estimates suggest a viable coffee farm size to be at least 2.1 hectares.⁸¹ Though also a challenge in cocoa, farm sizes tend to be slightly larger, 3-4 hectares in West Africa,⁸² 1-5 hectares in Peru⁸³ and 4.3 hectares in the Dominican Republic.⁸⁴ While good agricultural practices can help to maximise yields, in some cases it is not possible to achieve a living income given farm size. Other structural challenges include lack of access to digital services, including financial products (savings, payment services, credit, insurance).

47. *Technical and agronomic:* While many governments provide agronomy (extension) services, including, these are limited by public sector budgets, which are often stretched. To be successful, these must be adequately resourced.⁸⁵ Farmers often need support to access suitable planting material, and to implement proper management e.g., rejuvenation and Integrated Pest Management (IPM).⁸⁶ This can be too costly for farmers and farmers groups to cover on their own. Farmers may also be reluctant to transition to more sustainable practices due to perceived yield loss. Where resources may be provided by NGOs or development funders, there may be constrained by relatively short-term programming, and misaligned with government priorities or private sector needs. Private sector, such as brands, also often have their own technical and agronomic support, however this is restricted by available budgets and may not be coordinated with government priorities. Climate change may exacerbate farmer access to such services as public budgets become stretched, climate shocks such as prolonged drought or unseasonal rain, may overwhelm local capacities to support farmers or may require rapid changes to recommended practices that stakeholders cannot keep up with.

48. *Regulatory, political and legal frameworks:* production related regulations and their implementation including on land tenure can be a barrier to cooperative entry and participation.⁸⁷ Regulations, and enforcement, of goods and services including crop protection products also impacts the transition to sustainable practices. For example, COCOBOD in Ghana and Le Conseil du Café-Cacao in Côte d'Ivoire are public sector entities that have critical roles, including determining allowable inputs and price-setting, but may be impacted by macroeconomic conditions faced by the government. For example, part of Ghana's COCOBOD income from the marketing and sale of cocoa is used to service Ghana's sovereign debt⁸⁸ rather than re-invested in agriculture. As internationally traded commodities, cocoa and coffee are also impacted by international regulations, for example EU Organic regulations that require farmers and cooperatives to hold organic certification, which many smallholders and

⁷⁹ https://icocoffee.org/documents/GKH/Rwanda_.pdf

⁸⁰ <https://ugandacoffee.go.ug/resource-center/fact-sheet>

⁸¹ <https://www.frontiersin.org/journals/sustainable-food-systems/articles/10.3389/fsufs.2021.759105/full>

⁸² <https://www.sciencedirect.com/science/article/pii/S1573521415000160>

⁸³ <https://www.farming-program.com/en/blog/post/cocoa-the-plant-that-changed-the-lives-of-many-peruvian-farmers>

⁸⁴ <https://www.fairtrade.org.uk/farmers-and-workers/cocoa/conacado-dominican-republic/>

⁸⁵ https://www.researchgate.net/publication/366121399_Limitations_of_Sustainable_Cocoa_Agroforestry_A_Literature_Review

⁸⁶ *Ibid.*

⁸⁷ <https://www.sciencedirect.com/science/article/pii/S0305750X24001979>

⁸⁸ <https://www.elibrary.imf.org/view/journals/002/2024/213/article-A002-en.xml>

cooperatives do not have the resources for, thus limiting access to a premium market.⁸⁹ Other regulations such as the EUDR, CSRD, CSDDD also pose additional costs (and opportunities), which may dissuade some farmers and cooperatives from sustainable practices if they do not have adequate up-front resources to comply. Furthermore, in some cases there are product quality criteria (e.g., pesticide residues, heavy metal content) that can restrict imports into high value markets – if farmers are not supported on proper handling, they may be excluded from accessing customers that pay premia for sustainably produced or higher-quality goods.⁹⁰ Furthermore, inconsistent government support or policy reversals, may delay or weaken the enabling environment.

49. *Market:* cocoa and coffee are globally traded commodities. Cocoa is primarily traded on the Intercontinental Exchange (ICE). The ICE Futures US cocoa contract is the world benchmark for cocoa prices. It is traded in New York and London. Coffee is primarily traded on the ICE in New York and the LIFFE (London International Financial Futures and Options Exchange). This is a benefit and a drawback, e.g., the international price may be impacted by financial speculators, or may be disconnected from local prices. For example, there may be differences in production costs reflecting living income that may not be aligned with a global market price, or government may set local mandated prices much higher or lower than international prices. The ability of smallholders and cooperatives to manage price risk may impact their ability or interest to make long-term investments. Logistics is also related to markets: some origins may be less competitive given their location. This may impact the net benefit that farmers may get from the crop and the interest of companies to support specific value chains. Domestic logistics also impact market access and farmgate prices.
50. *Financial:* farmers and supply chain companies may be unable to access sufficient, appropriate and timely financing – notably working capital for pre-harvest activities. The emerging markets working capital gap, of which agriculture represents a large part, was estimated at over USD 1.5 trillion⁹¹ and in the past few years has increased to USD 2.5 trillion.⁹² The gap for sustainable agriculture exists at all steps of the supply chain⁹³ and spans long-term investments to short-term finance. Only about USD 50 billion of the more than USD 200 billion credit need is fulfilled for smallholder finance in Sub-Saharan Africa, Latin America, South and Southeast Asia. This gap is expected to increase in coming years without additional attention.⁹⁴ Timely working capital is essential for ensuring the flow of goods and services. According to the IMF, the current macroeconomic environment has disproportionality impacted emerging markets by worsening credit availability and diminishing capital inflows.⁹⁵ Some African countries also experienced a lack of US Dollars including Nigeria.⁹⁶ This impacts trade, including with smallholders. Environmental, economic, and industry trends increase the need for pre-harvest finance. Climate change increases crop yield and quality variability, and additional and timely TA paired with other goods and services such as high-quality inputs, seeds, and insurance are increasingly required to address these risks. There is also a lack of reliable and consistent data, which limits the extent to which improved practices can inform decision making. Investment in data collection, aggregation and management requires collaboration and TA. Value chain mitigation activities including more climate-friendly fertilizers and agroforestry increase pre-harvest costs, as do new regulations and industry practices requiring digitization, farm, and value chain management. Investors shy away from financing agriculture, including cocoa, coffee and associated crops for a variety of reasons. These include a local banking regulations, lack of domestic capital and related to this, high opportunity costs of capital. The impact is that most local lenders prefer to put their money into “safe” assets that yield acceptable returns rather than “risky” agriculture. Local financial institutions such as banks may find it challenging to provide farm loans to smallholders given their remoteness, lack of clear and actionable tenure, or the lenders social license to evict. Microfinance Institutions focus on small, short-term loans, which often have high interest rates to mitigate the repayment risk.

⁸⁹ https://www.helvetas.org/en/switzerland/how-you-can-help/follow-us/blog/agriculture-and-nutrition/new_eu_organic_regulation

⁹⁰ <https://www.eurococoa.com/wp-content/uploads/Manual-of-Pesticide-Use-in-Cocoa-2023.pdf>

⁹¹ This primarily counts trade finance – considered a sub-sector of working capital. References: https://www.wto.org/english/news_e/news21_e/trfin_17may21_e.htm (WTO), and https://www.g20-insights.org/policy_briefs/msmes-access-to-global-value-chains-and-trade-finance/ (IFC in G20 Insights)

⁹² Same comment as above. Trade Finance Global 2023: <https://www.tradefinanceglobal.com/posts/trade-finance-gap-rises-to-2-5-trillion-usd-five-key-takeaways-adbs-latest-report-trade-finance-gaps-growth-jobs/>

⁹³ Note that in this document the terms “supply chain” and “value chain” are used interchangeably.

⁹⁴ Dalberg, Initiative for Smallholder Finance, MasterCard Foundation & Rural & Agricultural Learning Lab (2016). [Inflection point: unlocking growth in the era of farmer finance](https://www.dalberg.com/insights/infrastructure/unlocking-growth-in-the-era-of-farmer-finance).

⁹⁵ IMF, July 2023: Emerging market economies bear the brunt of a stronger dollar. <https://www.imf.org/en/Blogs/Articles/2023/07/19/emerging-market-economies-bear-the-brunt-of-a-stronger-dollar>

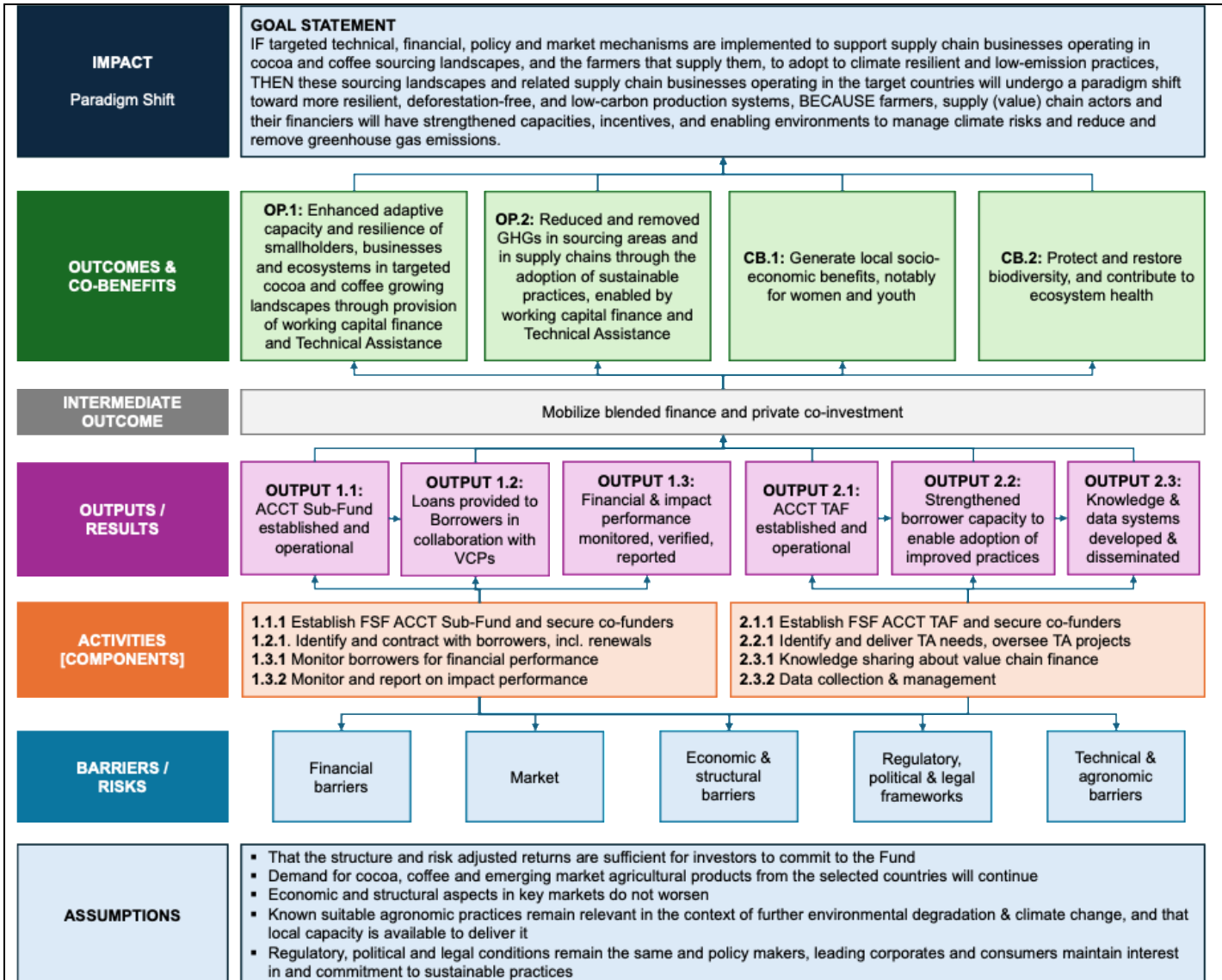
⁹⁶ <https://theconversation.com/foreign-exchange-several-african-countries-have-a-shortage-of-us-dollars-why-this-happens-and-how-to-fix-it-202980>

International investors often find it challenge to finance primary agriculture in emerging and developing markets as there are real and perceived risks regarding collateral and political risk.

51. To be financially sustainable, commercial private sources of capital must be mobilized and deployed. The largest volumes of private capital are available in OECD countries. Appropriate financial structures, governance and track record are required to access these capital pools. Funds must demonstrate to private investors compete with a global universe of investment opportunities – so track record is critical. Private investors consider risk-adjusted returns, but also liquidity and product structure. By using a well-regarded domicile, structure (i.e., a Luxembourg SICAV, which has an SFDR Article 9 designation), high quality partners, in a structure that provides quarterly liquidity and annual audited impact reports, and de-risking from private sector companies, Clarmondial has demonstrated that it is possible to attract private institutional capital to smallholder-dominated unsecured working capital loans emerging market agricultural value chains, even in Least Developed Countries (LDCs). Achieving climate mitigation, adaptation and resilience in supply chains requires not only additional finance – which can be delivered on “commercial” terms, but also requires TA. This includes training and supporting farmers on NbS and EbA, including composting and income diversification (e.g., beekeeping), and on ensuring their livelihoods are improved and protected (e.g., VSLAs, parametric insurance products). Locally tailored TA (grant) funding is required to initiate and scale climate smart agriculture approaches.
52. The ACCT builds of the existing FSF, which has as its objective to “*improve rural livelihoods and achieve positive environmental outcomes by supporting sustainable agriculture production systems in emerging markets with a complementary source of credit, provided in partnership with companies committed to sustainable development in their sourcing areas.*” Since starting in 2021, the FSF has demonstrated the potential of using private sector VCP guarantees to mobilize investment. The FSF has also demonstrated the demand for its working capital loans, and the impact that can be achieved. Through its borrowers, the FSF has reached over 95’100 smallholder farmers (16% women farmers), on over 377’000 hectares. The FSF’s borrowers have supported over 2’600 jobs (49% women). There is significant demand from participants in the 10 target countries, which cannot be met by the existing FSF. Clarmondial developed the ACCT in collaboration with local stakeholders, focused on cocoa and coffee sourcing landscapes, given the potential for positive impact and private sector corporate and investor interest. The ACCT will be a dedicated sub-fund of the FSF.
53. The theory of change is illustrated below: IF targeted technical, financial, policy and market mechanisms are implemented to support supply chain businesses operating in cocoa and coffee sourcing landscapes, and the farmers that supply them, to adopt to climate resilient and low-emission practices, THEN these sourcing landscapes and related supply chain businesses operating in the target countries will undergo a paradigm shift toward more resilient, deforestation-free, and low-carbon production systems, BECAUSE farmers, supply (value) chain actors and their financiers will have strengthened capacities, incentives, and enabling environments to manage climate risks and reduce and remove greenhouse gas emissions.
54. *Outcomes:* the FSF ACCT seeks the following outcomes: Enhanced adaptive capacity and resilience of smallholders, businesses and ecosystems in targeted cocoa and coffee growing landscapes through provision of working capital finance and Technical Assistance. (OP.1). Reduced and removed GHGs in sourcing areas and in supply chains through the adoption of sustainable practices, enabled by working capital finance and Technical Assistance (OP.2). This will occur alongside two co-benefits: generate local socio-economic benefits, notably for women and youth (CB.1), and to protect and restore biodiversity, and contribute to ecosystem health (CB.2).
55. To do this, finance must be mobilized at scale through blended finance structures and TA, leveraging private sector de-risking and co-financing, to support climate action through supply chains and ensuring action on sustainable sourcing commitments “intermediate outcome”. Note that the private sector guarantees provided to the FSF and ACCT by private companies that have business interests in specific supply chains (VCPs), are critical enablers. This is a key innovation developed by

Clarmondial and demonstrated by the FSF's track record. This approach will be replicated in the ACCT. This will result in tens of millions of dollars in private sector leverage, and aligns interests along the supply chain – it is not included as co-funding in this proposal. This approach generates the following proven benefits: (a) it supports origination, as VCPs refer potential borrowers, thus reducing origination costs, (b) it ensures interests are aligned between borrowers, their customers (VCPs) and financiers (FSF and ACCT's investors), (c) it allows finance to be delivered to "high risk" emerging markets, in a timely manner, through an efficient, affordable approach, that does not require collateral.

56. The results (outputs) expected from this project are: the ACCT is established and capital mobilized (OUTPUT 1.1), this will result in the ACCT Sub-Fund being operational and providing loans to borrowers in collaboration with VCPs (OUTPUT 1.2), and that financial and impact performance is monitored, verified and reported (OUTPUT 1.3). In this context, "impact performance" relates to the non-financial targets of the ACCT, including on GHGs and co-benefits. The ACCT Sub-Fund loans will also be accompanied by targeted ACCT TA; thus, it requires operationalizing the ACCT TAF (OUTPUT 2.1). The ACCT TAF will work with borrowers and other local stakeholders to provide TA that contributes to climate mitigation, adaptation and co-benefits, tailored to local contexts and coordinated with local partners including NDAs, so that there is strengthened borrower capacity and to enable adoption of improved (climate-resilient and low-emission) practices (OUTPUT 2.2). This is accompanied by knowledge and data systems that can be developed and disseminated to support climate-aligned value chain finance in alignment with national priorities (OUTPUT 2.3). There are two sets of activities associated with achieving the FSF ACCT's results (outputs) and outcomes, these relate to the ACCT Sub-Fund (loans) and the ACCT TAF (TA grants), are included in the illustration and described below. Clarmondial will execute these two components as the ACCT's Accredited Entity, the Investment Advisor to the FSF (and ACCT), and the ACCT TAF Administrator.



Assumptions

57. This project relies on the following assumptions, grouped according to the barriers:
- That the ACCT structure and its risk-adjusted returns are suitable to attract investment. Market conditions may change including investors' targeted risk-adjusted returns. The FSF ACCT's loans are relatively short-term and can be repriced during renewals to suit global economic realities.
 - That demand for cocoa, coffee, and associated crops will continue from the targeted countries. While lab-grown cocoa and coffee alternatives are being developed, it is not assumed that these will have a large-scale impact on demand in the project timeframe.
 - The economic and structural farming conditions in the selected countries stay the same, with increasingly smaller landholdings being balanced by rural out-migration, and lack of access to digital services staying the same or improving.
 - Regulatory, political and legal frameworks may change. However, as cocoa, coffee and some associated crops are globally important ingredients and have high political importance, it is unlikely that industry, consumers or policy makers will be motivated to reduce reliable product flows.
 - Local priorities are known in the included countries' regions, and Clarmondial is in regular contact with organizations that can guide activities so that they remain relevant. While the suite of activities may change over time and between regions, the term of the loans and the TA enable ACCT to pivot relatively quickly.

restore biodiversity, and contribute to ecosystem health						
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B.3. Project/programme description (max. 2500 words, approximately 5 pages)

58. The goal of the project: IF targeted technical, financial, policy and market mechanisms are implemented to support supply chain businesses operating in cocoa and coffee sourcing landscapes, and the farmers that supply them, to adopt to climate resilient and low-emission practices, THEN these sourcing landscapes and related supply chain businesses operating in the target countries will undergo a paradigm shift toward more resilient, deforestation-free, and low-carbon production systems, BECAUSE farmers, supply (value) chain actors and their financiers will have strengthened capacities, incentives, and enabling environments to manage climate risks and reduce and remove greenhouse gas emissions.
59. The FSF is an innovative impact private credit fund, launched in 2021. The objective of the Fund is to mobilize and channel working capital finance with and through value chains to benefit smallholder farmers and local communities. The current FSF will become the “main sub-fund” and ACCT will be created as the “ACCT sub-fund”. GCF will invest in the ACCT sub-fund, which will be restricted to the activities discussed in the PSAA application process and in the 10 selected countries. The ACCT will provide working capital finance and TA to business that operate locally in the selected countries, focused on cocoa, coffee, and associated crops. The FSF TA Facility will be incorporated in the Clarmondial Foundation, which is administered by Clarmondial (the AE).
60. GCF’s concessionality is targeted, limited, and catalytic:
- The junior equity is expected to be fully repaid with returns after 15 years. Its concessionality lies in its timing and risk position.
 - The senior equity is expected to be fully repaid with returns after 15 years. Its concessionality lies in its timing and ensuring sufficient scale to attract private institutional investors.
 - The TA grant supports non-revenue-generating activities, such as capacity building, technology transfer, data systems, and MMRV system set-up.
61. Private investors have confirmed that they would not participate in ACCT without the GCF’s catalytic role. GCF’s concessional equity is timely, as it unlocks:
- Co-investment from the main FSF sub-fund
 - Additional investor commitments that require a fund with a Net Asset Value (NAV) of more than USD 50 million – note that the ACCT will count towards the FSF total NAV (related to loans, i.e., component 1)
 - TA co-financing from VCPs and aggregators (related to grants, i.e., component 2)
 - De-risking from companies (VCPs) for their local suppliers
62. The ACCT will provide loans and TA to “aggregators”, i.e., business that work with farmers and farmers groups and provide value-addition to cocoa, coffee and associated crops, and are committed to climate-smart and regenerative practices. These businesses are critical links between smallholder farmers and markets. In addition to funding cocoa and coffee, FSF ACCT will also fund associated crops such as trees and tree-crops (e.g., for fruits, fibre, firewood including avocados, macadamia, rubber), food crops (e.g., bananas / plantains), and other cash crops (e.g., vanilla, cardamom, lemongrass, legumes), as well as apiculture (bees), which are complementary in terms of income generation and resilience. Thus, the ACCT is a climate finance initiative that aims to catalyze the adoption of climate-resilient and low-emission agricultural practices across selected landscapes. It does so by addressing the systemic lack of appropriate working capital and technical assistance (TA) that currently prevents farmers and supply chain actors from implementing effective climate mitigation

and adaptation strategies. The Feasibility and Market Study describe why working capital and TA is required in these value chains and regions.

63. The ACCT combines provision of additional working capital to aggregators (borrowers) with targeted, complementary TA. These are deployed through a value chain-based approach that harnesses existing aggregators (borrowers) that have business relationships with smallholder farmers, alongside financial investors and supply chain actors (VCPs). The ACCT is based on a model that has already been proven by the FSF, whereby lending opportunities are executed with the support (de-risking / guarantees) from private sector companies with an interest in advancing the sustainability of suppliers.
64. ACCT's flexible pre-harvest working-capital loans give borrowers – typically local aggregators with existing local operating track records, access to reliable, scalable financing to expand operations and source crops produced under climate-smart, deforestation-free practices. This working capital also supports aggregators' ability to deliver timely support to farmers: advancing essential inputs (seeds, low GHG fertilizers, crop-protection products), providing TA (farmer training, certification guidance), and offering ancillary services (e.g., weather and agronomic data, insurance for smallholder farmers).
65. One of the main innovations of Clarmondial and the FSF is collaboration with companies in the supply chain to originate and de-risk transactions. Agricultural supply chains depend on companies both upstream and downstream from farmers, and these companies to effectively originate and de-risk loans. The unique approach of the FSF and ACCT is the collaboration with aggregators (borrowers) and VCPs, as described below.
66. VCPs are typically larger, more diversified companies that have an existing business relationship with aggregators. They play two essential roles in the context of the FSF (and ACCT): First, they provide origination support, relationships with VCPs enable Clarmondial to efficiently originate potential borrowers (aggregators). Second, they deliver credit enhancement: VCPs offer partial or full guarantees on the underlying loans made by the FSF (and ACCT) to aggregators from whom they source. This helps to align interests between the FSF (and ACCT) as a financier and business partners, de-risk loans and enable financing, particularly in the absence of collateral during the pre-harvest phase. This is a unique and innovative approach that Clarmondial and the FSF have pioneered and tested, which utilizes primarily private sector de-risking to unlock additional financing on non-traditional terms to enable sustainable practices.
67. Aggregators are the FSF / ACCT's borrowers. They aggregate agricultural products from smallholders. The FSF / ACCT only lend to aggregators with a local presence and demonstrated commitment to engaging with smallholder farmers and rural communities throughout the year. Eligible aggregators / borrowers may have a range of business models origination, merchandising, transportation, storage, and processing, leveraging their direct presence and long-standing local relationships. Aggregators / borrowers are usually linked to VCPs through existing trading relationships. By bridging the gap between smallholder farmers and markets, aggregators enable the flow of capital, goods and services, as well as sustainable practices into underserved regions, catalyzing improved livelihoods and climate-resilient agriculture in sourcing landscapes.
68. The FSF and ACCT addresses the barriers described in the previous section and in the Feasibility Study by scaling a new funding approach that can deliver an additional source of working capital to companies that form critical links between smallholders and markets. Companies that work in these value chains are currently limited from advancing the uptake of sustainable practices, including with smallholder farmers, due to a lack of timely and affordable and timely working capital. Because the FSF and ACCT do not depend on traditional collateral to provide working capital loans, they can provide much-needed finance early in the agricultural season. Such early-season / pre-harvest funding is necessary to advance on climate adaptation and mitigation targets. With over four years of track record with the FSF, Clarmondial has demonstrated that this approach can work, and is ready to scale the approach for 10 selected countries through the ACCT, and with catalytic support from the GCF.

69. Some of the activities that need to be funded require resources that cannot be provided on a commercial basis, e.g., funding is for activities that do not have the potential for generating returns. Examples include training smallholder farmers on climate smart agriculture practices, establishing MMRV systems, including actionable data collection systems including those that lead to tailored insurance products protecting smallholder farmers' livelihoods, building local governance systems that cater to the needs of marginalized groups including women-led farming households and youth, and ensuring that climate-resilient varieties are available in remote rural areas (e.g., for food crops that are grown in agroforestry systems). The FSF ACCT will overcome this by providing TA for projects that cannot be funded commercially. However, FSF ACCT will require that TA projects are co-funded by interested private or public sector entities so that there is demonstrated commitment.
70. The project addresses the third identified barrier through its structure. The ACCT is part of FSF, which is registered as a private credit fund in Luxembourg, where it is classified as an impact fund (Article 9) under the EU SFDR. It is an open-ended (evergreen) fund, which means that, although each working capital loan provided is relatively short term, long-term relationships can be built. The FSF (and ACCT) intend to renew and grow relationships with borrowers year by year, indefinitely. The fact that the FSF is open-ended also means that there is no size limit, and as such there are significant economies of scale. Given that the FSF's assets are private loans each with a typical duration of 9 to 12 months, on a portfolio basis it can offer quarterly liquidity – this allows the FSF to be considered as a “fixed income fund”, where investor return expectations are not as high as for other investment instruments. Furthermore, the loan structure and the fact that FSF is a portfolio of loans representing a diversified group of countries and sectors (of which ACCT is one component) means that risk is mitigated. These factors have resulted in the FSF already being able to mobilize private institutional capital. The investment of the ACCT will help to ensure that the FSF achieves sufficient fund size, i.e., economies of scale, to become fully self-sustaining.
71. As an open-ended fund, the FSF (and the ACCT sub-fund) also offers an attractive proposition to private sector investors, and especially institutional investors: all shareholders have the right to present redemption requests at any quarter, with a notice period of 60 calendar days immediately preceding the relevant Valuation Date. Payment of the redemption proceeds will be made generally within five (5) Business Days following the relevant Valuation Date. This is possible because the underlying investments (loans to aggregators) have a typical duration of 9 to 12 months, as mentioned above, so regular loan repayments generate liquidity to the fund to address redemption requests.
72. The GCF investment in the FSF ACCT sub-fund will take place in a junior and senior share class. This structure is consistent with GCF's principle of minimum concessionality, ensuring the GCF funds are deployed in a targeted, limited, and catalytic manner. The waterfall mechanism is presented in B.4.
73. The FSF ACCT's goal is associated with two outcomes and two co-benefits: Enhanced adaptive capacity and resilience of smallholders, businesses and ecosystems in targeted landscapes through provision of working capital finance and TA (OP.1), Reduced and removed GHGs in sourcing areas and in supply chains through the adoption of sustainable practices, enabled by working capital finance and TA (OP.2), Generate local socio-economic benefits, notably for women and youth (CB.1), and Protect and restore biodiversity, and contribute to ecosystem health (CB.2). These are achieved through the mobilization of blended finance and private co-investment both through the ACCT sub-fund and the TAF and through the private resources leveraged.
74. The outcomes and co-benefits described above, and the mobilization of blended finance and private sector (VCP) co-investment will occur based on the following outputs / results: that the FSF ACCT Sub-Fund is established and operational (Output 1.1), that loans are provided to Borrowers in collaboration with VCPs (Output 1.2), that financial and impact performance is monitored, reported and verified (Output 1.3), and that the ACCT TAF is established and operational (Output 2.1), that there is strengthened borrower capacity to enable the adoption of improved practices (Output 2.2), and that knowledge and data systems are developed and disseminated (Output 2.3). These outputs

are described with regards to their specific components below, including the associated activities, results, roles and responsibilities and expected impacts, including the GCF outcome areas.

Component 1: FSF ACCT Investment Facility (sub-fund)

Activity 1.1.1: Establish FSF ACCT sub-fund and secure co-funders

75. This component “Establish FSF ACCT Sub-Fund and secure co-funders” is necessary to mobilize blended finance and private co-investment: the establishment is necessary for investment capital raised to be mobilized. The existing FSF will invest in the FSF ACCT Sub-Fund, and this is also likely to result in co-investments, both from the FSF and potentially from other investors. Establishing and operationalizing this is necessary to provide working capital finance that can result in enhanced adaptive capacity and resilience, as well as reduced and removed GHGs in sourcing areas. The key stakeholders are Clarmondial, investors / potential investors, the AIFM, lawyers, regulators, depository / custodian. Clarmondial will work with the relevant stakeholders to deliver this component. It is necessary to have this structure in place to mobilize private (institutional) capital to these activities. Establishment of the FSF ACCT sub-fund is also necessary so that it can enter into agreements with investors, borrowers and VCPs. This activity will lead to Output 1.2 (loans provided to Borrowers in collaboration with VCPs).

Activity 1.2.1: Identify and contract with borrowers, including renewals

76. In this component, “Loans provided to Borrowers in collaboration with VCPs”, Clarmondial in collaboration with the FSF ACCT implementation partners (e.g., AIFM) will originate, assess, propose and monitor loans to companies sourcing from cocoa and coffee sourcing landscapes in the selected countries (i.e., “Identify and contract with borrowers, including on renewals” – Activity 1.2.1). This requires the support of the partners mentioned in the paragraph above and collaboration with VCPs to originate and de-risk loans. Clarmondial has already demonstrated that it can execute on this and has demand from relevant borrowers in target countries. Borrowers, i.e., private sector companies, will be screened for their capacity to take on the financial and impact (non-financial) conditions of the loan. Under this activity / component, Clarmondial will apply the FSF ACCT investment approach including the ACCT ESMS. Note that each loan has a typical period of 9 to 12 months, after which it must be fully repaid before a new loan is considered. Due diligence, including on environmental and social issues, are thus conducted annually by Clarmondial.

Activity 1.3.1 and Activity 1.3.2: Monitor borrowers for financial and impact performance

77. The FSF ACCT is obligated to monitor, report and verify financial and non-financial (impact) performance on a regular basis. Such obligations are imposed by the financial regulator in Luxembourg and the European Commission, and its legal documents. Given its domicile, the FSF (including the ACCT sub-fund), must be classified according to the EU SFDR (e.g., Article 9), and must be independently audited (verified) on an annual basis. This includes both a financial and an impact audit. This procedure is currently performed on the existing FSF, and it is expected that the ACCT sub-fund will continue to follow these practices. This information is communicated to the regulator and to investors. Furthermore, given that the impact objectives are enshrined in key documents of the Fund, it is obliged to follow its written policies and processes on additional reporting, i.e., as described in the FSF ACCT ESMS and its annexes. As per current processes described in the ESMS, the Fund also reports on its financial performance, as well as key market and impact developments, on a quarterly basis. Additional information is also collated and reported to investors in the Annual Impact Report. Furthermore, the TAF will also regularly monitor and report on its activities and will undergo audits – this will be communicated to stakeholders on an annual basis (e.g., investors and TAF funders). Noting that national governments (NDAs) are key stakeholders, Clarmondial will develop and implement implementation agreements for each included country (NDA), which will stipulate the frequency, content of reporting and focal points. It is expected that the reporting

to NDAs will focus on activities in a specific country. Clarmondial has initiated the development of these processes with NDAs.

78. Borrowers are monitored regularly on financial performance (Activity 1.3.1 “Monitor borrowers for financial performance”) and impact (Activity 1.3.2 “Monitor and report on impact performance”). The financial and impact performance is collated by Clarmondial and reported to investors and other partners annually by the FSF (ACCT) in collaboration with the implementation partners (e.g., the AIFM). These activities are described in various documents including the FSF ESMF and ACCT ESMS. Note that Clarmondial has a track record of execution through the existing FSF, including the FSF four Annual Impact Reports, annual audits and the audits carried out by CI-GEF. These set of activities are necessary to continue to mobilize blended finance and private co-investment, i.e., through a positive track record demonstrated by regular investor reports, and to lead to the Outputs and Co-Benefits.

Component 2: Technical Assistance Facility (TAF)

Activity 2.1.1: Establish FSF ACCT TAF and secure co-funders

79. Component 2.1 entails the establishment and operationalisation of the FSF ACCT TAF. This is necessary to provide the TA required to mobilize blended finance and private co-investment and to generate and conduct MMRV impact aligned with the GCF results areas. The FSF ACCT TAF will be established in a separate entity as it is not efficient to put TA grants through an investment or for-profit entity. The TAF Operating Guidelines are described in this document and attached. Note that the ACCT TA grants will only be provided to FSF ACCT Sub-Fund borrowers. For the avoidance of doubt, no cash from the GCF-provided TA funds will be passed on as cash to farmers / local communities, cash from the GCF-provided TA funds will only be provided to companies that have passed the ACCT E&S due diligence. This means that the same E&S approach will apply as the FSF ACCT loans, i.e., application of the ACCT ESMS. However, TA projects may be for a duration of 2 years. Given that the TA grants are to existing borrowers, the same E&S monitoring process is applied. Clarmondial will be responsible for establishing and operating the FSF ACCT TAF, with the support of external experts. Clarmondial will also seek co-funding, both for the FSF ACCT TAF and for specific TA projects. This leads to TA for aggregators and beneficiaries for impact outcomes. Clarmondial has relevant experience with designing and overseeing TA projects.

Activity 2.2.1: Strengthened borrower capacity to enable adoption of improved practices

80. Under this component, Clarmondial will work with Borrowers, local and international stakeholders, including NDAs and topic experts (e.g., on Indigenous Peoples, gender experts, scientists) to identify and deliver TA needs and to oversee TA projects (Activity 2.2.1). It is necessary to work with a range of stakeholders to identify priority needs that should be supported by TA grants to deliver the Outcomes and Co-Benefits, i.e., climate-resilient and low-emission practices. While the borrowers will be the TA recipients, Clarmondial will work with partners to ensure the public good of this funding, including to support specific E&S interventions that cannot be supported on a fully commercial basis. Clarmondial will utilise the FSF ACCT Sub-Fund ESMS but will also require additional reporting as per the FSF ACCT TAF Operating Guidelines.

Activity 2.3.1: Knowledge sharing about value chain finance

81. Through developing and implementing the FSF, an innovative finance model that leverages corporate supply chain commitments, Clarmondial has recognized the importance of sharing “real” case studies of value chain finance with stakeholders, including corporates, investors and governments. This is included under Component 2.3.1 (“Knowledge sharing about value chain finance”). This is necessary to help mobilize blended finance and co-investment, leading to the desired outcomes and co-benefits. Thus, the purpose of this Output is to develop and disseminate knowledge and data systems that support climate-aligned value chain finance align with national priorities. Clarmondial has experience

of developing such knowledge products. This can also support replication and scaling and help to address various barriers including financial barriers and regulatory, political and legal frameworks.

Activity 2.3.2: Data collection and management

82. The other important component related to Output 2.3 is “Data collection and management” (Activity 2.3.2). Through implementation of the FSF Clarmondial has identified the need for better information collection and management in supply chains – this can guide decision making by companies, investors and governments, as well as by other stakeholders. It is necessary that data is used not just for monitoring and reporting on the FSF ACCT performance, but also that it can help to improve capacity of relevant stakeholder groups, with a public good element. This may contribute to the further mobilization of blended finance and co-investment, e.g., more localized emissions factors and information on climate threats may influence corporate sourcing behaviour and contracting, as well as policy and the behaviour of complementarity financiers such as local financial institutions.

Rationale for Chosen Intervention Set

83. The proposed model was selected based on feasibility analysis, existing FSF experience, and lessons learned from engaging with coffee and cocoa supply chains and stakeholders over many years. The Feasibility Study shows that there is a funding gap for working capital in supply chains, which hinders their ability to contribute to positive climate, social and environmental outcomes. FSF ACCT was designed specifically to fill this gap, mobilizing pre-harvest working capital with embedded TA in a structure proven to attract private sector interest.
84. Other models (e.g., pure grant programs, buyer-led certification schemes, or public loan guarantees, other funds) have been unable to reach scale or drive systemic change because they do not combine:
- A scalable and sustainable financing model that can mobilize private capital and corporate de-risking. Models that rely on the public sector to take most of the risk in financing structures are not scalable or replicable. The FSF requires that private sector participate in risk-sharing on each loan, which paves the way for a graduation out of concessionary capital.
 - Tailored TA integrated with provision of additional working capital and support from the private sector. TA must be locally appropriate and demand driven, private sector should demonstrate their interest in carrying on the activity by co-funding the TA.
 - Structured investor and value chain engagement that includes relevant stakeholders who have a long-term commitment to the supply chain and sourcing landscape, e.g., local communities, farmers, local companies, international buyers, governments.
 - Too narrow or too wide a focus: Funds that are very narrow, e.g., only consider a few emerging market countries and sectors are unable to demonstrate sufficient potential size and portfolio diversification and thus are unattractive to most commercial institutional investors that invest in funds. This is why it is important that ACCT is part of FSF. On the other hand, funds that are too wide are unable to build the sector specific expertise, networks and portfolio composition needed to execute an effective strategy.
85. The FSF model already has institutional investor participation and operational infrastructure. ACCT builds on this with a dedicated climate focus, targeted MMRV and emissions logic, and regionally appropriate design.

Sustainability and Scale-Up

86. The FSF is an open-ended (evergreen) fund structure. This allows for continuous scaling beyond the life of the GCF support. As investments mature and performance data are generated, more private capital is expected to be mobilized. The use of equity, guarantees, and concessional capital ensures that the structure is not dependent on GCF funds after initial deployment. By crowding in capital and embedding sustainability into core lending, the program is inherently scalable and self-sustaining.

Trade-offs and Mitigation

87. Several trade-offs were considered in the design of the FSF and ACCT. Some of the key points are included below:
- Loan term: the FSF and ACCT consider a typical loan term of 9 to 12 months; loans are renewable subject to financial and impact performance. The intention of the FSF (and ACCT) is to keep on renewing and growing the loans indefinitely. The alternative would be to provide longer-term loans; however such loans would have a much higher risk profile and investors would require a higher return (interest rate) to compensate them for the risk, which means that the FSF and ACCT could not deliver financing that is affordable to borrowers. It would also introduce an asset-liability mismatch in the FSF, and the structure would have to be changed, resulting in a fund structure which would be more difficult to raise.
 - Hard currency (USD): the FSF and ACCT provide their financing in USD. This means that some products that are transacted in local currency are excluded. While these transactions would be high-impact, investors would demand much higher returns to compensate them for the additional currency risk.
 - Value-chain linked enterprises and borrower size: the FSF and ACCT requires that borrowers have demonstrated links to the supply chain, e.g., customers that are willing to provide guarantees. While focusing on value chain-linked enterprises may leave out some more remote or informal producers, the model ensures traceability and accountability. Trade-offs in geographic reach are balanced by depth of service and provision of TA. Moreover, TA can be used to extend services to underserved groups and design inclusivity mechanisms, especially for women and youth. Similarly, borrowers need to be able to absorb around USD 1m minimum in working capital loans, which excludes smaller companies. This can help ensure that the Fund can control its management costs and that the risk of defaults is mitigated.

Sub-Project Selection and Financial Intermediation

88. As FSF ACCT operates with a financial intermediation model, sub-project selection will follow rigorous credit and climate criteria, as described in the ESMS. These include:
- Capacity to take on and deploy working capital for climate-aligned sourcing, including relationships with stakeholders up and downstream in the supply chain.
 - Track record of engagement with smallholder farmers.
 - Willingness to implement climate smart practices and MMRV.
 - Gender and social inclusion measures.
 - Legal compliance and alignment with national and GCF safeguards.
89. The project implementing team will assess alignment with these criteria during origination, execution and monitoring, including in new loans and loan renewals.
90. The FSF ACCT TAF will provide targeted grant funding to eligible borrowers of the FSF ACCT Sub-Fund to strengthen the environmental, social, and operational resilience of borrowers. The TAF is not a stand-alone mechanism; it complements the loans by supporting borrowers to *inter alia* implement climate-smart practices, improve traceability systems, promote gender and youth inclusion, and build local capacity. No TAF funds are disbursed directly to smallholder farmers or local communities. Instead, the grants finance activities delivered by the borrowers, who have established field-level operations and work with farmers. This ensures that TA support reaches communities without direct cash transfers. TAF funding is aligned with national climate and development priorities and governed by a Technical Advisory Committee (TAC), including independent experts and Clarmondial, the TAF Manager. All TAF activities are subject to rigorous due diligence, including Environmental and Social Safeguards (ESS) Assessments, and must meet the same standards as loan-funded operations. MMRV is embedded in each TAF project, ensuring that outcomes are regularly tracked and validated. By providing grant-based support exclusively to borrowers already vetted through the FSF's lending framework, the TAF reinforces the Fund's impact objectives while maintaining strong fiduciary and ESG controls. The TAF Technical Evaluation Committee (TEC) will provide strategic oversight for the

FSF ACCT TAF and will be composed of donor representatives, including the GCF. The TEC will meet quarterly with Clarmondial, the TAF Manager, to review progress, ensure alignment with donor priorities, and provide guidance on the overall vision and objectives of the TAF. While the TEC does not have direct grant approval authority, it plays a key role in evaluating the coherence and effectiveness of the TAF's operations, including the impact, governance, and risk mitigation strategies associated with grant-funded interventions. This structure ensures that donor interests are reflected in the TAF's execution while preserving the independence of the technical decision-making process led by the TAC. There will also be periodic engagement and reporting to ensure liaison with national bodies, including national focal points, to ensure alignment.

91. The FSF ACCT structure, tested and ready for climate deployment, provides an efficient, blended vehicle to achieve measurable results in GCF priority areas. It offers an innovative yet proven model to unlock climate finance for smallholders in some of the world's most vulnerable agricultural sectors.

B.4. Implementation arrangements (max. 1500 words, approximately 3 pages plus diagrams)

Implementation Structure

92. The Accredited Entity (AE) for this project is Clarmondial, a women-led, employee-owned investment advisory company headquartered in Switzerland. Clarmondial is the AE under the GCF's Project-Specific Assessment Approach (PSAA) and will also serve as the Executing Entity (EE) for the FSF ACCT project. Clarmondial has a proven track record structuring and managing innovative climate finance vehicles, including acting as Executing Agency for the Global Environment Facility (GEF) Non-Grant Instrument (NGI) project "Food Securities Fund" (GEF ID 10322), for which Conservation International serves as the GEF agency. Clarmondial is the Investment Advisor to the Food Securities Fund (FSF), an open-ended, blended finance investment fund established as a Luxembourg-based SICAV-FIS. The FSF structure is fully regulated and classified as an Article 9 (impact) Fund under the EU Sustainable Finance Disclosure Regulation (SFDR). The FSF ACCT will operate as a dedicated sub-fund within the FSF, governed by the same robust legal and fiduciary oversight mechanisms.
93. The Food Securities Fund ("FSF") is incorporated in Luxembourg as a *société d'investissement à capital variable* (SICAV) governed by the *Fonds d'Investissement Spécialisé* (FIS) regime. Legally, it takes the form of a *société anonyme* (SA) and qualifies as both a Special Investment Fund (SIF) under the Luxembourg law of 13 February 2007 and an Alternative Investment Fund (AIF) under the EU Alternative Investment Fund Managers Directive (AIFMD). FSF is authorised and supervised by the *Commission de Surveillance du Secteur Financier* (CSSF).
94. Luxembourg was selected because the targeted investor base, formed primarily by European institutional investors, favours the jurisdiction's robust regulatory infrastructure. In connection with the approval of this Project, FSF will be reorganised into an umbrella structure with two legally segregated compartments:
- Main Sub-Fund – inherits all existing assets, liabilities, rights, and obligations of FSF and continues its original investment objective without material change, issued through a single class of shares.
 - ACCT Sub-Fund – exclusive for GCF financed activities and adopts a two-tranche capital structure with senior and junior equity share classes.
95. To achieve impact at scale, the structure addresses three institutional requirements: (a) exposure to sustainable agriculture in emerging and developing markets; (b) operation within a high-integrity regulatory environment; and (c) availability of quarterly liquidity despite the long-term nature of the underlying assets.
96. The choice for Luxembourg, mentioned above, required Switzerland-based Clarmondial to secure the services of an EU-based AIFM in order to comply with the EU Alternative Investment Fund Managers Directive (AIFMD). The AIFM is responsible for performing portfolio and/or risk management functions

(in this case both). The choice of structure, domicile, and strict regulatory supervision, also led to the engagement of a depository to perform certain functions including overseeing the ownership interests in any assets of the fund and various oversight functions in relation to the shares in the AIF. FSF is also an Undertakings for Collective Investments (UCI), and is therefore required to perform UCI administrative activities either in-house or through a third-party service provider. FSF appointed an UCI Administrator providing administrative agency, registrar and transfer agency, paying agency, and domiciliary services.

97. In its capacity as the investment advisor, Clarmondial will be the EE for most activities under Component 1 of the proposed project, together with the external AIFM, which will be an EE for certain activities under Component 1 (mainly portfolio management and risk management, as per Luxembourg regulations). In its capacity as administrator of the TA Facility, Clarmondial will also be an EE for the outputs under Component 2.
98. The GCF will enter into an FAA with Clarmondial, which will detail key implementation arrangements including AE fees, commercial terms, and legal obligations between the parties, including obligations of the Applicant to pass GCF policies down to the Executing Entities such as the ACCT Sub Fund, Clarmondial Foundation, the External AIFM, and the TAF.
99. In accordance with the terms to be set out in the FAA, the GCF will subscribe for junior and senior shares in the ACCT sub-fund by executing a subscription agreement. The fund constitutional agreements, the offering documents, the subscription agreement and, if applicable, side letters (collectively, the ACCT Sub Fund Documents) will outline the commercial and legal terms of GCF's investment, including the manner of subscription, investment or eligibility criteria, consent rights, distribution rights, distribution waterfall, and exit rights. The AE will ensure the roles and responsibilities of the parties involved are aligned with the FAA. All investments will support agriculture supply chains in the countries that have communicated their no-objection in accordance with the GCF no-objection procedure (Host Countries).
100. The TAF will be directly managed by the AE by the Clarmondial Foundation and the Clarmondial Foundation will act as EE for Component 2 and oversee project delivery. GCF funds will thus be channeled to the Clarmondial Foundation, to be created by Clarmondial as a Stiftung (foundation) - a common legal structure for charitable organizations in Switzerland, as it allows for the dedication of assets to a specific purpose while ensuring independence and long-term support for the foundation's objectives.
101. Clarmondial will open and maintain a separate, interest bearing, bank account in Switzerland or in Luxembourg for the purposes of receiving, holding, and administering the GCF proceeds and any other GCF funds for the purposes of this project. The reimbursable funds from the GCF will be transferred to such account, which will be channelled to ACCT upon subscription requests. Distributions from ACCT will reflow to the GCF through the same account in accordance with the agreed waterfall. The grant proceeds for Component 2 will also be transferred to such account, with the AE being responsible for the allocation of these funds and for implementing Component 2 activities.

Segregation of activities

102. As mentioned above, in connection with the approval of this Project, FSF will be reorganised into an umbrella structure with two legally segregated compartments: the Main sub-fund and the ACCT sub-fund. The latter will be exclusive for GCF financed activities. While the sub-funds (compartments) structure ensures full operational and liability segregation, a Luxembourg S.A. SICAV-FIS with two sub-funds remains a single company with a single board and single legal personality. As a result, every binding act (corporate, contractual or procedural) must be carried out by the SICAV itself clearly stating the sub-fund on whose behalf it is acting. As part of the reorganization, the constitutional documents will incorporate standard ring-fencing language.

Governance and Decision-Making Bodies for the FSF ACCT Sub-Fund (loans)

103. The FSF and ACCT operate under a comprehensive governance structure designed to ensure strong fiduciary oversight, environmental and social accountability, and alignment with institutional standards. At the highest level, the Fund is overseen by the Fund Board, which comprises senior financial experts including Christopher Knowles (independent, formerly with the European Investment Bank), Jean Paul Gennari (independent, formerly with UBS and Nomura), and Tanja Havemann (Clarmondial). The Board is responsible for strategic oversight of the Fund and ensures that its operations remain consistent with its investment and impact mandates. Operational risk and portfolio management responsibilities are delegated to the External Alternative Investment Fund Manager (AIFM), Vistra Fund Management S.A., which also hosts the Investment Committee and the Valuation Committee, both responsible for investment approvals and asset valuation governance, respectively.
104. In parallel, the FSF's Investment Advisor (IA), Clarmondial AG, hosts two advisory bodies: the Investment Advisory Committee (IAC) and the Valuation Advisory Committee (VAC). Both are composed of independent experts who provide technical assessments and strategic advice, including on FSF borrowers. The IAC and VAC have representatives with decades of agri-banking, impact investment and E&S experience. The Impact Advisory Board (IAB) oversees the Fund's environmental and social performance, monitoring E&S compliance and the achievement of intended impact outcomes. Note that only FSF ACCT borrowers are eligible recipients of FSF ACCT TA funds. For TA activities under the FSF ACCT, a dedicated Technical Assistance Committee (TAC) provides oversight of project selection and implementation, ensuring alignment with the Fund's objectives. The FSF ACCT TAF also has a Technical Evaluation Committee (TEC), composed of donor and institutional representatives, including the GCF, that provide strategic guidance and evaluates the alignment of the TAF's portfolio with broader climate and development goals. Additional service providers include Citibank, acting as the Fund's depositary and UCI administrator; EY as the external auditor; and A&O Shearman as legal counsel, supporting fund structuring, compliance, and legal oversight across all operational tiers.
105. The same governance structures will apply to FSF ACCT, which will benefit from the existing investment process, due diligence, monitoring, and reporting frameworks, while being legally segregated (as a sub-fund) to ensure that GCF funding is exclusively exposed to countries with approved No Objection Letters (NOLs). However, while the ACCT will be subject to the existing requirements of the FSF, including the Environmental and Social Management Framework (ESMF), which includes the ESG Policy, it will have some additional requirements in the investment and TA decision-making process, as well as in execution, as described in the FSF ACCT Environmental & Social Management System (ESMS). Notably these are the modified ESS Standards Assessment, which informs stakeholder engagement plans, gender action plans, and Indigenous People's Plans to be implemented by borrowers in loan and TA projects.
106. The FSF ACCT will be accompanied by a specific TA Facility (FSF ACCT TAF). The operations and governance are described in the FSF ACCT TAF Operating Guidelines. The FSF ACCT TAF will include an independent representative on its Technical Advisory Committee (decision making on TA grants). The GCF can also appoint a representative to the TA Executive Committee (TEC). Furthermore, Clarmondial will enter into operating agreements with NDAs, focused on aligning the activities of the FSF ACCT TAF with national priorities.

Allocation of Results and Loss-Mitigation Mechanism (i.e., Waterfall mechanism)

107. On each Valuation Date the Fund's aggregate net result (positive or negative) is first calculated for the Fund as a whole. That net result is then allocated pro-rata to all Shares in issue (senior and junior) based on the number of Shares held. A Compensation Event occurs for an individual Senior Investor

if, on any Valuation Date, the NAV per Senior Share held by that investor is less than its Subscription Price.

108. On the occurrence of a Compensation Event, the shortfall amount is recorded as (a) a “Payable to Senior Investors” (liability) of the Junior Share Class; and (b) a corresponding “Receivable from Junior Investors” (asset) of the relevant Senior Investor. These entries are unrealized - i.e., no Shares are cancelled or issued at this stage.
109. The Fund’s administrator will test, record and report Compensation Events (including cumulative payables/receivables) for each Senior Investor at every Valuation Date.
110. The total payable under all open Compensation Events is limited to the aggregate NAV of the Junior Share Class at the respective Valuation Date. If that NAV is insufficient to cover all open payables on a Valuation Date, the amount available is allocated pro-rata among eligible Senior Investors according to their number of Senior Shares; any residual shortfall remains outstanding. The NAV per Junior Share may fall to zero but cannot be negative (as a reminder, the liability of any Shareholder is limited to its investment in the Fund, so the Compensation obligations of the Junior Share Class are capped at its NAV).
111. If a Senior Investor submits a redemption request while a payable to it remains outstanding, the payable must be settled on the relevant Valuation Date by transferring Junior Shares (or fractions thereof) equal in value to the outstanding payable (subject to the pro-rata limitation mentioned above) immediately prior to calculating the redemption proceeds. By submitting the redemption request the Senior Investor irrevocably waives any right to further compensation in respect of the redeemed Shares after that Valuation Date.
112. After any Compensation Event, one hundred per cent (100 %) of the Fund’s subsequent positive net results is first applied to reduce outstanding “Receivable from Junior Investors” balances (thereby reimbursing the Junior Share Class). Only once all such receivables have been extinguished are further positive results again allocated pro-rata to Senior and Junior Shares.

Legal Arrangements

113. In addition to Luxembourg’s laws and regulations, the Food Securities Fund is governed by its Articles of Incorporation (dated October 2020) and the Confidential Offering Memorandum (the Prospectus, last updated in January 2025). These fund documents will be updated following GCF board approval to transform the FSF into an umbrella structure - the current setup will become the “Main sub-fund” and ACCT will be created as the “ACCT sub-fund”. GCF will invest in the ACCT sub-fund, which will be restricted to the activities discussed in the PSAA application process. The Main sub-fund will continue to operate as usual and also invest in the ACCT sub-fund. For avoidance of doubt, due to the legal separation between the sub-funds, the GCF proceeds will be used only for GCF approved funded activities described in the PSAA application process.
114. Besides these governing documents and GCF-specific agreements (e.g., the Funded Activity Agreement - FAA), the main legal arrangements in place are listed below. The FSF ACCT sub-fund will accede to the following agreements:
 - Directorship Agreements – entered between each director and the FSF. It defines the director’s appointment and oversight duties and clearly separates board responsibilities from the AIFM’s functions (portfolio and risk management) and other service providers. It covers information rights, meeting expectations, conflicts of interest, remuneration and indemnity / D&O requirements, confidentiality and data protection, and term/termination under Luxembourg law.
 - External AIFM Agreement – entered between the External AIFM and the FSF. It appoints the AIFM and defines the regulated functions it will perform for the fund - principally portfolio and risk management - along with reporting to the board, delegation controls, cooperation with the depositary and administrator, and compliance with regulatory requirements. It sets the fee and

liability/indemnity framework, information and audit rights, confidentiality and data protection, and the term, termination and handover mechanics under Luxembourg law.

- Investment Advisory Agreement – entered between the Investment Adviser and the External AIFM, in the presence and for the benefit of the FSF. It appoints the advisor on a non-discretionary basis to support the external AIFM and the board by sourcing, evaluating, and monitoring investments, preparing recommendations, and providing market/pipeline reporting. It also covers investor-engagement support (materials, DDQ/RFP responses, reporting), information flows, fees and expenses, standard of care and conflicts, confidentiality and data protection, and term/termination. It also confirms that portfolio and risk management remain with the AIFM.
- Depositary Bank Services Agreement – entered between the Depositary, the External AIFM and the FSF. It appoints the depositary under AIFMD / Luxembourg law to safekeep the fund's assets (custody / record-keeping with segregation and sub-custodian oversight), monitor cash flows, and perform oversight checks on subscriptions and redemptions, valuation, investment limits, and timely settlement with regular reporting to the board. It sets information rights and escalation, the liability / indemnity framework for loss of financial instruments held in custody, delegation controls, fees and expenses, and term/termination.
- UCI Administrator Agreement – entered between the Administrator and the FSF. It is supplemented by specific agreements related to FATCA and CRS reporting services, for example. It appoints the central administrator (including registrar & transfer agent) to calculate the NAV and keep the books, maintain the shareholder register and process subscriptions and redemptions, perform investor AML/KYC and tax reporting (FATCA, CRS), handle regulatory and statutory reporting and financial statements, and support board and AIFM communications. It also sets service standards and reporting lines with the AIFM / depositary, fees and expenses, data protection and confidentiality, liability, indemnity, and term/termination.
- Other agreements cover legal advisory services, financial audit, tax advisory service, and Directors & Officers (D&O) liability insurance, for example.

115. All investors enter into a standard subscription agreement with the FSF. As an open-ended fund established as a S.A. SICAV-FIS, the FSF has no GP agreement or LP agreement. Certain investors may require a side letter to address specific ESG or financial reporting needs.

116. Investments are executed through standard private loan agreements under Luxembourg law, executed between the FSF and the borrower, based on a template developed with A&O Shearman, and backed by a legal opinion provided by a local law firm contracted by the borrower. A loan agreement is typically accompanied by a professional payment guarantee agreement under Luxembourg law, executed between the FSF and the VCP, based on a template developed with A&O Shearman, and also backed by a legal opinion provided by a local law firm contracted by the VCP. No licenses are required for the execution of the proposed loan agreements with the potential counterparties operating in the Host Countries.

117. As soon as GCF funds are made available to Clarmondial, these will be channeled to the Clarmondial Foundation through a grant agreement. The Technical Assistance Facility will enter into grant agreements with the borrowers for each project. A template under Swiss laws will be established ahead of the GCF contribution.

Experience and Track Record

118. The FSF has been operating since March 2021. The FSF has published investor reports every quarter since inception and has also published annual impact reports. The FSF has been audited every year, including undergoing an impact report as part of its SFDR Article 9 designation. There have been no significant changes in key personnel since the start of the FSF.

119. Clarmondial has:

- Structured the FSF and raised over USD 125 million in investment commitments, grants and guarantees.

- Originated and executed over USD 66 million in loans, with a positive portfolio yield.
- Managed over USD 1 million in grants, and led project development and execution across Côte d'Ivoire, Uganda, Peru, Ghana, and Kenya (among other countries not eligible for ACCT). Note that Clarmondial has designed and overseen TA to the FSF through a project-based facility funded under the SSNUP program⁹⁷.
- Delivered successful projects with buyers, banks, and Development Finance Institutions (DFIs), as well as leading corporates including Nestlé and Unilever.

120. As of this proposal, Clarmondial manages loans across multiple agricultural value chains and has piloted TA delivery aligned with climate, biodiversity, and gender outcomes.

Selection Criteria for Sub-Projects and Financial Intermediation

121. Selection criteria for the FSF ACCT sub-fund (loans): Aggregators (borrowers) must operate in included countries. For the avoidance of doubt: the ACCT is not restricted to cocoa and coffee production. Borrowers should have demonstrated intent and capacity to engage smallholder farmers, including to support practices that contribute to FSF ACCT's impact targets, e.g., on climate change mitigation, adaptation and resilience, biodiversity conservation, ecosystem health and social co-benefits. The borrower must demonstrate financial viability and ability to take responsibility for a working capital loan from the FSF ACCT, including financial management and reporting. Furthermore, it must be able to comply with FSF ACCT's environmental, and social safeguards, including on MMRV. Loan terms (e.g., amount, interest, tenor) will be based on a thorough due diligence and FSF's policies. Due diligence on a borrower's compliance with the selection criteria will be assessed prior to start, monitored during the loan period, and re-assessed prior to loan renewals (i.e., new disbursements).
122. TA under the FSF ACCT TAF is exclusively available to borrowers of the ACCT sub-fund who have successfully completed the Fund's financial and environmental & social (E&S) due diligence. This ensures that all TA recipients meet the Fund's baseline standards for risk management, operational capacity, and E&S compliance. TA projects are selected based on contributions to the ACCT targets, and alignment with national priorities. Proposals must demonstrate a clear link to climate-resilient value chain development, particularly in support of smallholder farmers and their communities. Preference is given to interventions that are co-designed and supported by relevant partners to reinforce operational ownership and long-term sustainability. All projects must pass E&S safeguard screening and be assessed for systemic relevance, and potential for integration into the borrower's core sourcing operations. Borrowers that receive TA funding may undergo further assessment to ensure their contributions and capacity and will be required to enter into a separate TA funding agreement, which may confer additional reporting obligations.

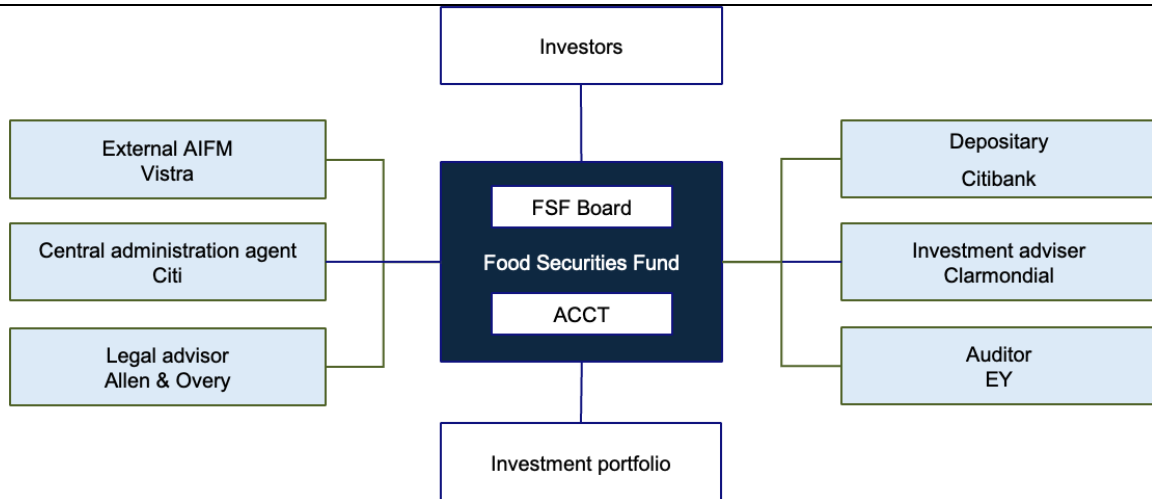
Capacity Assessment

123. As an AE and EE under the PSAA track Clarmondial has provided documentation demonstrating strong fiduciary, environmental and social safeguards (ESS), and financial management systems. FSF's structure and Clarmondial's performance under the GEF NGI have already been subject to robust scrutiny by international donors and investors.

Organogram: investments

124. The FSF and ACCT have several organisations and individuals affiliated with it. These are illustrated in the diagram below. The FSF Board will supervise the ACCT, as it is part of the existing FSF. Each of the institutions (Vistra, Citi, Allen & Overy, EY, Clarmondial) have their own organograms.

⁹⁷ <https://www.ada-microfinance.org/en/call-projects-concluded-five-new-impact-investors>

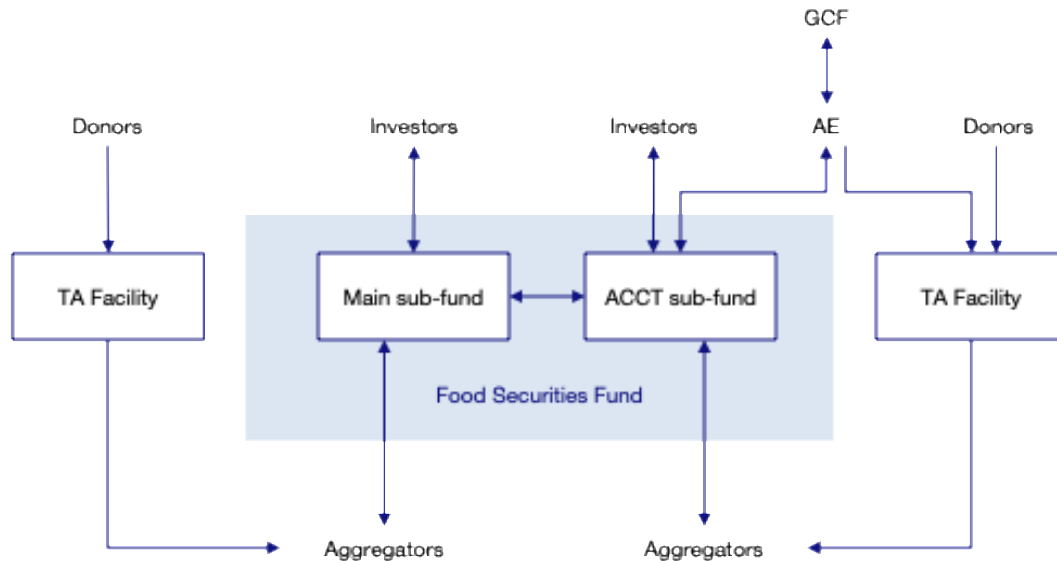


125. Clarmondial is responsible for investment origination, due diligence and credit assessment, and hosts the Investment Advisory Committee (IAC) and the Valuation Advisory Committee (VAC). Once a suitable investment opportunity has been identified and assessed, and approved by the IAC, Clarmondial presents the potential deal to the External AIFM (Vistra). Then Vistra will hold its own Investment Committee. Vistra also performs risk management, portfolio management, and regulatory and compliance checks. Once a transaction is approved by Vistra, final legal checks are carried out and the transaction is sent to the Board for final consideration and approval. These processes and policies are described in the FSF's policies and processes including the ESMF, and for the ACCT in the ESMS as well as GCF-specific documents (e.g., IPPF, ACCT ESS Assessment template). The TA Facility of the ACCT will be managed separately, according to the TA Facility Operating Manual, and with a separate governance structure.

Fund Flow Structure

126. The GCF will make a junior and senior equity investment in the FSF ACCT sub-fund and a grant contribution to a parallel FSF ACCT TAF. The FSF ACCT will issue shares to the GCF as a catalytic junior (up to USD 40m) and senior (up to USD 10m) investor. The junior shares assume first loss in exchange for leveraging senior capital.
127. The FSF ACCT will lend directly to borrowers via private loan agreements. These loans are typically unsecured but backed by partial guarantees from VCPs (e.g., private companies, brands, exporters, buyers) that assume part of the risk. All financial flows are through a professionally managed investment structure and a parallel TA grant facility.
128. Under the FSF ACCT structure, GCF funds are expected to flow through two distinct but complementary channels. First, the GCF equity investment is channeled into the FSF ACCT Sub-Fund, which provides working capital loans to eligible borrowers. The GCF equity investment is intended to unlock investment in the FSF ACCT sub-fund, including existing and new FSF investor commitments, and to be catalytic to the overall growth of the FSF. Second, the GCF's TA grant is directed to the ACCT TAF, which will be provided as grants to ACCT borrowers. GCF's contribution to the ACCT TAF is catalytic to additional private and public resources to be deployed at the TAF and project levels in the qualifying locations.
129. At the end of the GCF investment period (15 years), the GCF shares will be redeemed. FSF ACCT may continue to exist as an open-ended structure, like the existing FSF share class.
130. The diagram below illustrates the flow of funds (blue arrows) for the FSF ACCT. Investors provide capital into the FSF (existing main sub-fund), which may invest directly and will also invest into the ACCT sub fund. Investors that are interested in the ACCT may also invest directly in the ACCT sub

fund. The FSF will have a separate TAF for the ACCT, which will use the same FSF TAF Operating Guidelines, but with specific guidance for the ACCT, restricting it to activities in the selected countries. The ACCT TA Facility will also be governed by a dedicated TAC and TEC. For avoidance of doubt, FSF ACCT TAF funds can only be used for ACCT sub-fund borrowers.



Investment allocation and conflict of interest

131. The Conflicts of Interest Policy of the Food Securities Fund - established in line with the Luxembourg Law of 13 February 2007, CSSF Regulation 10-4 and related guidance - was approved by its board of directors in December 2024 and binds all FSF service providers. It outlines the principles and procedures implemented by the FSF to identify, prevent, and manage conflicts of interest that may arise in the course of its business activities, in accordance with applicable Luxembourg laws and regulations. This policy applies to all directors, investment managers, service providers, and other stakeholders associated with the FSF.
132. Investment decisions are typically recommended to the External AIFM by the Investment Adviser (i.e., Clarmondial, the AE) following consultation with its Investment Advisory Committee (which is comprised by independent members) and, when required, the Impact Advisory Board (also comprised by independent members). The External AIFM opinion is then communicated to the FSF Board of Directors for final decision. The FSF Board of Directors may also consult the UCI Administrator, the Depositary, legal advisors or other parties if required. These multiple steps ensure independent oversight and fair treatment of investors.
133. The creation of the ACCT sub-fund ensures that the GCF proceeds will be used only for GCF approved funded activities described in the PSAA application process. Investments that (a) exceed the ACCT sub-fund available liquidity, or (b) do not fit its investment criteria, will be allocated to the FSF "main sub-fund".
134. For avoidance of doubt, since the FSF Main sub-fund is expected to subscribe to ACCT sub-fund shares to access a diversified portfolio of GCF-compliant investments, the allocation of such investments shall take place preferentially to the ACCT sub-fund.
135. Every allocation decision, together with any identified or potential conflict and its resolution, is documented and retained for potential CSSF inspections.

136. If a conflict cannot be avoided or mitigated within the parameters above, the FSF Board of Directors may impose additional restrictions, instruct unwinding of positions, or (where legally required) obtain informed investor consent.

B.5. Justification for GCF funding request (max. 1000 words, approximately 2 pages)

Why GCF Funding is Needed

137. The FSF ACCT targets a persistent and growing market failure in emerging market agricultural finance: the lack of appropriate and timely working capital and TA for climate smart value chains notably those with smallholders. Cocoa and coffee growing areas often have high numbers of smallholder farmers, who grow coffee and cocoa but also associated food and cash crops. This contributes to increased vulnerability in these areas, for farmers, local governments, and businesses. These smallholder farmers operate in low-income, high-risk geographies where climate vulnerability, degraded ecosystems, and market volatility intersect. Existing financial institutions are not equipped or incentivized to provide unsecured, flexible loans to aggregators and cooperatives, especially those supporting smallholder farmers throughout the year.
138. According to estimates, the agriculture working capital gap in emerging markets exceeds USD 2.5 trillion⁹⁸, up from USD 1.5 trillion⁹⁹ just a few years ago. In Sub-Saharan Africa, Latin America, and Southeast Asia, less than 25% of the financing need is met. The credit crunch caused by recent macroeconomic shocks (e.g. inflation, foreign exchange shortages, interest rate volatility) has worsened access to finance. These conditions have impacted farmer livelihoods and businesses in the 10 selected countries in recent years.
139. FSF ACCT was designed to overcome this market failure by leveraging the existing FSF but focusing a new sub-fund on countries and commodities that are vulnerable to climate and where cocoa and coffee are important cash crops. Without a catalytic investment from GCF, the ACCT cannot be established - investors will not accept the limited diversification, and the size of the sub-fund will not reach thresholds required to unlock commitments from private investors.
140. Why public and private sectors alone cannot fund this: commercial lenders typically require:
- Strong collateral – which is not sufficiently available especially in emerging and developing markets, notably pre-harvest in the agricultural cycle.
 - High risk-adjusted returns if they are lending in emerging markets, especially for unsecured loans.
141. Local companies often lack these conditions, especially during the pre-harvest phase when inputs, training, and land preparation are needed. VCPs, such as larger diversified traders, brands and manufacturers, while increasingly committed to sustainability, do not have the mandate or tools to finance their suppliers at scale. Development Finance Institutions (DFIs) can support this transition, but most have a limited scope and resources that restricts their engagement.
142. Furthermore, the TA needed to support adoption of climate-smart practices - including agroforestry and climate resilience planning - is not commercially viable without blended finance. FSF ACCT's dedicated TA Facility will be used to fill this gap.

Why the Proposed Instruments Were Selected

143. GCF's funding will be provided through:
- Junior equity in the FSF ACCT sub-fund, acting as a first-loss tranche
 - Senior investment in the FSF ACCT sub-fund.

⁹⁸ WTO, 2023: https://www.wto.org/english/news_e/news23_e/publ_13dec23_e.htm

⁹⁹ https://www.anz.com/content/dam/anzcom/pdf/institutional/migrated/digital-services/ANZ%20FIG%20Newsletters_Trade_Finance_Gap.pdf

- Grants to the FSF ACCT Technical Assistance Facility

144. These instruments directly address the dual market failures:

- Lack of risk-tolerant capital for working capital loans in emerging & developing markets agricultural sectors
- Lack of TA grants to build capacity and implement climate-smart agriculture alongside private sector and coordinated with government agencies

145. Junior equity enables FSF ACCT to attract senior capital from institutional investors (e.g. pension funds, banks) directly and indirectly. While some strategic investors may be interested in financing ACCT directly, it is likely that the majority of capital mobilized will come through the FSF (indirectly) where the portfolio is more diversified. Senior equity contributes to fund scale and the return to GCF, while aligning it with co-funders. The TA grant allows borrowers and VCPs to co-finance services that they could not fund alone. Both are delivered through a value chain–anchored model, ensuring alignment between climate and commercial outcomes.

Concessionality Justification

146. This structure is consistent with GCF’s principle of minimum concessionality.

147. GCF’s concessionality is targeted, limited, and catalytic:

- The junior equity is expected to be fully repaid with returns after 15 years, subject to performance. Its concessionality lies in its timing and risk position.
- The senior equity is expected to be fully repaid with returns after 15 years, subject to performance. Its concessionality lies in its timing.
- The TA grant supports non-revenue-generating activities, such as capacity building, technology transfer, data systems, and MMRV system set-up.

148. Private investors have confirmed that they would not participate in ACCT without the GCF’s catalytic role. GCF’s concessional equity unlocks:

- Co-investment from the main FSF sub-fund
- Additional investor commitments that require a fund with a Net Asset Value greater than USD 50 million – note that the ACCT will count towards the FSF total NAV
- TA co-financing from VCPs and aggregators
- De-risking from companies for their local suppliers

Risk Sharing and Who Benefits

149. GCF bears first-loss risk. Borrowers receive market-rate loans, but with terms (flexibility, timing, working capital orientation) that are unavailable elsewhere. Investors receive risk adjusted returns with impact in a diversified portfolio. TA grants benefit farmers, cooperatives, and local institutions, with co-funding required at the project level. The main beneficiaries of concessionality are:

- Smallholder farmers and rural communities, via improved access to resources
- Local companies, which can grow and formalize operations including making business improvements that contribute to climate mitigation and adaptation
- Global VCPs (value chain partners), such as manufacturers and brands, which can meet deforestation and climate compliance requirements while sourcing from trusted partners
- Local governments, whose important sources of exports and local job creation are maintained or strengthened, and who attract additional foreign direct investment and contributions to help meet national climate mitigation and adaptation priorities
- Investors also benefit by having access to a financial product that meets their needs in terms of structure, domicile, risk adjusted returns, liquidity, etc.

Market Benchmark and Structure Comparison

150. The FSF and FSF ACCT provide 9–12-month working capital loans. Rates are competitive given market conditions in the target countries. Unlike trade finance (which requires post-harvest collateral or confirmed contracts), FSF loans are primarily unsecured and pre-harvest. TA grants are used to build capacity in the supply chains and at the farm-level.

Sustainability and Exit Strategy

151. The GCF’s 15-year investment ensures that the ACCT reaches sufficient scale to:
- Attract institutional capital
 - Ensure economies of scale to be self-sustaining
 - Solidify climate smart practices on farm and in the value chains, continued by stakeholders operating in the value chains and deliver meaningful mitigation and adaptation outcomes
152. At the end of the GCF investment period, proceeds will be redeemed, and the ACCT portfolio will be fully integrated into FSF, which will continue to operate indefinitely.

B.6. Exit strategy (max. 500 words, approximately 1 page)

153. The FSF ACCT sub-fund is structured as an open-ended fund. All shareholders have the right to present redemption requests at any quarter, with a notice period of 60 calendar days immediately preceding the relevant Valuation Date. Payment of the redemption proceeds will be made generally within five (5) Business Days following the relevant Valuation Date. If the GCF decides to terminate the project ahead of the planned schedule, the Accredited Entity shall present redemption requests to the Food Securities Fund as per FAA.
154. Full redemption of GCF shares, and subsequent reimbursement to the GCF, planned for 15 years after the subscription date. As any other Fund investor, the GCF is allowed to request redemption of its shares at any calendar quarter.
155. Redemption Gate: since the Food Securities Fund (FSF) managers are aware of that the GCF plans to redeem its shares 15 years from its initial investment, there is sufficient time to organize the required liquidity and avoid the need to trigger a Redemption Gate (set at 10% of the NAV to protect the remaining investors). The fund prospectus will establish a redemption priority for GCF on such date.
156. The FSF ACCT sub-fund will operate for the full 15-year GCF investment period. After the GCF shares are redeemed, the remaining ACCT sub-fund investors are expected to remain invested in the fund.

Long-Term Integration into FSF

157. The FSF “main sub-fund” will invest in the ACCT sub-fund to access a diversified portfolio of investments in cocoa, coffee and related commodities. Such investment is expected to continue after the GCF shares are redeemed.
158. Long-term ownership of the fund’s management and fiduciary operations resides with:
- FSF Board and External AIFM: Responsible for investment oversight, governance, and legal continuity.
 - Clarmondial (Investment Adviser): Retains investment advisory agreement, providing implementation continuity.
 - Institutional and corporate investors: Co-investing on commercial terms, with the option to expand their exposure after the GCF exit.
159. No public infrastructure is created under the project. The focus is on financial and institutional systems, which will remain embedded in FSF and its partners’ business models after GCF’s exit.

GCF Catalytic Function

160. GCF's junior equity shares will have fulfilled their catalytic function by:
- De-risking commercial investors
 - Crowding in private capital at scale
 - Demonstrating a replicable and investable model for climate-aligned working capital in agriculture

Post-Project Operations, Institutional Ownership, and Maintenance

161. FSF will continue operating:
- Under the same regulatory, legal, and governance framework.
 - With professional management and oversight.
 - As an open-ended structure able to recycle capital into new loans and expand its climate scope.
162. Borrowers will continue repaying loans and accessing working capital lines, generating ongoing impact. The TA Facility, while funded by GCF and other grants during implementation, may transition to partial self-financing through borrower service fees, VCP contributions, and donor co-investment after the GCF period.

Sustainability Measures and Role of Other Actors

163. To ensure results continue after GCF exit, the following measures will be implemented:
- Mainstreaming of climate smart practices by borrowers and farmers, supported by proven delivery models and business cases
 - Engagement of private buyers and value chain partners, which will be contractually bound to performance and sustainability criteria
 - Long-term investment incentives for financial institutions to replicate and scale pre-harvest lending structures
 - Coordination with public policy frameworks and industry initiatives, including alignment with National Adaptation Plans (NAPs) and climate finance strategies
164. This exit strategy ensures that the FSF ACCT delivers long-lasting impact, institutional sustainability, and a scalable pathway for public and private investment in the sector.

C. FINANCING INFORMATION							
C.1. Total financing							
(a) Requested GCF funding (i + ii + iii + iv + v + vi + vii)	Total amount			Currency			
	56			million USD (\$)			
GCF financial instrument	Amount	Tenor	Grace period	Pricing			
(i) Senior loans	0	15 years	0 years	5% equity return (expected net return per year)			
(ii) Subordinated loans	0						
(iii) Equity	40 in junior and 10 in senior						
(iv) Guarantees	0	15 years	0 years	n.a.			
(v) Reimbursable grants	0						
(vi) Grants	6						
(vii) Results-based payments	0						
(b) Co-financing information	Total amount			Currency			
	156			million USD (\$)			
Name of institution	Financial instrument	Amount	Currency	Tenor & grace	Pricing	Seniority	
FSF and ACCT investors	<u>Equity</u>	<u>150</u>	<u>million USD (\$)</u>	<u>15 years</u>	<u>5%</u>	<u>senior</u>	
Private sector (TA 1:1)	<u>Grant</u>	<u>6</u>	<u>million USD (\$)</u>	<u>15 years</u>	<u>n.a.</u>	<u>pari passu</u>	
(c) Total financing (c) = (a)+(b)	Amount			Currency			
	<u>212</u>			<u>million USD (\$)</u>			
(d) Other financing arrangements and contributions (max. 250 words, approximately 0.5 page)	<p>In addition to the co-funding included above, this project brings significant additional leverage from the private sector. Notably, the loans provided are based on de-risking (full or partial) guarantees on specific loans provided by (private sector) VCPs to the FSF ACCT with respect to specific transactions. These are legally binding between the Value Chain Partner and FSF / ACCT. Additional funding may be raised into the FSF ACCT TAF and provided as co-funding on specific TA projects.</p>						
C.2. Financing by component							
<p>Please provide an estimate of the total cost per component and output as outlined in section B.3. above and disaggregate by source of financing. More than one co-financing institution can fund a single component or output. Provide the summarised cost estimates in the table below and the detailed budget plan as annex 4.</p>							
Component	Output	Indicative cost million USD (\$)	GCF financing		Co-financing		
			Amount million USD (\$)	Financial Instrument	Amount million USD (\$)	Financial Instrument	Name of Institutions

1.FSF ACCT Investment Facility	Execution of working capital loans for climate smart supply chains in relevant countries	<u>200</u>	<u>50</u>	<u>Equity</u>	<u>150</u>	<u>Equity</u>	<u>FSF, other investors</u>
	Click here to enter text.	<u>Enter amount</u>	<u>Enter amount</u>	<u>Choose an item.</u>	<u>Enter amount</u>	<u>Choose an item.</u>	<u>Click here to enter text.</u>
2. Technical Assistance Facility (TAF)	Execution of TA support to organizations working with farmers in relevant countries	<u>12</u>	<u>6</u>	<u>Grants</u>	<u>6</u>	<u>Grants</u>	<u>Private companies and TA co-funders (in kind & in cash) provide at least 1:1.</u>
	Click here to enter text.	<u>Enter amount</u>	<u>Enter amount</u>	<u>Choose an item.</u>	<u>Enter amount</u>	<u>Choose an item.</u>	<u>Click here to enter text.</u>
Indicative total cost (USD)		<u>212</u>	<u>56</u>		<u>156</u>		

Annex 17 contains information on the potential country budget allocation.

C.3 Capacity building and technology development/transfer (max. 250 words, approximately 0.5 page)

C.3.1 Does GCF funding finance capacity building activities?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
C.3.2. Does GCF funding finance technology development/transfer?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

165. Capacity building: the FSF ACCT TAF will provide capacity building to support the ACCT’s strategy. This will be tailored to the needs of local stakeholders, such as farmers and borrowers, and aligned with national priorities and those of local stakeholders including community and farmer representatives, companies and value chain partners (corporates that source from the region). Capacity building may contribute to improvement of farmer, rural community and local business operations (e.g., on digitisation enabling farmer payments), farmer & rural community livelihoods (e.g., on establishing VSLAs which may improve household resilience, training on food crops, creation of localized smallholder farmer insurance solutions), and on MMRV (e.g., on collecting and reporting environmental information to help address risks, secure markets and enable additional revenues).

166. Technology development / transfer: the FSF ACCT TA facility may contribute to the development and transfer of locally appropriate technologies. This may include technologies that promote climate adaptation and mitigation, e.g., development of tailored livelihood protection mechanisms such as parametric insurance products, improved fertilizers that have a lower carbon footprint, identification and distribution of improved varieties, and management of natural resources (e.g., reduce the cost of MMRV such as geospatial technologies for EUDR compliance). All technologies will be considered according to local needs, equity, and alignment with national priorities.

167. The total amount requested from GCF is USD 6 million under the TAF. This will be matched by other funders, to achieve an ACCT TAF of USD 12 million. All TA funding provided by ACCT will be supported by additional resources, in cash or in-kind. Note that all recipients will be asked match fund TA.

D. EXPECTED PERFORMANCE AGAINST INVESTMENT CRITERIA

This section refers to the performance of the project/programme against the investment criteria as set out in the GCF's [Initial Investment Framework](#).

D.1. Impact potential (max. 500 words, approximately 1 page)

168. The FSF ACCT is well-aligned with the GCF's objectives by catalyzing low-emission and climate-resilient development in smallholder-dominated tropical commodity value chains. It addresses systemic climate vulnerabilities and drivers of emissions from the land use sectors across the 10 selected countries, where forest loss, land degradation, and limited adaptive capacity are widespread. It also contributes to scaling climate finance more broadly, to the climate finance goals of the 10 countries including in REDD+ arrangements with bilateral and multilateral partners, to the implementation of emerging regulations, and supports sustainable sourcing commitments and climate targets of companies including brands (e.g., on no-deforestation commitments).

Mitigation Benefits

169. FSF ACCT will reduce GHG emissions in cocoa and coffee landscapes by supporting a transition toward climate-smart and regenerative agricultural practices at scale. This includes promoting agroforestry, enhancing soil organic carbon, improving input use efficiency, and reducing land-use change through sustainable intensification and supply chain traceability. Investments will target enterprises that integrate emissions-reducing practices across their operations and sourcing models, with measurable GHG reductions tracked through enterprise-level and portfolio-wide MMRV systems.

170. Estimates indicate that the ACCT can mitigate a cumulative total of over 8.4 million tCO₂e, considering a project life of 15 years. The estimate is primarily based on contributions to reducing emissions from deforestation and forest degradation (i.e., addressing Land Use Change – LUC). This is explained in Annex 22. The ex ante contribution from addressing LUC only includes estimates from countries where cocoa and coffee are recorded as important drivers of deforestation and degradation. The intervention pathways are described in Annex 22, in addition to the ex ante and ex post MMRV approaches and how they are related. The ACCT also considers minor contributions from reducing GHGs from agriculture (Nitrogen fertilizer management) and enhancing biological sequestration (e.g., agroforestry). The assumptions used in the ex ante estimates are conservative, seek to minimize the use of assumptions and have a clear link to interventions and ex post MMRV. For the avoidance of doubt, no carbon credits will be generated or claimed as a result of the FSF or the ACCT loans. Thus, the FSF ACCT can be classified as an approach aligned with Article 6.8 of the Paris Agreement (non-market approaches). Additional contribution to GHG mitigation can be expected from other categories including waste management / circular economy approaches, transport and small scale renewable energy and energy efficiency interventions but these are not counted in the ex ante estimate. Furthermore, the project supports a paradigm shift by embedding decarbonization metrics into financing, thus accelerating the transition to low-emission, resilient development pathways in high-risk agricultural systems, and enabling locally appropriate technology transfer linked to mitigation as well as adaptation. The accompanying ACCT KPI note (Annex 22) describes how estimates were generated, and the calculations are provided in the attached excel file.

171. Clarmondial has experience of working with borrowers to estimate and report on supply chain specific GHG estimates, through the existing FSF. The ACCT can build on this by furthering the capacity of local stakeholders, NDAs, private sector and farmers groups, to more accurately estimate GHGs, for example through TA provided by the ACCT TAF. Having more locally tailored GHG information can attract further investment and business opportunities: for example, international coffee brands may wish to direct their coffee purchases to regions with a better, more accurate, GHG profile.

Adaptation benefits

172. The FSF ACCT strengthens the adaptive capacity of smallholder farmers and local enterprises by enhancing their resilience to climate variability and extremes, including erratic rainfall, prolonged droughts, and rising temperatures. It does so by financing models that mainstream climate risk assessments, diversify income sources (e.g., intercropping and value addition), and strengthen supply chain stability.
173. FSF ACCT is estimated to benefit over 1.5 million people directly over the 15-year project life, with an estimated 20% being female. This includes smallholder farmers transacted with and trained, and employees. The number of indirect beneficiaries is estimated to be over 7.2 million, primarily in rural areas. Through investees, FSF ACCT will facilitate access to climate-resilient inputs, localized agronomic advisory services, weather/climate information, and improved post-harvest infrastructure. These interventions will lead to increased agricultural productivity and income stability under changing climate conditions. The FSF ACCT will also contribute to rural employment, contributing to over 700 jobs.
174. Institutionally, the FSF ACCT contributes to systemic resilience by building capacity in local TA providers, companies and other local and international institutions engaged in these sourcing landscapes assess and manage climate risk. The adaptation co-benefits are expected to be substantial, with improved livelihoods, food security, and reduced exposure to climate-induced shocks for rural communities.

Alignment with GCF Results Areas

175. The project contributes directly to the GCF's cross-cutting result areas of:
- Reduced emissions from land use, deforestation, and forest degradation (through avoided conversion and improved land management), and
 - Increased resilience of livelihoods of vulnerable people, communities, and regions (through sustainable agricultural transitions, diversified income, and climate-resilient supply chains).
176. By linking climate finance to the performance of real-economy actors in tropical commodity markets, FSF ACCT delivers measurable, scalable climate impact and strengthens the enabling environment for long-term transformation.

D.2. Paradigm shift potential (max. 500 words, approximately 1 page)

177. The FSF ACCT is designed to catalyze transformation in tropical commodity production systems by embedding climate performance into the investment and operational strategies of agricultural value chain actors, notably cocoa and coffee where there is interest given emerging regulations and market interest. ACCT mobilizes private capital, incentivizes sustainable production models, and strengthens capacity to manage climate risks, contributing to a paradigm shift toward inclusive, low-emission, and climate-resilient development. The paradigm shift is described in the Feasibility Study.

Potential for Scaling Up and Replication

178. FSF's model is inherently scalable. It leverages a blended finance structure that de-risks with the private sector to attract capital into climate-aligned smallholder agriculture, targeting systemic inefficiencies and risks that currently inhibit investment. The FSF ACCT's approach – providing additional loans to aggregators, processors, and traders that have direct relationships with smallholders - can be replicated. Lessons learned from the FSF ACCT will inform similar structures for other commodities – and potentially also other sectors, enabling replication. The use of “value chain partners” (VCPs) to originate and share risk and enable private financing provides a replicable mechanism for scaling investment aligned with the goals of the Paris Agreement (notably Article 6.8).

Potential for Knowledge Sharing and Learning

179. Knowledge transfer is embedded in FSF ACCT's implementation strategy. The Fund will generate climate performance data through MMRV, and case studies. FSF ACCT's TA facility will share learnings, support institutional capacity building, and help disseminate adaptive technologies and business models. Lessons will feed into broader platforms - contributing to shared knowledge on private sector engagement in adaptation and mitigation finance. For example, the FSF has already been featured in the Climate Policy Initiative's Toolbox on Financing Nature-based Solutions.

Contribution to the Creation of an Enabling Environment

180. FSF ACCT actively strengthens the enabling environment by de-risking investment into climate-smart agriculture and demonstrating the commercial viability of low-emission, resilient practices. Through its TA facility and engagement model, the Fund will build capacity among local financial institutions, cooperatives, and service providers to integrate climate risk and performance into decision-making. This increases confidence and readiness for further climate finance flows. Moreover, the Fund's demonstration of viable, climate-aligned business models will crowd in additional public and private sector investment beyond the project lifespan.

Contribution to Regulatory Frameworks and Policies

181. While FSF ACCT is a private sector instrument, it aligns with - and can help inform - public policy. The Fund will work with local partners to ensure that operations and climate interventions align with national climate change strategies. In jurisdictions where policy gaps exist (e.g., on carbon accounting), the Fund's evidence base and engagement with local stakeholders can contribute to domestic improvements.

Overall Contribution to Climate-Resilient Development Pathways

182. By shifting capital, knowledge, and market practices toward climate-aligned models, FSF ACCT contributes to lasting transformation in tropical agricultural systems. The project supports national climate goals, fosters inclusive economic development, and reduces vulnerability to climate change - laying the foundation for broader, system-wide change beyond the Fund's direct investments.

D.3. Sustainable development (max. 500 words, approximately 1 page)

183. The FSF ACCT delivers multidimensional contributions to sustainable development by embedding environmental integrity, social inclusion, economic opportunity, and gender into its strategy. Operating in a variety of rural landscapes, FSF ACCT supports the Sustainable Development Goals (SDGs) not only through mitigation and resilience building, but also through a broad suite of co-benefits that foster long-term, equitable growth.

Environmental Co-benefits

184. FSF ACCT promotes regenerative and climate-smart agricultural practices that restore and enhance ecosystem services. These include agroforestry, soil carbon improvement, water conservation, and reduced chemical inputs. By supporting sustainable intensification and preventing expansion into forests, the Fund contributes to biodiversity preservation and the rehabilitation of degraded land. These actions are directly aligned with SDGs 13 (Climate Action), and 15 (Life on Land). The Fund supports traceability and deforestation-free supply chains, reinforcing private sector accountability and incentivizing long-term environmental stewardship.

Social Co-benefits (including Health)

185. The programme targets over 1.5 million direct beneficiaries (smallholder farmers) and over 7.2 indirect beneficiaries including rural households, youth and employees. These beneficiaries will benefit from improved livelihoods, training, and access to goods and services, including locally appropriate TA delivered in partnership with committed business partners. Examples of TA include agronomy training, access to drought resilient planting varieties, support to access premia markets (e.g., organic certification) and services (e.g., climate insurance, savings products). By promoting sustainable practices and market linkages, FSF ACCT enhances food security and economic resilience in vulnerable communities. Improved soil and water management reduces environmental risks, while training in safe input use and climate-resilient agronomy further protects community well-being.

186. The Fund's emphasis on diversified income sources through value addition and intercropping enhances household stability and adaptive capacity. By working through local enterprises, the Fund indirectly supports community institutions and improves access to agricultural knowledge and services. These outcomes advance SDGs 1 (No Poverty), 2 (Zero Hunger), 3 (Good Health and Well-being), and 8 (Decent Work and Economic Growth). As a co-benefit, it also promotes farmer training and jobs.

Economic Co-benefits

187. FSF ACCT facilitates inclusive rural economic development by financing enterprises that connect smallholders to markets. By de-risking business models that integrate smallholders, the Fund supports local job creation, value chain upgrading, and climate-aligned innovation, and contributes economic benefits locally and nationally in the participating countries, e.g., tax contributions and formalization. Additional foreign direct investments may also be unlocked by the FSF - it may enable the borrower or investors to also make associated equity or long-term debt investments. It also encourages local entrepreneurship and strengthens agribusiness ecosystems.

188. Improved productivity, quality, and sustainability of supply chains will help producers access premium markets, leading to better pricing, long-term contracts, and increased income. Strengthened value chains also offer national-level economic gains through export earnings, reduced climate-related shocks, and enhanced food system resilience, contributing to SDG 9 (Industry, Innovation, and Infrastructure) and 12 (Responsible Consumption and Production).

Gender-sensitive Development Benefits

189. FSF ACCT embeds gender-responsive design throughout its operations, in line with GCF and Fund-level gender policies. It promotes women's participation in value chain upgrading, technical training, and leadership roles within cooperatives and enterprises. It will support gender-informed business models that address barriers to land access, finance, and market participation for women.

190. The TA facility will provide targeted support to build women's capacity in climate-smart agriculture and enterprise management. Monitoring frameworks will disaggregate results by gender and track empowerment outcomes. These actions contribute directly to SDG 5 (Gender Equality) and strengthen inclusive climate resilience.

D.4. Needs of recipient (max. 500 words, approximately 1 page)

191. The ACCT targets countries and communities that are vulnerable to climate change and have limited institutional and financial capacity to manage risks. These countries depend heavily on rain-fed agriculture, face widening income inequality, and lack adequate resources to address climate resilience in key economic sectors including important cash crops such as cocoa, coffee and associated food and cash crops.

Vulnerability of Countries and Groups (Including Gender Dimensions)

192. The target countries are characterized by high climate vulnerability, which severely impact smallholder-based production systems, including in cocoa and coffee. These shocks threaten livelihoods, food security, and economic stability in regions where most of the rural population depends on small-scale agriculture. The vulnerability is magnified among specific groups, including women, youth, and Indigenous populations.

193. Women, in particular, are overrepresented in low-wage, labor-intensive roles in the cocoa and coffee sectors while being underrepresented in leadership. FSF ACCT's gender-responsive approach addresses these structural inequalities through targeted capacity building, inclusive business models, and gender-disaggregated monitoring frameworks.

Economic and Social Development Level

194. The countries targeted by FSF ACCT are emerging and developing countries with high levels of rural poverty. Smallholder farmers typically earn very low wages, with income volatility exacerbated by climate impacts and market fluctuations. Productivity remains low, in part due to land degradation, outdated practices, and lack of access to improved inputs, extension services, and post-harvest infrastructure. The ACCT supports the development of climate-smart value chains as a pathway to improved livelihoods and employment generation. This aligns with national priorities for rural development and agricultural transformation, while addressing persistent development deficits in target communities.

Absence of Alternative Sources of Financing

195. Access to finance remains limited in the target regions. Public sector resources may be constrained by fiscal and balance-of-payment pressures, while private capital is risk-averse and often lacks suitable vehicles for deployment into smallholder agriculture supply chains. Traditional financial institutions, particularly at the local level, face structural challenges, including limited liquidity and high opportunity costs, and have strict collateral requirements and risk management policies that exclude many borrowers or address a limited portion of the financing needs of the agricultural sector, which limits their ability to fully service the sector.

196. FSF ACCT addresses these gaps by using a blended finance approach to mobilize commercial capital (foreign direct investment) toward high-impact climate adaptation and mitigation outcomes. The Fund also channels capital through locally embedded enterprises and their business partners. By providing risk-tolerant funding and TA, FSF ACCT bridges the financing gap and helps establish a more resilient financial ecosystem.

Need for Strengthening Institutions and Implementation Capacity

197. Institutional capacity at local and national levels remains insufficient to scale climate-smart agriculture. Extension services, rural cooperatives, and agricultural enterprises often lack technical skills, data systems, and other resources. And any TA needs to be associated with demand and commitment from the private sector to ensure sustainability beyond grant funding. FSF ACCT directly addresses these gaps by supporting capacity building for farmers, cooperatives, and value chain actors in a manner that is demand driven and coordinated with relevant local and international institutions.

D.5. Country ownership (max. 500 words, approximately 1 page)

198. The ACCT is aligned with national priorities and institutional frameworks of the 10 target countries. It reflects the goals outlined in existing national climate strategies and contributes to the implementation of Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs), and relevant sectoral policies. The 10 countries all reference the importance of agriculture in their NDCs and NAPs, and several explicitly mention the importance of the cocoa and coffee sectors. The alignment with each country is described in the specific country section of the Feasibility Study.

Existing National Climate Strategies

199. The countries under ACCT have established climate change strategies that emphasize sustainable agriculture, ecosystem-based adaptation, and forest conservation. These strategies highlight the agriculture and land-use sectors as priority areas for mitigation and resilience building. ACCT supports these priorities by promoting a range of practices that contribute to national priorities.

Alignment with GCF Country Programmes

200. FSF ACCT contributes directly to the country programmes submitted to the GCF by participating governments. These programmes commonly identify climate-resilient agriculture and private sector mobilization as priorities. The FSF ACCT aligns with these pathways by mobilizing and deploying finance in climate-aligned cocoa and coffee production systems and by supporting national climate goals.

Relevance to NDCs, NAMAs, and NAPs

201. The programme is aligned with each country's NDCs, which often include specific mitigation targets related to agriculture, land use, and forestry (AFOLU), and adaptation goals around food security, rural livelihoods, and climate risk management. For example:

- In Ghana and Côte d'Ivoire, NDCs include commitments to reduce deforestation in cocoa landscapes and promote agroforestry.
- In Peru, the NDC emphasizes resilient rural development and sustainable land use in coffee-growing regions.

202. ACCT supports these objectives by financing adaptation and mitigation actions embedded in market systems, such as promoting sustainable intensification, agroforestry, and climate services. While few countries have active NAMAs, the Fund complements mitigation planning processes and existing NAPs that emphasize early warning systems, extension services, and resilient agriculture.

Capacity of Accredited and Executing Entities

203. Clarmondial, which is leading the design and implementation of ACCT brings proven experience in climate-resilient agricultural investments. They have established due diligence systems, impact monitoring frameworks, and operational reach. Clarmondial has a relevant track record and will oversee fiduciary standards, environmental and social safeguards, and gender-responsive implementation in collaboration with regulated implementers such as the Alternative Investment Fund Manager (Vistra), auditor (EY), custodian bank (Citi) and the FSF Board.

Role of the National Designated Authority (NDA)

204. Each participating country's NDA has been or will be engaged in the project endorsement process, in accordance with GCF procedures. NDA involvement ensures national ownership, alignment with strategic priorities, and coordination with other climate programmes. FSF ACCT will maintain regular

dialogue with NDAs to share progress, ensure consistency with evolving policies, and support national climate reporting obligations.

Engagement with Civil Society and Vulnerable Groups

205. Clarmondial engages with relevant stakeholders during the assessment of the loan, i.e., through the due diligence process. This will be further extended in the TA implementation process. The TA Facility will support culturally appropriate engagement and gender-responsive programming, ensuring benefits are equitably distributed and locally anchored.

D.6. Efficiency and effectiveness (max` . 500 words, approximately 1 page)

206. The FSF ACCT uses a blended finance structure purpose-built to unlock private investment by utilizing support from the value chain and is a good fit for smallholder-dominated agricultural commodities such as cocoa and coffee. The structure is designed to overcome longstanding financial bottlenecks in the sector - such as high perceived risk, insufficient collateral, and underdeveloped MMRV - while providing the minimum concessionality required to catalyze commercial capital without distorting markets or crowding out other public or private investment.
207. The ACCT's capital stack includes a junior (first loss) tranche supported by the GCF, which provides catalytic risk coverage. This concessional layer enhances the risk-return profile for senior private investors, enabling the FSF to attract commercial participation at scale. The concessionality does not subsidize returns. The design ensures that the Fund crowds in, rather than crowds out, market actors.

Efficiency and Effectiveness

208. The financial rate of return (FRR) is projected at approximately 5% with GCF support – however the return is dependent on the macroeconomic conditions (e.g., global interest rate environment). Without the GCF's first-loss capital, the Fund's risk-return profile would be insufficient to attract private capital at the targeted scale, particularly in high-risk regions and for smallholder-linked enterprises. This underscores the additionality of GCF's participation and the need for concessionality to trigger transformational investment flows.

Use of Best Available Technologies and Practices

209. FSF ACCT supports the adoption of proven, scalable, and locally adapted best practices in regenerative agriculture, agroforestry, and sustainable supply chain management. This includes climate-smart cultivation techniques, digital monitoring tools for GHG and adaptation outcomes, traceability systems to meet zero-deforestation standards, and inclusive business models. Technical assistance ensures continuous learning and innovation, while results measurement frameworks promote accountability and iterative improvement. By combining financial innovation with technical rigor, FSF ACCT delivers a cost-effective, scalable model for climate-aligned agricultural transformation.

E. LOGICAL FRAMEWORK

This section refers to the project/programme's logical framework in accordance with the GCF's Integrated Results Management Framework to which the project/programme contributes as a whole, including in respect of any co-financing.

E.1. Project/Programme Focus

Please indicate whether this proposal is for a mitigation or adaptation project/programme. For cross-cutting proposals, select both.

- Reduced emissions (mitigation)
- Increased resilience (adaptation)

E.2. GCF Impact level: Paradigm shift potential (max 600 words, approximately 1-2 pages)

This section of the logical framework is meant to help a project/programme monitor and assess how it contributes to the paradigm shift described in section D.2 above by applying three assessment dimensions - scale, replicability, and sustainability.

Accordingly, for each assessment dimension (see the definition per assessment in the accompanying guidance note), describe the current state (baseline) and the potential scenario (target) and rate the current state (baseline) by using the three-point-scale rating (low, medium, and high) provided in the guidance note. Also describe how the project/programme will contribute to that shift/ transformation under respective assessment dimensions (scale, replicability and sustainability). In doing so, please refer to section B.2(a) (theory of change).

Assessment Dimension	Current state (baseline)		Potential target scenario (Description)	How the project/programme will contribute (Description)
	Description	Rating		
Scale	Practices: There is a large gap in the adoption of climate smart practices. Adoption is hindered due to a lack of knowledge, lack of engagement by business partners in supply chains and lack of financing.	Low	<p>There are several dimensions to scaling:</p> <ul style="list-style-type: none"> ▪ Practices: the FSF is innovative in its structure, notably in that it encourages off-takers to provide de-risking (guarantees) and enable their support for their suppliers and business partners. This approach can be scaled – i.e. more private sector companies provide de-risking (guarantees), to support and engage with suppliers 	Outputs: see outputs O.1, O.2 and O.3 – the loans are underpinned by corporate guarantees – if companies assume responsibility, then private investment has a higher chance of being unlocked at scale. This is accompanied by regular monitoring, reporting and verification of financial and non-financial (impact) performance. This is further strengthened by the GCF investment. If working capital is mobilized then track record can be built, which can enable scale. If private sector is engaged, including with

	<p>Finance: There is a significant funding gap in emerging markets, and notably for agriculture where this sector represents a large part of revenues. This is exacerbated by increased global interest rates.</p>		<p>including farmers, on climate smart practices.</p> <ul style="list-style-type: none"> FSF: this project contributes to scaling the overall FSF as it increases the fund size. There are significant economies of scale on the structure, as it is an open-ended (evergreen) fund. The project helps to bring the FSF to a size where it can attract larger investments from private institutional investors. 	<p>investment, guarantees and co-funding TA (Output 2.1, 2.2, 2.3), this will help scale climate smart practices.</p> <p>Quantifiable results:</p> <ul style="list-style-type: none"> Funding mobilized by the FSF during and after the end of the ACCT period. Adoption of companies and farmers of climate smart practices, engagement by supply chain companies in enabling access to funding for suppliers / business partners.
<p>Replicability</p>	<p>Practices: Many climate smart practices, where adopted, are not necessarily replicated by peers / competitors.</p> <p>Finance: There are relatively few offerings focused on working capital, especially solutions that can deliver unsecured funding at affordable rates and in a timely manner, and that consider contributions to climate in the investment process including renewals.</p>	<p><u>Low</u></p>	<p>Practices: mitigation and adaptation practices are replicated by peers / competitors and across different suppliers.</p> <p>Finance: the approach is replicated by other financiers, e.g., in other sectors.</p>	<p>Outputs: see all Outputs. As companies (borrowers & farmers) get more familiar with the practices and used to reporting on them and also have the technical capacity then industry is likely to want to replicate this and it will become standard practice across suppliers. This will also enable replication of the funding model.</p> <p>Quantifiable results:</p> <ul style="list-style-type: none"> Other suppliers engaged / supported beyond that funded by the FSF (& ACCT). Other sectors adopting the approach.

<p>Sustainability</p>	<p>Practices: it is clear that climate smart (environmentally sustainable) practices are not being implemented to the levels required to meet the SDGs, national and private sector targets.</p> <p>Finance: For a financing model to be sustainable, it must be able to cover costs and generate returns for its financiers and service providers. This means achieving scale and track record.</p>	<p><u>Medium</u></p>	<p>Practices: some practices are being implemented, but these should be widespread across more than 50% of suppliers and be the rule, rather than the exception.</p> <p>Finance: the FSF (including ACCT) should reach a Net Asset Value of over USD 100m for it to be commercially attractive.</p>	<p>Output 1 directly links to the volume of capital mobilized. Outputs 2.1, 2.2 and 2.3 also contribute to ensuring that the practices supported become widespread and cheaper (because of experience and expertise) among industry participants, including through the provision of TA.</p>
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E.3. GCF Outcome level: Reduced emissions and increased resilience (IRMF core indicators 1-4, quantitative indicators)

Select appropriate IRMF core and supplementary indicators to monitor project/programme progress. More than one IRMF (core and or supplementary) indicators may be selected as applicable for each GCF results area and project/programme outcome (as defined in the table in section B.2(b)). If IRMF indicators are unable to measure any given project/programme outcomes, project/programme-specific indicators should be developed under section E.5 (project/programme specific indicators).

GCF Result Area	IRMF Indicator	Means of Verification (MoV)	Baseline	Target		Assumptions / Note
				Mid-term	Final ¹⁰⁰	
<p><u>MRA4 Forestry and land use</u></p>	<p><u>Core 1: GHG emissions reduced, avoided or removed/sequestered</u></p>	<p>Geospatial / aerial monitoring and local (including community-based) monitoring. See Annex 22.</p> <p>Scope 1, 2 & 3 information collected by</p>	<p>Ex ante approach described in Annex 22. Ex post approaches rely on localized baselines derived from</p>	<p>2,822,286 tCO₂e (cumulative) by year 8 (this is an estimate based on that there will be a ramp up phase</p>	<p>8,466,857 tCO₂e (cumulative) avoided (reduced) / removed by the end of year 15</p>	<p>Externalities: changes in circumstances, e.g., political issues that require shipping from different areas, fire, political unrest, weather, disease & pest</p>

¹⁰⁰ The final target means the target at the end of project/programme implementation period. However, for core indicator 1 (GHG emission reduction), please also provide the target value at the end of the total lifespan period which is defined as the maximum number of years over which the impacts of the investment are expected to be effective.

		<p>the Borrowers, based on the existing FSF approach and in the FSF KPI database. This information is used to estimate GHGs e.g., using FAO EX-ACT. Note that the information provided by Borrowers is verified at least annually by Clarmondial and further verified by the FSF auditor as part of the SFDR Art 9 audit.</p> <p>Verification of annual impact reports due to SFDR Article 9 classification.</p> <p>Once every 3 years – AE to verify GHG model with GCF staff. At the Mid-Term review, Clarmondial can make available information used to estimate GHG mitigation on selected transactions so that the approach can be independently verified.</p>	<p>third party information (e.g., Global Forest Watch).</p> <p>EUDR-related Data</p> <p>Baseline GHGs based on estimates using activity data and default factors (e.g., SAI Platform, IEA)</p>	<p>and that FSF ACCT's portfolio is not determined prior to start)</p> <p>Please refer to Annex 22- Impact calculations for country breakdown data and accompanying note.</p>		<p>Data sources & methodologies: Global Forest Watch, FAO EXACT, IEA database, IPCC EFD, national & industry databases, scientific journals. Note that validation of assumptions with NDAs is to be done in the first year of the project operations – i.e. start of investment period.</p> <p>The AIFM also enquires about it regularly, and this is under the scope of SFDR – meaning that the report is checked by the board, the impact advisory board and the fund auditors.</p>
<p><u>ARA1 Most vulnerable people and communities</u></p>	<p><u>Core 2: Direct and indirect beneficiaries reached</u></p>	<p>Information collected from borrowers and verified by appropriate sources, e.g., certifications / audits on trainings and farming</p>	<p>0</p>	<p>By the end of year 8:</p> <p>Direct: 501,576 (cumulative – note that the portfolio is not</p>	<p>Direct smallholder farmers by the end of year 15: 1,504,728 (cumulative)</p>	<p>Externalities: disease, unrest, climate events</p> <p>Data sources & methodologies: information collected from borrowers and verified as appropriate</p>

		<p>practices in LDCs and African states</p> <p>Note that Clarmondial collects information on direct beneficiaries regularly from Borrowers, i.e. prior to loan disbursement and at the end of the loan period, and then again prior to any loan renewal. The information provided by Borrowers can be verified by Clarmondial based on local purchase volumes and spend and third-party certifications.</p> <p>Clarmondial collects information on full time & part time employees prior to loan disbursement and at the end of the loan period. This can be verified by Clarmondial based on employment records and wage receipts. Note that Clarmondial requires borrowers to undergo an annual audit.</p>		<p>yet known and this is an estimate)</p> <p>Male: 401,261</p> <p>Female: 100'315</p> <p>Indirect: 2,424,144</p> <p>Male: 1,939,291</p> <p>Female: 484,823</p> <p>Note see the calculation sheet attached Impact calculations) for the country breakdown.</p>	<p>Male: 1,203,782</p> <p>Female smallholder farmers benefitting (cumulative percent) by the end of year 15: 300,946</p> <p>Indirect: 7,272,342</p> <p>Male: 5,817,874</p> <p>Female: 1,454,468</p> <p>Note see the calculation sheet attached (Annex 22- Impact calculations) for the country breakdown.</p>	<p>Number of smallholder farmers transacted with, trained and employees (full time & part-time)</p> <p>Gender norms in-country, which influence the number of women that are expected to be direct beneficiaries</p>
<p><u>ARA1 Most vulnerable people and communities</u></p>	<p><u>Supplementary 2.1: Beneficiaries (female/male) adopting improved and/or new climate-resilient livelihood options</u></p>	<p>Information collected from borrowers and verified by appropriate sources, e.g., certifications / audits on trainings and farming</p>	<p>0</p>	<p>By the end of year 8:</p> <p>Direct: 501,576 (cumulative – note that the</p>	<p>Direct smallholder farmers by the end of year 15: 1,504,728 (cumulative)</p>	<p>Externalities: disease, unrest, climate events</p> <p>Data sources & methodologies: information</p>

		practices in LDCs and African states		<p>portfolio is not yet known and this is an estimate)</p> <p>Male: 401,261</p> <p>Female: 100'315</p> <p>Indirect: 2,424,144</p> <p>Male: 1,939,291</p> <p>Female: 484,823</p> <p>Note see the calculation sheet attached Impact calculations) for the country breakdown.</p>	<p>Male: 1,203,782</p> <p>Female smallholder farmers benefitting (cumulative percent) by the end of year 15: 300,946</p> <p>Indirect: 7,272,342</p> <p>Male: 5,817,874</p> <p>Female: 1,454,468</p> <p>Note see the calculation sheet attached (Annex 22- Impact calculations) for the country breakdown.</p>	<p>collected from borrowers and verified as appropriate</p> <p>Number of smallholder farmers transacted with, trained and employees (full time & part-time)</p> <p>Gender norms in-country, which influence the number of women that are expected to be direct beneficiaries</p>
<p><u>ARA4 Ecosystems and ecosystem services</u></p>	<p><u>Core 4: Hectares of natural resources brought under improved low-emission and/or climate-resilient management practice</u></p>	<p>Information collected from borrowers and verified by appropriate sources, geospatial data, estimates using emissions factors that are checked with industry & scientific literature.</p>	<p>0</p>	<p>145,217 ha (cumulative) hectares (across agricultural / crop land, agroforestry areas, forest land,</p>	<p>435,650 ha (cumulative) hectares (across agricultural / crop land, agroforestry areas, forest land,</p>	<p>Externalities: disease, unrest, climate events, political events that stop borrowers from working in the areas</p> <p>Data sources & methodologies: information collected from borrowers</p>

		<p>Verification of annual impact reports due to SFDR Article 9 classification.</p>		<p>shrubland and forestry for commercial purposes) Please refer to Annex 22- Impact calculations for country breakdown data,</p>	<p>shrubland and forestry for commercial purposes) Please refer to Annex 22- Impact calculations for country breakdown data,</p>	<p>and verified as appropriate, national data including classification of areas. Assumes this is new hectares</p>
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E.4. GCF Outcome level: Enabling environment (IRMF core indicators 5-8 as applicable)

Select at least two relevant IRMF core (enabling environment) indicators to monitor and elaborate the baseline context and project/programme's targeted outcome against the respective indicators. Rate the current state (baseline) vis-à-vis the target scenario and select the geographical scope of the outcome to be assessed. Describe how the project/programme will contribute towards the target scenario. Refer to a case example in the accompanying guidance to complete this section.

Core Indicator	Baseline context (description)	Rating for current state (baseline)	Target scenario (description)	How the project will contribute	Coverage
<u>Core Indicator 6: Degree to which GCF investments contribute to technology deployment, dissemination, development or transfer and innovation</u>	There is limited uptake of technologies that contribute to agricultural & agriculture supply chain practices that mitigate emissions and create resilience in tropical agricultural landscapes	<u>low</u>	There is significant uptake of technologies at the farm level and in supply chains that contribute to climate mitigation and adaptation	By providing Technical Assistance, which will include sharing knowledge and capacity building on locally appropriate technologies that can be adopted at the farm level and by supply chain organizations	<u>Multi-countries</u>
<u>Core indicator 7: Degree to which GCF Investments contribute to market development/transformation at the sectoral, local, or national level</u>	There is significant potential to increase the uptake of practices that lead to greater mitigation, adaptation and resilience	<u>medium</u>	Increased uptake of climate smart (mitigation & adaptation and resilient) practices that are locally relevant in the selected countries	By aligning availability of additional finance (working capital) and Technical Assistance for sector transformation, and including national governments and private sector, as well as other relevant stakeholders	<u>Multi-countries</u>
<u>Core indicator 8: Degree to which GCF investments contribute to effective knowledge generation and learning processes, and use of good practices, methodologies and standards</u>	While there are reasonably good efforts underway by national and industry bodies, there is more to be done on ensuring the widespread adoption of good practices, methodologies and standards	<u>medium</u>	Improved adoption of good practices, methodologies and standards, e.g., localized emissions factors and shared approaches to MMRV	Contribute with market demand by aligning financing with adoption of good standards, in collaboration with governments. Contribute complementary TA to build capacity.	<u>Multi-countries</u>

E.5. Project/programme specific indicators (project outcomes and outputs)

Please number each outcome and output as shown below to indicate association of outputs to the contributing outcome. The numbering for outputs under this section should correspond to the output numbering in annex 4 (detailed budget plan).

Note that the information the baseline for the ACCT is zero, as activities under the ACCT including its TA Facility have not yet begun. The target is based on a project life of 15 years. Note that all the targets are subject to sufficient capital being raised in FSF and ACCT to execute a sufficient number of loans to create impact.

Project/programme results (outcomes/ outputs)	Project/programme specific Indicator	Means of Verification (MoV)	Baseline	Target		Assumptions / Note
				Mid-term (7.5 years)	Final (15 years)	
Intermediate outcome: Mobilize blended finance and private co-investment, identify suitable indicators Output 1.1: ACCT Sub-Fund established and operational	Amount of capital raised and mobilized alongside GCF	Investment commitments	0	USD 150m	USD 150m	Market conditions are favorable to fundraising under expected terms
Output 1.2: Loans provided to Borrowers in collaboration with VCPs	Amount of working capital distributed Number of loans	FSF accounts Number of loan agreements (new loans & renewals)	0	USD 100m disbursed 20 loan agreements	USD 200m disbursed 40 loan agreements	Market conditions which impact demand for loans, sufficient demand in selected countries
Output 1.3: Financial and impact performance monitored, verified and reported	Number and type of reports to stakeholders (investors, NDAs)	Reports provided (included audited reports)	0	7 annual reports (financial & impact) 28 quarterly reports 7 annual TAF reports	15 annual reports (financial & impact) 60 quarterly reports 15 annual TAF reports	The ACCT will continue the same quarterly and annual reporting cycle as the existing FSF
Output 2.1: ACCT TAF established and operational	1 TAF established Annual TAF reports	TAF legal agreement Annual report	0	TAF set up 7 reports	TAF set up 15 reports	TAF to be established efficiently & effectively

<p>Output 2.2: Strengthened borrower capacity to enable adoption of improved practices</p>	<p>Number of TA programs agreed and executed under ACCT Value of co-funding for TA contribution (in kind and in cash) (in USD)</p>	<p>Agreements with VCPs for TA projects Other co-funding agreements</p>	<p>0</p>	<p>20 TA projects with matching co-funding</p>	<p>40 TA projects with matching co-funding</p>	<p>The TA support is expected to be front-loaded during the ACCT Note -this is dependent on the size of each TA grant and the overall size of the TAF.</p>
<p>Output 2.3: Knowledge & data systems developed and disseminated</p>	<p>Public knowledge events / thought pieces delivered</p>	<p>Reports, blogs, articles, webinars, PowerPoint presentations of trainings and attendee meetings (e.g., to train wider groups of stakeholders)</p>	<p>0</p>	<p>7 public knowledge events</p>	<p>15 public knowledge events</p>	<p>These are to be tailored to the interests of stakeholders (borrowers, NDAs, others)</p>
<p>Project/programme co-benefit indicators</p>						
<p>Co-benefit 1: Generate local socio-economic benefits, notably for women & youth</p>	<p>Number of farmers</p>	<p>FSF KPI database and annual report (audited by the FSF auditor).</p>	<p>0</p>	<p>501,576 farmers benefitting</p>	<p>1,504,728 farmers benefitting</p>	<p>Assumes that loans are renewed over subsequent years (5.25 years).</p>
	<p>Number of jobs (FT and PT)</p>	<p>FSF KPI database and annual report (audited by the FSF auditor).</p>	<p>0</p>	<p>260 (FT) and 5,200 (PT)</p>	<p>780 (FT) and 15,600 (PT)</p>	<p>Assumes that loans are renewed over subsequent years.</p>
	<p>Number of women farmers</p>	<p>FSF KPI database and annual report (audited by the FSF auditor).</p>	<p>0</p>	<p>100,315</p>	<p>300,946</p>	<p>Assumes that loans are renewed over subsequent years.</p>
	<p>Number of women farmers trained</p>	<p>FSF KPI database and annual report (audited by the FSF auditor).</p>	<p>0</p>	<p>100,315</p>	<p>300,946</p>	<p>Assumes that loans are renewed over subsequent years.</p>
	<p>Women with FT and PT jobs</p>	<p>FSF KPI database and annual report (audited by the FSF auditor).</p>	<p>0</p>	<p>52 (FT), 1,040 (PT)</p>	<p>156 (FT), 3,120 (PT)</p>	<p>Assumes that loans are renewed over subsequent years.</p>
<p>Co-benefit 2: Protect and restore biodiversity, and contribute to ecosystem health</p>	<p>Hectares under sustainable practices</p>	<p>FSF impact data base and annual report (audited by the FSF auditor). Note that these are indicators that FSF already collects and reports on.</p>	<p>0</p>	<p>145,217 ha of land under sustainable practices</p>	<p>435,650 ha of land under sustainable practices</p>	<p>Note hectares under sustainable practices is the sourcing footprint of the ACCT. The hectares restored are based on estimates using seedlings as well as reports by</p>

	Hectares of land restored	FSF impact data base and annual report (audited by the FSF auditor). Note that these are indicators that FSF already collects and reports on.	0	10,000 of land restored	30,000 of land restored	<p>borrowers. Ha under sustainable practices also includes the ha restored. This figure assumes that all target countries are included and that loans are mostly renewed. Assumes no natural disasters including pest, disease and no political risks.</p> <p>Hectares restored refers to areas with reforestation activities / other activities that generate terrestrial sequestration.</p>
	# of farmers trained on sustainable practices	FSF impact data base and annual report (audited by the FSF auditor). Note that these are indicators that FSF already collects and reports on.	0	501,576 farmers benefitting	1,504,728 farmers benefitting	

E.6. Project/programme activities and deliverables

All project activities should be listed here with a description and sub-activities. Significant deliverables should be reflected in annex 5 implementation timetable. Add rows as needed.

Please number the activities as shown below to indicate association of activities to the related outputs provided above in section E.5. Similarly, please number sub-activities as shown below to associate to the related activity.

Activities	Description	Sub-activities	Deliverables
Activity 1.1.1 Establish FSF ACCT Sub-Fund and secure co-funders	The FSF ACCT Sub-Fund will be established in Luxembourg, and capital will be raised into the Sub-Fund	1.1.1.1 Legal documentation for the Sub-Fund 1.1.1.2 Register the Sub-Fund 1.1.1.3 Co-funding into the Sub-Fund	<ul style="list-style-type: none"> ▪ Registration confirmation ▪ Quarterly reports ▪ Annual reports
Activity 1.2.1 Identify and contract with borrowers, incl. renewals	Clarmondial, as the FSF ACCT's investment advisor, will source, evaluate and execute loans (new loans & renewals) with borrowers under the supervision of Vistra as the Fund Manager and the FSF Board.	1.2.1.1 Originate loans 1.2.1.2 Assess loans 1.2.1.3 Structure loans 1.2.1.4 Execute loans	<ul style="list-style-type: none"> ▪ Quarterly reports ▪ Annual reports
Activity 1.3.1 Monitor borrowers for financial performance	Every quarter, Clarmondial will initiate the Valuation Procedure of the FSF to monitor each loan. Investors including GCF will receive quarterly and annual	1.3.1.1. Monitor the loans as per the FSF's Valuation process, policies and templates 1.3.1.2. Report to investors using the FSF's existing processes and	<ul style="list-style-type: none"> ▪ Quarterly reports ▪ Annual reports

	information on the financial performance of the FSF ACCT.	policies – for the quarterly report and annual report	
Activity 1.3.2 Monitor and report on impact performance	<ul style="list-style-type: none"> Carry out MMRV activities related to the impact performance. Annual audit and reporting of impact performance to investors and other stakeholders. 	1.3.2.1 Information collection from borrowers incl. capacity support 1.3.2.2 Information assessment on borrower 1.3.2.3 Collate impact data and report to investors & other stakeholders 1.3.2.4 Support SFDR audits (annual) 1.3.2.5 Support other impact audits	<ul style="list-style-type: none"> Annual impact report SFDR report Annual TAF report
Activity 2.1.1 Establish FSF ACCT TAF and secure co-funders	<ul style="list-style-type: none"> Design and establish the TAF. Secure co-funding at a facility level. 	2.1.1.1 Legal documentation for the TAF 2.1.1.2 Register the TAF (tbc) 2.1.1.3 Fundraise for the TAF	<ul style="list-style-type: none"> TAF registration confirmation TAF annual reports
Activity 2.2.1 Identify and deliver TA needs, oversee TA projects	Clarmondial will design and enter into TA agreements with relevant local stakeholders, notably with the Borrowers. This will follow the TA Operating Manual of the FSF.	2.2.1.1 Design and formalize TA agreements with relevant groups including project level co-funding 2.2.1.2 Monitor TA projects on a quarterly & annual basis 2.2.1.3 Produce an annual report on TA activities	<ul style="list-style-type: none"> Annual TAF report
Activity 2.3.1 Knowledge sharing about value chain finance	Generate information for relevant stakeholder groups to advance action on using value chain approaches for climate investments. Relevant groups include corporates, NDAs, local stakeholders, policy makers, etc.	2.3.1.1 Produce public materials related to value chain approaches 2.3.1.2 Share knowledge at events, working groups, webinars, meetings	<ul style="list-style-type: none"> Public knowledge materials
Activity 2.3.2 Data collection & management	Collect and manage data across the ACCT sub-fund and TAF. Ensure alignment with and contribution to national priorities and FSF ACCT impact targets.	2.3.2.1 Follow the MMRV Protocol 2.3.2.2 Engage with national stakeholders	<ul style="list-style-type: none"> Updates to MMRV Protocol Impact database (confidential – anonymized excerpts available) Reports / presentations to NDAs & other relevant stakeholders
E.7. Monitoring, reporting and evaluation arrangements (max. 500 words, approximately 1 page)			
210. The FSF has well-established monitoring, reporting and evaluation arrangements, which have been successfully implemented since the FSF's start in March 2021. These are described in the ESMF. In summary, borrowers are assessed prior to investments being proposed to the IAC, Vistra and the Board. This includes assessments on their capacity to meet the FSF (and ACCT's) E&S requirements. Due diligence on			

borrowers include desktop assessments, calls with relevant stakeholders, field visits which follow the activities from field to port, and AML / KYC checks. The capacity of the borrower to comply with the ESG requirements and contribute to the climate results are described in the Investment Proposal (IP). The IP follows a set template, which requires transactions to be evaluated on relevant criteria, including alignment with the UNFCCC, NDCs, NAPs, etc. The FSF's exclusion criteria are incorporated in the loan agreements between the FSF and the borrower. The loan agreement also stipulates the impact reporting requirements, which are binding for the borrower. Note that a full assessment is done for all loans, including renewals. These same processes will be followed for the ACCT, with minor modifications to cater to specific needs associated with this GCF-supported initiative.

211. Each loan is monitored on a quarterly basis. This process is described in the ESMF and ESMS. The loans are monitored in terms of financial as well as issues related to impact, notably safeguards. Impact information is collected from borrowers throughout the year and compiled annually, resulting in the audited impact report and SFDR disclosures. An annual impact report is published, which summarizes progress, challenges and opportunities with respect to impact indicators, including those relevant to climate mitigation and adaptation. This same process will be followed by the ACCT, with some modifications as per the specific requirements.
212. This project is to be implemented under the PSAA. Clarmondial will operate as the AE and EE. It will monitor the FSF ACCT loans and TA projects, following the loan monitoring process described above. The financial performance and annual impact reports will be issued by the FSF, as the FSF is the legal entity, which the ACCT sub-fund is part of. Clarmondial Foundation will report to the GCF separately on behalf of the ACCT TAF.
213. Clarmondial will report to each NDA at least annually. Clarmondial will agree the reporting counterpart (focal point name, contact information), frequency of reporting, modality of reporting, and contents to be reported. Clarmondial will seek a standardized NDA reporting process, i.e., that the NDAs are reported to in the same format, to maximise timeliness and efficiency. Clarmondial will seek guidance from the NDA about reporting to other relevant local stakeholders, e.g., other relevant government departments.
214. The FSF produces quarterly performance reports, which primarily covers financial performance. The FSF is audited once a year, and a formal audit report issued, ACCT will follow largely the same process, except for the following:
 - It will report on the ACCT financial and impact performance as a standalone sub-fund to the GCF and investors financing the ACCT directly, rather than through the FSF main sub-fund.
 - Progress on the ACCT TA Facility will be reported separately, in a short report summarizing the main activities and achievements, in line with the ACCT theory of change and the GCF's reporting requirements.
 - There will be an annual update meeting with each country focal point to present progress and a discussion to ensure continued alignment. This will be accompanied in a short report / presentation for the country focal point, which will include a general summary on the ACCT as well as specific updates pertaining to the specific country, including references to the relevant climate policies (e.g., NDC, NAP). Note that prior to starting operations, Clarmondial will agree on the specific government focal point and modality of communication (e.g., calls / meetings).

- The ACCT will be subject to the GCF's standard monitoring, reporting and evaluation requirements, including mid-term and terminal evaluations. The mid-term and final term evaluation will be conducted in line with the GCF evaluation policy.

F. RISK ASSESSMENT AND MANAGEMENT

F.1. Risk factors and mitigations measures (max. 3 pages)

Please describe financial, technical, operational, macroeconomic/political, money laundering/terrorist financing (ML/TF), sanctions, prohibited practices, and other risks that might prevent the project/programme objectives from being achieved. Also describe the proposed risk mitigation measures. Insert additional rows if necessary.

For probability: High has significant probability, Medium has moderate probability, Low has negligible probability
 For impact: High has significant impact, Medium has moderate impact, Low has negligible impact
 Prohibited practices include abuse, conflict of interest, corruption, retaliation against whistleblowers or witnesses, as well as fraudulent, coercive, collusive, and obstructive practices

Selected Risk Factor 1

Category	Probability	Impact
<u>Technical and operational</u>	<u>Low</u>	<u>Medium</u>

Description

Please describe the risk to the best of your knowledge at this point in time.

215. ACCT: The risk pertains to the lack of ability to operate the FSF ACCT, as a regulated investment fund domiciled in the EU. As the ACCT is part of the existing FSF, which has been operating successfully since 2021, the risk is low. It is likely that the impact would be moderate.

216. TA Facility: Clarmondial has overseen TA grants for the FSF since 2024 and has run other projects and programs. The impact of a mistake in the technical and operational execution of the TA Facility would have moderate impacts. Only borrowers are eligible FSF ACCT TA recipients. This means that the FSF ACCT TA recipients undergo the same due diligence process as is performed for FSF ACCT loans. The TA recipients may undergo additional capacity checks and will have additional obligations, as stipulated in the TA agreement.

Mitigation Measure(s)

Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?

217. ACCT: the mitigants is to follow the current FSF set up and processes, which include multiple layers of oversight and regular audits. The (tested) regulated fund set up significantly lowers the risk.

218. TA Facility: Clarmondial has developed a TA Facility Operating Manual, which describes how TA projects are to be overseen. Clarmondial intends to establish appropriate governance of the TA Facility, including the TA Committee. The TA Facility will also be audited regularly. Furthermore, we intend to have regular (annual) meetings with local stakeholders, including the local NDA (focal point), to ensure alignment. Once these processes are established and formalized, the risk will be significantly lowered.

Selected Risk Factor 2

Category	Probability	Impact
<u>Credit</u>	<u>Medium</u>	<u>Medium</u>

Description

Please describe the risk to the best of your knowledge at this point in time.

219. As it is deploying loans, the ACCT is vulnerable to credit risk. Non-performing loans will drag down performance and undermine investor and partner confidence. While it would be possible to recover, the impact would be medium.

Mitigation Measure(s)		
<p>Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?</p>		
<p>220. The ACCT is part of the FSF, which has existing well-tested processes and policies for managing credit risk. Furthermore, the ACCT is part of a wider portfolio of loans, whereby diversification should help to mitigate credit risk on a single transaction. Furthermore, the innovative de-risking approach of the FSF and ACCT means that risk on a single transaction tends to be limited by a VCP guarantee. These factors significantly lower the risk.</p>		
Selected Risk Factor 3		
Category	Probability	Impact
<u>Reputational</u>	<u>Medium</u>	<u>Medium</u>
Description		
<p>Please describe the risk to the best of your knowledge at this point in time.</p>		
<p>221. The FSF ACCT works with private companies and investors, which are sometimes associated with reputational risks. For example, prominent brands and traders have been criticized in the media. Some groups may not wish to work with the ACCT if it collaborates with private companies.</p>		
Mitigation Measure(s)		
<p>Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?</p>		
<p>222. The FSF and ACCT requires that brands, manufacturers and traders support their suppliers. Independent due diligence and assessment is always done on potential borrowers before the FSF (and ACCT) would enter into a commercial relationship. Furthermore, the borrowers are monitored at least quarterly, using processes tested with the FSF since 2021. The relatively short-term nature of the loans also means that there is a regular process for holding borrowers to account – loans will not be renewed if there are reputational concerns. Note that similar checks are also conducted on any other entities that support the transaction, e.g., the Value Chain Partner (VCP). TA funding may also be suspended. The existing FSF policies and processes for the loans that ACCT would do minimize the risk considerably. The TA Facility would have similar oversight (and benefit from the fact that the ACCT’s loans are being actively monitored), which also reduces the risk.</p>		
Selected Risk Factor 4		
Category	Probability	Impact
<u>Prohibited practices</u>	<u>Low</u>	<u>Medium</u>
Description		
<p>223. This risk pertains to the GCF’s Policy on Prohibited Practices. The FSF ACCT will operate as part of the existing FSF, a regulated investment fund governed under the oversight of the Luxembourg financial services regulator, subject to European Commission rules. The Fund is implemented with the support of experienced board members that have a track record of ensuring compliance with relevant regulations and best practice, including on AML/CFT and KYC, bribery, corruption and fraud, and the Fund’s operations are overseen by qualified, experienced and regulated entities that are legally obliged to demonstrate up-to-date awareness and implementation of regulations and best practice. The Fund has robust, tested processes in place for assessing both investors and investees, including</p>		

application of a conservative risk-based approach, which is required as an EU-domiciled and regulated investment fund, and extensive due diligence on potential and current investees. As TA funds are only provided to FSF ACCT borrowers, the same standards apply for TA projects.

G. GCF POLICIES AND STANDARDS

G.1. Environmental and social risk assessment (max. 750 words, approximately 1.5 pages)

224. The project is a fund and thus categorized as financial intermediation. The nature of activities financed result in the FSF ACCT being categorized as “Category C”, i.e., it finances low-risk activities. Thus, the FSF ACCT is classified as “I3” – “low level of intermediation”.
225. The activities financed by ACCT are classified as Category C: they have minimal to no adverse environmental or social risks or impacts. The FSF ACCT has no physical elements or defined footprint. FSF ACCT provides short-term loans to existing aggregators, carrying out origination and trading of agricultural goods. The FSF ACCT does not invest directly in agricultural production or processing. The FSF ACCT only works with borrowers in smallholder-farmer value chains. Smallholder-farmer value chains are defined as value (supply) chains where production is primarily carried out by farmers operating on less than 5 hectares of land. Note however that this definition is country and context specific and Clarmondial will confirm that the target transaction is indeed a “smallholder-farmer value chain” prior to a transaction being advanced to due diligence. Note that the FSF ACCT only lends to existing value chains, it does not support greenfield activities. The FSF ACCT thus funds activities that are in-line with GCF’s Category C description. Furthermore, the risk is significantly limited by the fact that the FSF ACCT’s loans have a typical term of 9 to 12 months, and loans are renewed subject to a full due diligence including on environmental and social issues. Each loan investment proposal is accompanied by an Environmental and Social (ESS) Assessment. Loans that are considered to have medium or high ESS risk are screened out at the start. Finally, the ACCT is based on an existing fund (FSF), which is subject to regular ESS audits, due to the Global Environment Facility (GEF) and Conservation International being investors and FSF being designated an Article 9 Fund in Luxembourg. As a result, there are potential minimal inherent Environmental & Social (E&S) risks and impacts expected from the project and its portfolio.
226. The FSF ACCT relies on the FSF’s existing, robust and tested, Environmental and Social Management Framework (ESMF) and an ACCT-specific ESMS. These documents summarize how the ACCT integrates ESS issues throughout the whole investment process including the grievance mechanism, from origination to execution and portfolio management. The investment process includes pre-investment screening, to screen out any potential medium or high-risk projects. Furthermore, the process described in the ESMF and ESMS ensure that, where potential E&S risks are identified during the required pre-investment E&S assessment, these are included in the loan agreement and monitored on a quarterly basis and inform annual loan renewals.
227. ACCT will provide Technical Assistance: The FSF ACCT TA Facility will have no physical elements or defined footprints. It will provide capacity building and support, in collaboration with local stakeholders including smallholder farmers, rural community representatives, government agencies, and other relevant stakeholders. Where Indigenous Peoples exist in areas where TA projects are being considered, the process summarized in the GCF IP Policy will be followed and a project-specific plan developed, including consultation with IPs and other relevant stakeholders, in TA project design. The process is described in the TA Facility Operating Manual.
228. Note that the FSF has been assessed by GEF, in the context of an NGI provided through Conservation International. An E&S assessment was conducted on the FSF in 2024, and the FSF’s approach found to be aligned with GEF requirements. This included assessment of the FSF’s approach to grievances, and its approach to monitoring of E&S issues. Clarmondial has engaged with a variety of stakeholders regarding the FSF and ACCT for several years, i.e., prior to launching the FSF and specifically in the process of designing the ACCT. Note that the relevant stakeholders to be engaged for the working capital loans will differ from those for ACCT TA projects. Notably for the latter, the TA funding, this will be coordinated with a wider set of local stakeholders.

G.2. Gender assessment and action plan (max. 500 words, approximately 1 page)

229. See Annex 8 for the gender assessment, as well as Annex 2 (Feasibility Study). Note that the FSF has a Gender Mainstreaming Plan (GMP), as part of its existing ESG Policy, which was endorsed by the GEF. The FSF, through its ESMF, integrates gender throughout all processes. The FSF ACCT's approach to gender has two aspects:
230. The working capital loans: these are covered by the ESMF, which includes the ESG Policy. This includes, for example, an assessment of each loan according to the FSF's "Reach Benefit Empower" (RBE) framework for gender. This framework was developed by Clarmondial's gender advisor, Dr. Cathy Farnworth, and has been tested on the FSF transactions.
231. The TA Facility: this is covered by the Operating Guidelines. Clarmondial has developed and overseen TA projects related to gender, i.e., in Burkina Faso.
232. The ACCT will report on gender-disaggregated impact indicators where relevant. These are described in Section E. In addition, through the FSF ACCT TA Facility, activities will be designed that further GCF's gender objectives with consideration to the local context. This will be described in project proposals to the ACCT TA Facility and in monitoring reports. The ACCT's contribution to gender through the TA Facility will also be described in annual reports.
233. Clarmondial has demonstrated its gender-related E&S capacity through the implementation of the FSF. This includes regular reports on gender-disaggregated impact data and the evaluation of borrowers according to their ability to reach, benefit or empower women. Furthermore, Clarmondial has designed and overseen a successful TA project with an FSF borrower focused on women's economic empowerment in a Least Developed Country agricultural value chains. This resulted in further investments in gender equality by both the company and development partners.

G.3. Financial management and procurement (max. 500 words, approximately 1 page)

234. Section B.4 Implementation Agreements describes the contractual relationship between Clarmondial as AE, the Food Securities Fund, the FSF ACCT TAF, and the FSF ACCT borrowers (investees). The detailed provisions regarding financial management of GCF resources by the AE will be described in the FAA. Clarmondial will be overall responsible for project implementation and reporting obligations to the GCF. Periodic reporting will be provided by Clarmondial to the GCF specifying:
- The amounts already committed by the FSF ACCT by country and by project;
 - The amounts already committed and disbursed by the FSF ACCT by country;
 - The remaining amount on different GCF accounts;
 - A provisional disbursement schedule on a one-year rolling horizon;
 - For the loan component, a list of incidents recorded during the repayment period of the loan provided to project counterparts.
235. Such reports will be provided in English to the GCF in line with reporting timelines to be captured in the Term Sheet and FAA respectively. Clarmondial will be responsible for establishing KYC/ due diligence processes including AML and other evaluations of investors according to each representative institutions internal policy requirements. Clarmondial will be responsible as AE for all funds of the FSF ACCT project. Credit risk monitoring of project borrowers will be carried out by Clarmondial. Audits will be carried out on an annual basis. Clarmondial and its partners' (e.g., Citi) will monitor transaction activities relating to disbursement of funds for each investment as well as repayments following international standards.
236. Note that as the ACCT is part of FSF, which is a regulated investment fund, it is subject to strict oversight. There are well-established processes for disbursing funds, and these are audited by EY on an annual basis. In terms of investments (loans) provided under ACCT, Clarmondial originates and

proposes loans to the Investment Advisory Committee (IAC), using the Investment Proposal (IP) template. Every IP includes a completed ESS screening form. No potential investments rated “high risk” are proposed to the IAC. If approved by the IAC, the loan is proposed to and evaluated by the AIFM’s Investment Committee. If it passes this step, further checks are done prior to final approval by the Board of the FSF and Citibank. The FSF’s board has two experienced independent board members and one representative from Clarmondial. A loan is only disbursed after this process, and this same process is followed for loan renewals. The FSF and ACCT has other costs, including for auditors and service providers, and these are based on contracts. All payments are subject to various checks and require two signatories. All loans are monitored on a quarterly basis. This includes evaluating the financial health and budgets of borrowers, as well as on E&S safeguards. FSF has an existing track record on this. The FSF ACCT TA Facility will be managed by Clarmondial, based on the TA Facility Operating Manual. It will be overseen by a TA Committee (TAC) to be established. In addition to the FSF-related policies and procedures, Clarmondial also has a company policy (Clarmondial Code of Conduct), which is signed off by all employees and relevant advisors. This covers AML and CFT, Professional Conduct and Ethics, IT and general administration, Clarmondial’s ESG Policy, Travel Guidelines, Procurement policy for donor-funded projects (such as the ACCT TA Fund), Expense Management Policy and the Employee Disclosure Form.

237. Clarmondial performs procurement activities in a manner that ensures transparency and fairness. With regards to GCF funds, it will follow the procurement process for donor-funded projects which mandates a competitive approach for contracts exceeding USD 10,000. This includes publishing calls for tenders on Clarmondial’s website and allowing at least two weeks for submissions, with a minimum of three offers required for evaluation. Exceptions to this process (Sole Source Procurement) are permitted under specific conditions such as vendor uniqueness, urgency, inadequate competition, continuity of work, or donor-approved collaborations. Clarmondial will publish procurement opportunities on its webpage as well as the procurement awards to the extent possible (i.e., respecting confidentiality aspects).

G.4. Disclosure of funding proposal

Note: The Information Disclosure Policy (IDP) provides that the GCF will apply a presumption in favour of disclosure for all information and documents relating to the GCF and its funding activities. Under the IDP, project and programme funding proposals will be disclosed on the GCF website, simultaneous with the submission to the Board, subject to the redaction of any information that may not be disclosed pursuant to the IDP. Information provided in confidence is one of the exceptions, but this exception should not be applied broadly to an entire document if the document contains specific, segregable portions that can be disclosed without prejudice or harm.

Indicate below whether or not the funding proposal includes confidential information.

- No confidential information:** The accredited entity confirms that the funding proposal, including its annexes, may be disclosed in full by the GCF, as no information is being provided in confidence.
- With confidential information:** The accredited entity declares that the funding proposal, including its annexes, may not be disclosed in full by the GCF, as certain information is being provided in confidence. Accordingly, the accredited entity is providing to the Secretariat the following two copies of the funding proposal, including all annexes:
- full copy for internal use of the GCF in which the confidential portions are marked accordingly, together with an explanatory note regarding the said portions and the corresponding reason for confidentiality under the accredited entity’s disclosure policy, and
 - redacted copy for disclosure on the GCF website.
- The funding proposal can only be processed upon receipt of the two copies above, if containing confidential information.

H. ANNEXES

H.1. Mandatory annexes

- Annex 1 NDA no-objection letter(s)
- Annex 2 Feasibility study - and a market study, if applicable
- Annex 3 Economic and/or financial analyses in spreadsheet format
- Annex 4 Detailed budget plan
- Annex 5 Implementation timetable including key project/programme milestones
- Annex 6 E&S document corresponding to the E&S category (A, B or C; or I1, I2 or I3):
[\(ESS disclosure form provided\)](#)
 - Environmental and Social Impact Assessment (ESIA) or
 - Environmental and Social Management Plan (ESMP) or
 - Environmental and Social Management System (ESMS)
 - x Others (please specify – e.g. Resettlement Action Plan, Resettlement Policy Framework, Indigenous People’s Plan, Land Acquisition Plan, etc.): Environmental & Social Management Framework (ESMF), Environmental, Social & Governance (ESG) Policy, ESS Assessment
- Annex 7 Summary of consultations and stakeholder engagement plan
- Annex 8 Gender assessment and project/programme-level action plan
- Annex 9 Legal due diligence (regulation, taxation and insurance)
- Annex 10 Procurement plan
- Annex 11 Monitoring and evaluation plan
- Annex 12 AE fee request
- Annex 13 Co-financing commitment letter, if applicable
- Annex 14 Term sheet including a detailed disbursement schedule and, if applicable, repayment schedule

H.2. Other annexes as applicable

- Annex 15 Evidence of internal approval
- Annex 16 Map(s) indicating the location of proposed interventions
- Annex 17 Multi-country project/programme information
- Annex 18 Appraisal, due diligence or evaluation report for proposals based on up-scaling or replicating a pilot project
- Annex 19 Procedures for controlling procurement by third parties or executing entities undertaking projects financed by the entity
- Annex 20 First level AML/CFT (KYC) assessment
- Annex 21 Operations manual (Operations and maintenance)
- Annex 22 Assessment of GHG emission reductions and their monitoring and reporting (for mitigation and cross cutting-projects)¹⁰¹
- Annex X Other references

* Please note that a funding proposal will be considered complete only upon receipt of all the applicable supporting documents.

¹⁰¹ Annex 22 is mandatory for mitigation and cross-cutting projects.



03 de marzo del 2025
DVGE-031-2025

Mr. Henry Gonzalez
Executive Director
Secretariat of the Green Climate Fund,
175 Art Center-daero,
Yeonsu-gu, Incheon 22004,
Republic of Korea

Subject: Expression of no-objection for the application for the Green Climate Fund Project-specific Assessment Approach (PSAA) regarding "Food Securities Fund (Accountable Cocoa and Coffee Trance)"

We refer to the project titled "Food Securities Fund (Accountable Cocoa and Coffee Trance)" under the Project-Specific Assessment Approach ("PSAA") submitted by Clarmondial AG to us.

The undersigned is the duly authorized representative of the National Designated Authority / Focal Point of Costa Rica.

Pursuant to the GCF Board decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the project.

By communicating our no-objection, it is implied that:

- a. The government of Costa Rica has no-objection to the project;
- b. The project is in conformity with the national priorities, strategies and plans of Costa Rica;
- c. In accordance with the GCF's environmental and social safeguards, the project is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no-objection to the project has been duly followed.



We acknowledge that this letter will be made publicly available on the GCF website.

Sincerely,

Carlos Isaac Pérez Mejía
Vice-minister of Strategic Affairs
Ministry of Environment and Energy
Calle 25. Av. 8-10, San Jose, Costa Rica

cc: Mrs. Enid Chaverri Tapia. Director of the International Cooperation Department
Archivo / Consecutivo



GREEN
CLIMATE
FUND

**MINISTRY OF ENVIRONMENT,
OF SUSTAINABLE DEVELOPMENT
AND ECOLOGICAL TRANSITION**

**DIRECTORATE OF INTERNATIONAL
COOPERATION AND FINANCING
MOBILIZATION**

**DESIGNATED NATIONAL AUTHORITY
OF THE GREEN CLIMATE FUND**

N° 0 0 5 5 4 /MINEDDTE/CAB/DCIMF

REPUBLIC OF COTE D'IVOIRE
Union – Discipline – work



Abidjan, the 02 SEPT 2024

To
Madam
**Executive Director of the Green
Climate Fund Secretariat,**
175 Art Center-daero
Yeonsu-gu, Incheon 406-840
REPUBLIC OF KOREA

Subject: Expression of no-objection for the application for the Green Climate Fund Project-specific Assessment Approach (PSAA) regarding "Food Securities Fund (Accountable Cocoa and Coffee Trance)"

Dear Madam,

We refer to the project titled "Food Securities Fund (Accountable Cocoa and Coffee Trance)" under the Project-Specific Assessment Approach ("PSAA") submitted by Clarmondial AG to us on 8 July 2024.

The undersigned is the duly authorized representative of **YAO Marcel**, the **Focal Point** of Côte d'Ivoire.

Pursuant to the GCF Board decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our **no-objection** to the project as included in the funding proposal.

By communicating our no-objection, it is implied that:

- (a) The government of Côte d'Ivoire has **no-objection** to the project as included in the funding proposal;
- (b) The project as included in the funding proposal is in conformity with the national priorities, strategies and plans of Côte d'Ivoire;
- (c) In accordance with the GCF's environmental and social safeguards, the project as included in the funding proposal is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no-objection to the project as included in the funding proposal has been duly followed ;

We acknowledge that this letter will be made publicly available on the GCF website.

Kind regards,



YAO Marcel

Director of International Cooperation and Financing
Mobilization
Focal Point
Côte d'Ivoire



GOBIERNO DE LA
REPÚBLICA DOMINICANA

MEDIO AMBIENTE

VCCyS-0145-2025

Santo Domingo, DR
2th of June 2025

Mr. Henry Gonzalez
Executive Director
Secretariat of the Green Climate Fund,
175 Art Center-daero,
Yeonsu-gu, Incheon 22004,
Republic of Korea

Subject: Expression of no-objection for the application for the Green Climate Fund Project-specific Assessment Approach (PSAA) regarding "Food Securities Fund (Accountable Cocoa and Coffee Trance)"

We refer to the project titled "Food Securities Fund (Accountable Cocoa and Coffee Trance)" under the Project-Specific Assessment Approach ("PSAA") submitted by Clarmondial AG to us.

The undersigned is the duly authorized representative of the National Designated Authority Focal Point of Dominican Republic.

Pursuant to the GCF Board decision B. O8/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the project.

By communicating our no-objection, it is implied that:

- a. The government of Dominican Republic has no objection to the project.
- b. The project is in conformity with the national priorities, strategies and plans of Dominican Republic.
- c. In accordance with the GCF's environmental and social safeguards, the project is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no objection to the project has been duly followed.

We acknowledge that this letter will be made publicly available on the GCF website.

Sincerely,

ADP
Ana Emilia Pimentel
Viceminister of Climate Change and Sustainability
Ministry of Environment and Natural Resources

AEP/ICB/mgb/sd
cb



To: The Green Climate Fund (“GCF”)

Quito, July 28th, 2025

Re: Expression of no-objection for the funding proposal titled “Food Securities Fund Accountable Cocoa and Coffee Tranche (FSF ACCT)” submitted by Clarmondial AG under the project specific assessment approach

Dear Madam, Sir,

We refer to the funding proposal titled “**Food Securities Fund Accountable Cocoa and Coffee Tranche (FSF ACCT)**” in Ecuador submitted by Clarmondial AG to us on May 13th, 2025 under the project specific assessment approach the “**Proposal**”.

The undersigned is the duly authorized representative of Ms. Jéssica Stefanía Gallegos Yaruquí, the national designated authority of Ecuador.

Pursuant to GCF Decisions B.08/10, B.37/22, and B.41/02, the content of which we acknowledge to have reviewed, in my capacity as representative of the national designated authority, we hereby communicate our no-objection to the Proposal.

By communicating our no-objection, it is implied that:

- (a) The government of Ecuador has no-objection to the Proposal; and
- (b) The Proposal is in conformity with the national priorities, strategies and plans of Ecuador.

We also confirm that our national process for ascertaining no-objection to the Proposal has been duly followed.

Notwithstanding the foregoing, we expect Clarmondial AG to take the necessary measures to ensure that the project as described in the Proposal is implemented in a manner consistent with applicable national laws.

We acknowledge that this letter will be made publicly available on the GCF website.

Kind regards,



Jéssica Stefanía Gallego Yaruquí
Undersecretary of Climate Change
National Designated Authority
Ecuador



MINISTRY
OF
FINANCE

P.O.Box MB 40, Ministries, Accra
Digital Address : GA-144-2024

Kindly quote this number and date on all
correspondence

My Ref. No. MOF/RS/NDA- GCF/04/25

Your Ref. No. _____

Date. 2ND MAY 2025

**EXPRESSION OF NOMINATION AND NO-OBJECTION FOR THE FUNDING PROPOSAL
TITLED 'ACCOUNTABLE COCOA AND COFFEE TRANCHE (ACCT) OF THE FOOD
SECURITIES FUND (FSF)' UNDER THE PROJECT SPECIFIC ASSESSMENT APPROACH**

We refer to the funding proposal titled "Accountable Cocoa and Coffee Tranche (ACCT) of the Food Securities Fund (FSF)" submitted by Clarmondial AG, to the National Designated Authority (NDA)/Ministry of Finance, on 18th March 2025, under the Project Specific Assessment Approach (the "Proposal").

2. The undersigned is the duly authorized representative of the Ministry of Finance, the National Designated Authority of the Republic of Ghana.

3. Pursuant to GCF Decisions B.08/10, B.37/22, and B.41/02, the content of which we acknowledge to have reviewed, in my capacity as representative of the National Designated Authority, we hereby communicate our no-objection to the Proposal.

4. Additionally, pursuant to paragraph 47 of the Governing Instrument for the Green Climate Fund and the GCF Board decision B.31/06 on the implementation of the PSAA, in my capacity as representative of the National Designated Authority, for the Republic of Ghana, I hereby nominate the entity below in connection with the Proposal:

- **Legal name: Clarmondial AG**
- **Contact person: Tanja Havemann**
- **Contact details:**
 - Clarmondial AG**
 - Weinrebenstrasse 20, 8708 Männedorf, Switzerland**
 - M: +41 78 610 32 92**
 - W: <https://www.clarmondial.com>**
 - E: th@clarmondial.com / fw@clarmondial.com**

5. By communicating our no-objection, it is implied that:

- (a) The government of the Republic of Ghana has no-objection to the Proposal; and
- (b) The Proposal is in conformity with the national priorities, strategies and plans of the Republic of Ghana.

6. We also confirm that our national process for ascertaining no-objection to the Proposal has been duly followed.

7. Notwithstanding the foregoing, we expect the Clarmondial AG to take the necessary measures to ensure that, the project as described in the Proposal is implemented in a manner consistent with applicable national laws.



**MINISTRY
OF
FINANCE**

**P.O.Box MB 40, Ministries, Accra
Digital Address : GA-144-2024**

8. We further confirm that our no-objection to the Proposal also applies to any project preparation facility application made by the Clarmondial AG after the submission of the Proposal to the GCF Secretariat.
9. We acknowledge that this letter will be made publicly available on the GCF website.

Phyllis

**PHYLLIS ADWOA FRAIKUE
NDA-FOCAL POINT
FOR: MINISTER**

**THE EXECUTIVE DIRECTOR
GREEN CLIMATE FUND (GCF)
G-TOWER
SONGDO BUSINESS DISTRICT
175 ART CENTER-DAERO
YEONSU-GU, INCHEON 22004
REPUBLIC OF KOREA**

CC: Hon. Minister, MoF
Hon. Deputy Minister, MoF
Chief Director, MoF
Coordinating Director, MoF
Director/Founder, Clarmondial AG



MINISTERIO DE AMBIENTE Y RECURSOS NATURALES
GUATEMALA, C. A.

Ministra

To: The Green Climate Fund ("GCF")

Guatemala, July 01, 2025
Oficio No. MI-2091-2025/APOT/aima (UCI)

Re: Expression of no-objection for the funding proposal titled "Accountable Cocoa & Coffee Tranche (ACCT)" submitted by Clarmondial AG under the project specific assessment approach

Dear Madam, Sir,

We refer to the funding proposal titled "Accountable Cocoa & Coffee Tranche (ACCT)" in Guatemala submitted by Clarmondial AG to us on 25 March 2025 under the project specific assessment approach (the "**Proposal**").

The undersigned is the duly authorized representative of Climate Change Development Authority, the national designated authority of Guatemala.

Pursuant to GCF Decisions B.08/10, B.37/22, and B.41/02, the content of which we acknowledge to have reviewed, in my capacity as representative of the national designated authority, we hereby communicate our no-objection to the Proposal.

By communicating our no-objection, it is implied that:

- (a) The government of Guatemala has no-objection to the Proposal; and
- (b) The Proposal is in conformity with the national priorities, strategies and plans of Guatemala.

We also confirm that our national process for ascertaining no-objection to the Proposal has been duly followed.

Notwithstanding the foregoing, we expect Clarmondial AG to take the necessary measures to ensure that the project as described in the Proposal is implemented in a manner consistent with applicable national laws.

We acknowledge that this letter will be made publicly available on the GCF website.

Kind regards,



Ana Patricia Orantes Thomas
Ministra
Ministerio de Ambiente y Recursos Naturales





FEDERAL MINISTRY OF BUDGET AND ECONOMIC PLANNING

Office of the Permanent Secretary

☎:0916 982 3245 ☒:info@nationalplanning.gov.ng

Ref:

FMBEP/HB/SEC/2097/II/T/172

Date: 24th December, 2024

Henry Gonzalez,
Executive Director
Secretariat of Green Climate Fund
175 Art Center-daero Yeonsu-gu 22004
Republic of Korea

**LETTER OF NO OBJECTION REGARDING A PROJECT PROPOSAL TITLED
“FOOD SECURITY FUND (ACCOUNTABILITY COCOA AND COFFEE
TRANCHE)”**

I refer to the above mentioned project as included in the funding proposal submitted by the Clarmondial for funding by the Green Climate Fund.

2. The undersigned is the duly authorized representative of the Ministry of Budget and Economic Planning of the Federal Republic of Nigeria
3. Pursuant to GCF decisions B.08/10; the content of which we acknowledge to have reviewed, we hereby communicate our No Objection as included in the funding Proposal.
4. By Communicating our No Objection, it is implied that:
 - (a) The Government of Nigeria has no objection to the Project as included in the Funding Proposal; and
 - (b) The Project as included in the funding proposal is in conformity with our national priorities and the present Administration’s Development Agenda.
5. We confirm that our National Process for ascertaining No-Objection to the project as included in the Funding Proposal has been duly followed:
6. We also acknowledge that this letter will be made publicly available in the GCF website.
7. Please accept the assurance of my warm regard.

Dr. Emeka Vitalis Obi, mni
Permanent Secretary



PERÚ

Ministerio de
Economía y Finanzas

Viceministerio
de Economía

Dirección General de Asuntos
de Economía Internacional,
Competencia y Productividad

To: The Green Climate Fund ("GCF")

Lima, 07 October 2025

Re: Expression of no-objection for the funding proposal titled "Food Securities Fund Accountable Cocoa and Coffee Tranche (FSF ACCT)" submitted by Clamondial AG, under the project specific assessment approach

Dear Madam, Sir,

We refer to the funding proposal titled "Food Securities Fund Accountable Cocoa and Coffee Tranche (FSF ACCT)" in Peru submitted by Clamondial AG to us on 12 Jun 2025 under the project specific assessment approach (the "**Proposal**").

The undersigned is the duly authorized representative of Ministry of Economy and Finance, the national designated authority of Peru.

Pursuant to GCF Decisions B.08/10, B.37/22, and B.41/02, the content of which we acknowledge to have reviewed, in my capacity as representative of the national designated authority, we hereby communicate our no-objection to the Proposal.

The Food Securities Fund Accountable Cocoa and Coffee Tranche (FSF ACCT) It seeks to transform the agricultural financing model by providing early-stage capital, technical assistance, and risk-sharing mechanisms with the private sector, promoting sustainable practices and a just climate transition in rural areas.

By communicating our no-objection, it is implied that:

- (a) The government of Peru has no-objection to the Proposal; and
- (b) The Proposal is in conformity with the national priorities, strategies and plans of Peru.

We also confirm that our national process for ascertaining no-objection to the Proposal has been duly followed.

Notwithstanding the foregoing, we expect Clamondial AG to take the necessary measures to ensure that the project as described in the Proposal is implemented in a manner consistent with applicable national laws.

We acknowledge that this letter will be made publicly available on the GCF website.

Kind regards,



Ms. Tania Gisella Chiang Ma
Director
Directorate-General for International Economic Affairs, Competition and Productivity
Ministry of Economy and Finance
Peru



Republic of Rwanda
Ministry of Environment

**RWANDA ENVIRONMENT
MANAGEMENT AUTHORITY
(REMA)**



Kigali, on **23 MAY 2025**
N°...**0931**...../NDA/2025

**Executive Director
Green Climate Fund (GCF)
Songdo Business District
175 Art center-daero
Yeonsu-gu, Incheon 22004
Republic of Korea**

Dear Madam,

Re: Expression of no-objection for the funding proposal titled "Accountable Cocoa & Coffee Tranche (ACCT) of the Food Securities Fund (FSF)" submitted by Clarmondial AG under the project specific assessment approach.

Referring to the funding proposal titled "Accountable Cocoa & Coffee Tranche (ACCT) of the Food Securities Fund (FSF)" in Rwanda submitted by **Clarmondial AG** to us on 25th October 2024 under the project specific assessment approach (the "**Proposal**").

The undersigned is the duly authorized representative of Rwanda Environment Management Authority, the national designated authority of the Republic of Rwanda.

Pursuant to GCF Decisions B.08/10, B.37/22, and B.41/02, the content of which we acknowledge to have reviewed, in my capacity as representative of the national designated authority, we hereby communicate our no-objection to the Proposal.

By communicating our no-objection, it is implied that:

- (a) The Government of Rwanda has no-objection to the Proposal and
- (b) The Proposal is in conformity with the national priorities, strategies and plans of the Republic of Rwanda.

We confirm also that our national process for ascertaining no-objection to the Proposal has been duly followed.

Notwithstanding the foregoing, we expect **Clarmondial AG** to take the necessary measures to ensure that the programme [and its sub-projects] as described in the Proposal is implemented in a manner consistent with applicable national laws.

We acknowledge that this letter will be made publically available on the GCF website.

Kind regards,

**Juliet KABERA
Director General**



Telephone: 256 41 4341305/230487
Fax : 256 41 4233524
Email : finance@finance.go.ug
Website : www.finance.go.ug
Plot No. 2-8 Apollo Kaggwa Road
In any correspondence on
This subject please quote No.DARC
79/251/03



Ministry of Finance, Planning &
Economic Development,
P.O Box 8147
Kampala, Uganda

15th April 2024

Mr. Henry Gonzalez,
Executive Director,
Secretariat of the Green Climate Fund,
175 Art Center-daero,
Yeonsu-gu, Incheon 22004,
REPUBLIC OF KOREA.

**LETTER OF NO OBJECTION REGARDING A PROJECT PROPOSAL
TITLED "FOOD SECURITY FUND (ACCOUNTABLE COCOA AND
COFFEE TRANCHE)"**

I refer to the above mentioned project as included in the funding proposal submitted by Ministry of Water and Environment for funding by the Green Climate Fund.

The undersigned is the duly authorized representative of Ministry of Finance, Planning and Economic Development, the National Designated Authority/focal point of Uganda.

Pursuant to GCF decisions B.08/10; the content of which we acknowledge to have reviewed, we hereby communicate our no-objection as included in the funding proposal.

By communicating our no objection, it is implied that:

- (a) The government of Uganda has no objection to the project as included in the funding Proposal;
- (b) The project as included in the funding proposal is in conformity with the national priorities, strategies and plans in Uganda.

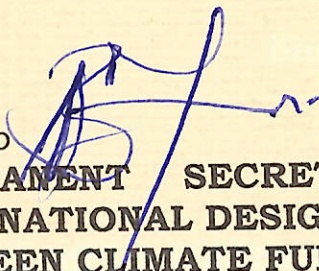
Mission

"To formulate sound economic policies, maximize revenue mobilization, ensure efficient allocation and accountability for public resources so as to achieve the most rapid and sustainable economic growth and development"

(c) In accordance with the GCF's environmental and social safeguards, the project as included in the funding proposal is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no-objection to the project as included in the funding proposal has been duly followed.

We acknowledge that this letter will be made publicly available on the GCF website.

Patrick Ocailap 

**FOR: PERMANENT SECRETARY/ SECRETARY TO THE
TREASURY / NATIONAL DESIGNATED AUTHORITY FOCAL POINT
FOR THE GREEN CLIMATE FUND.**

Copy to: Hon. Minister of Finance, Planning and Economic
Development.

Permanent Secretary, Ministry of Water and Environment

Mission

"To formulate sound economic policies, maximize revenue mobilization, ensure efficient allocation and accountability for public resources so as to achieve the most rapid and sustainable economic growth and development"

Secretariat's assessment of the project-specific assessment approach applicant

1. The Secretariat has assessed the document titled "PSAA accreditation: application and review checklist" submitted by Clarmondial AG ("Clarmondial" or the "applicant") against the GCF accreditation standards. The results of the applicant capacity assessment and recommendations for GCF project-specific assessment approach (PSAA) accreditation are presented below.

Overall capacity	<p>Medium</p> <p>The applicant – together with the external service providers that comprise the project implementation structure for the proposed funded activity – has a financial management system, internal control framework (including risk management), and systems and policies in place to prevent money-laundering and the financing of terrorism.</p> <p>While the applicant remains ultimately accountable to GCF for the use of its resources in line with the governing financial regulation in the European Union (the Alternative Investment Fund Managers Directive),¹ the entity holds a role as investment adviser with respect to the Food Securities Fund. With regard to the implementation of the funded activity, the activity will place substantial reliance on the internal control frameworks of external, regulated service providers such as the depositary agent and the external alternative investment fund manager. Certain operational functions are outsourced, but the entity has a track record of collaboration with such external service providers, which, via regulation, make independent assessments of compliance matters.</p> <p>The applicant operates with a small core team. The applicant has sufficient scope to manage environmental and social risks and gender risks and impacts. There is a low likelihood of negative impacts on the applicant's ability to undertake the proposed project as designed.</p>
Fiduciary functions	<p>Basic fiduciary standards</p> <p>Specialized fiduciary standard for project management</p> <p>Specialized fiduciary standard for grant award or funding allocation mechanisms (grant award)</p> <p>Specialized fiduciary standard for on-lending or blending (for loans and guarantees)</p>
Maximum environmental and social risk category	<p>Limited adverse risks (Category B/I-2)</p>
Conditions	<p>No specific conditions</p>

¹ Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers. Available at <https://eur-lex.europa.eu/eli/dir/2011/61/oj/eng>.

2. The Secretariat has augmented its capacity by using external experts to undertake the applicant capacity assessment review.² A summary of the assessment is presented in this document.

I. Applicant capacity assessment summary report

1.1 Introduction and institutional assessment

3. Clarmondial is a Swiss-based investment advisory firm providing tailored financial and strategic advice to businesses and funders focused on social and environmental impact. In 2021, Clarmondial designed and launched the impact-oriented, open-ended Food Securities Fund SA SICAV-FIS (FSF), which blends financing from public and private sources to deploy short-term, renewable working-capital loans to mid-stream companies in agriculture value chains. The proposed programme, the Food Securities Fund Accountable Cocoa and Coffee Tranche (FSF ACCT), is a dedicated sub-fund that benefits from the structure of FSF to address cocoa and coffee value chains in selected geographies.

4. The planned GCF investment is a USD 50 million equity commitment to FSF ACCT and a USD 6 million grant for the technical assistance facility under FSF ACCT.

1.2 Methodology

5. Clarmondial received an endorsement from the GCF Climate Investment Committee 2 on 5 September 2024 and submitted the first set of accreditation materials for the first review round (completeness check) in January 2025 based on the customized application form and materials request. The two subsequent review rounds took place in May and June 2025. An external review team conducted a comprehensive review of the submitted materials and assessment of Clarmondial's policies, procedures, capacities, track record and human resources against the GCF accreditation standards and checklist.

6. Reference check interviews were conducted with existing investors in FSF. The interviews found that no critical issues related to the fiduciary role or other capacities of Clarmondial have arisen during the partnership.

7. In addition to conducting a desk review, the external review team conducted a joint due diligence site visit with the GCF Secretariat to the FSF domicile in Luxembourg, during which the desk review findings were validated, walkthroughs of processes were conducted, and interviews and presentations were completed across all areas of the assessment. Clarmondial's partners, two FSF directors, and personnel from both the external alternative investment fund manager (AIFM) and the administrator and depositary bank participated in the discussions, which provided further evidence of the applicant's and its key service providers' capacity and procedures.

8. The applicant was assessed in accordance with the GCF policies and standards to the extent applicable to accreditation below:

- (a) "Updated Strategic Plan for the GCF 2024–2027" (B.36/13);
- (b) "Matters related to the accreditation framework" regarding the accreditation process (decisions B.24/13 and B.26/01);

² In line with the PSAA pilot framework approved by the Board (decision B.31/06), the Secretariat has augmented its capacity by using external experts, third-party organizations and/or service providers to support it in undertaking the applicant capacity assessment review.

- (c) “Guiding Framework and Procedures for Accrediting National, Regional and International Implementing Entities and Intermediaries, Including the Fund’s Fiduciary Principles and Standards and Environmental and Social Safeguards” (decision B.07/02);
- (d) “Policy on Prohibited Practices” (decision B.22/19);
- (e) “Anti-Money Laundering and Countering the Financing of Terrorism Policy” (AML/CFT Policy) (decision B.18/10);
- (f) “Policy on the Protection of Whistleblowers and Witnesses” (decision B.BM-2018/21);
- (g) “Environmental and Social Management System: Environmental and Social Policy” (decision B.19/10);
- (h) “Comprehensive Information Disclosure Policy of the Fund” (decision B.12/35) regarding the disclosure of environmental and social (E&S) information;
- (i) “Updated Gender Policy and Gender Action Plan 2020–2023” (decision B.24/12);
- (j) “Revised Environmental and Social Policy” (decision B.BM-2021/18);
- (k) “Evaluation Policy” (decision B.BM 2021/07); and
- (l) “Updates to the Accreditation Framework” (decision B.31/06).

1.3 Contribution to the mandate of GCF

9. Clarmondial is focused on promoting the sustainable management of natural resources and sustainable integrated land management practices. In its capacity as the investment adviser for FSF, Clarmondial identifies potential investments, prepares investment research, conducts due diligence on potential investments, conducts monitoring and assessment with respect to investments, and performs other activities as required.

10. Clarmondial’s FSF ACCT will finance value chain actors that work with farmers, in particular smallholders, supporting them to implement climate-smart coffee and cocoa production. This focus corresponds to three of the GCF mitigation and adaptation results areas: forestry and land use (Mitigation Results Area (MRA) 4), most vulnerable people and communities (Adaptation Results Area (ARA) 1), and ecosystems and ecosystem services (ARA 4), with a strong emphasis on MRA 4. The objectives of FSF and the overall mandate of Clarmondial align with the updated Strategic Plan for the GCF 2024–2027 and contribute to the mandate of GCF.

1.4 Track record and implementation of similar projects

11. Clarmondial possesses a relevant track record in structuring and managing innovative climate finance vehicles. The existing blended finance fund, FSF, started operating in 2021 and has disbursed working-capital loans to borrowers in nine countries. Clarmondial has acted as an executing agency for the Global Environment Facility (GEF) non-grant instrument project (FSF), for which Conservation International (CI) serves as the GEF partner agency. Clarmondial has leveraged significant amounts in private sector guarantees to match the loans, and has secured commitments to FSF from multiple private investors.

12. This assessment is based on Clarmondial’s track record in relation to the existing FSF. Based on the funding proposal, FSF ACCT will be set up as a sub-fund under FSF, with a similar business model, asset class and ticket size, leveraging the applicant’s proven portfolio management and monitoring processes and its capacity in classifying E&S risks and impacts.

The FSF ACCT sub-fund will be governed by the same legal and fiduciary oversight mechanisms as FSF, but with a focus on selected commodities and specific geographies.

13. The applicant's key track record to date includes the management of FSF, launched in March 2021 to address climate change through promoting sustainable agricultural practices in smallholder-based supply chains. As of 31 March 2025, FSF had invested on a cumulative basis across 18 subprojects. As an investment advisory firm, Clarmondial has a track record of more than 15 years promoting impact investment, nature-based solutions and sustainable agribusiness in emerging markets.

1.5 Legal status, registration, permits and licences

14. Clarmondial is a limited liability company registered in Switzerland on the commercial register of the canton of Zurich on 25 May 2010. It will serve as the accredited entity for GCF and will act as an investment adviser to FSF ACCT.

15. FSF, Clarmondial (in its capacity as the investment adviser) and Vistra Fund Management SA (as the AIFM) will be the executing entities (EEs) for the funded activity. Clarmondial and the AIFM will be responsible for origination, due diligence and investment recommendations.

16. FSF is registered as an "investment company with variable capital – specialized investment fund" (*société d'investissement à capital variable – fonds d'investissement spécialisé*) under the form of a public limited liability company (*société anonyme*) in Luxembourg. FSF was registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) on 27 September 2018.

17. Vistra Fund Management SA, a public limited company (*société anonyme*) registered in Luxembourg in 2016, acts as the AIFM for FSF. The AIFM is authorized by the financial regulator in Luxembourg, the *Commission de Surveillance du Secteur Financier* (CSSF). Under the Alternative Investment Fund Managers Directive (AIFMD),³ an alternative investment fund is required to have a single AIFM that is formally responsible for performing the portfolio and risk management functions.

18. In accordance with the AIFMD, the AIFM entered into an investment advisory agreement with Clarmondial in 2020, wherein Clarmondial, as an investment adviser, provides investment fund advisory services to the AIFM in relation to the management of the assets of FSF.

II. Accreditation assessment

2.1 Basic fiduciary standards

2.1.2. Key administrative and financial capacities

19. Clarmondial is owned by three shareholders, who are full-time partners. Clarmondial is governed by a board of directors, currently comprising two members: one shareholder representative and one external director. The appointment of a second external director was under way at the time of this assessment in June 2025. According to the statutes, the board of directors may consist of one or more members.

³ Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers. Available at <https://eur-lex.europa.eu/eli/dir/2011/61/oj/eng>.

20. The FSF board has three directors. One also serves as the external director of Clarmondial, while the other two have extensive experience in the financial sector and investment banking, including climate and environmental finance. FSF ACCT will be governed under FSF with the same board and oversight mechanisms.
21. The duties of the FSF board of directors, the investment adviser, the AIFM, the administrator and the depositary are documented in the legal structure of FSF and are reflected both in the funding proposal and in paragraphs 22, 23, and 24 below.
22. The FSF board is responsible for the performance of its overall investment policy and objectives, management and administration.
23. In accordance with the AIFMD, the AIFM is formally responsible for the investment management functions, namely the portfolio management function and the risk management function. This includes hosting an investment committee to accept or reject investment recommendations from the investment adviser, and a valuation committee to reflect the investment adviser's assessment of the investments on a quarterly basis. The depositary is responsible for the general supervision of the assets of FSF and the custody of the assets entrusted to it. The administrator is responsible for the domiciliation of FSF, for the maintenance of records and other general administrative functions, and for issuing and redeeming shares.
24. The AIFM and Clarmondial have entered into an investment advisory agreement for FSF. Based on the agreement, Clarmondial is responsible for sourcing and identifying potential investments, preparing investment research and due diligence relating to potential investments, providing data on the composition and performance of the investments, carrying out monitoring and risk assessment, preparing investment transaction documentation, supporting the AIFM in the preparation of valuations, and providing any other support requested by the AIFM. Clarmondial hosts the investment advisory committee (IAC), the valuation advisory committee (VAC) and the impact advisory board. The IAC and VAC review recommendations for loan transactions and provisions for the subsequent submission of such recommendations to the AIFM for its investment and valuation decision. The investment reviews are based on a written investment proposal and supporting documents prepared by Clarmondial. The IAC and VAC have written terms of reference and each has four to five external members.
25. Clarmondial's core team includes three shareholding partners in addition to three investment officers and two associates (one with a focus on communications and E&S). The investment officers – based in West Africa (Côte d'Ivoire), East Africa (Kenya) and Latin America (Peru) – act as regional focal points for FSF. Additional investment support is sourced from Clarmondial's external expert network on a needs basis. The day-to-day operations and oversight are led by the partners, including a weekly full team meeting and weekly calls with the investment officers. The key areas of authority and responsibility relating to Clarmondial's partners and employees, including reporting and delegation lines, are well documented. As the organization grows, it is expected that there will be increased scope for specialization of roles.
26. The FSF prospectus defines the FSF investment objectives and strategy, which are further formalized in its policies and guidelines. The funding proposal identifies the objectives, strategy, and key performance indicators (KPIs) specific to FSF ACCT. While organization-level strategy and objectives are not documented in detail, given the firm's small size, Clarmondial has regular meetings and corporate off-sites to discuss organization-level strategy and creates annual plans around objectives and indicators to measure progress and impact. It is expected that as its headcount grows and the value of its funds' assets under management expands, the documentation of organization-level strategy and planning will continue to be strengthened.
27. Financial statements for FSF are prepared annually following the Luxembourg Generally Accepted Accounting Principles. An external audit of FSF is performed by an internationally

recognized audit firm. The financial statements of Clarmondial are prepared annually following Swiss law and are externally audited. Given the legal status and nature of the activities of FSF, and consistent with the regulatory requirements, audit reports are not made public. However, the audit reports are communicated to the shareholders at the annual general meeting.

28. At FSF, accounting and financial management are outsourced to an external administrator and depositary, which is a globally recognized financial institution.

29. Overall, the FSF internal control environment benefits from the controls of the AIFM and of the administrator and depositary. The administrator's accounting and financial information systems, along with its internal controls, are deployed for FSF. The primary internal controls for FSF – including processes such as net asset value calculation, cash account reconciliation, loan position reconciliation, reconciliations between the administrator and the AIFM, and quarterly valuations – are conducted within the internal control environments of the AIFM and/or the administrator and the depositary. All transactions are reviewed individually in advance by both the administrator and the depositary, before being approved by the FSF directors. The financial management practices demonstrate an adequate level of segregation of duties.

30. Clarmondial outsources its bookkeeping to a reputable external accounting firm; given its small size, there is currently no dedicated finance manager function in the Clarmondial organizational structure. Clarmondial has policies and procedures in place for approving and recording expenditure.

31. Clarmondial does not maintain an internal audit function due to the organization's small size and the specific nature of its activities. Nevertheless, the principal internal controls of FSF are executed by the AIFM as well as the administrator and the depositary, which introduces additional layers of control and segregation of duties. Clarmondial has ensured the availability of external resources for conducting audits both at the fund level and at the applicant level by undergoing audits by reputable external auditors. No significant deficiencies in internal control have been identified, and all audits complied with relevant laws and regulations, with unqualified opinions. At a later stage, as the organization grows to the size of a larger asset manager, it would be recommended for Clarmondial to establish an independent internal audit function.

32. Responsibility for ensuring that FSF adheres to the applicable laws and regulations in Luxembourg – including obligations related to risk management, valuation, liquidity and reporting – rests primarily with the AIFM. FSF has appointed a compliance officer responsible for anti-money-laundering (AML) and countering the financing of terrorism (*responsable du contrôle du respect des obligations*) in line with Luxembourg's laws and regulations. The officer reports quarterly to the board of directors and has reporting requirements to CSSF in Luxembourg. The AIFM conducts continuous risk monitoring for FSF regarding its transactions, based on the advice of the investment adviser, and reports to the board on a quarterly basis and to CSSF on annual basis.

33. Clarmondial's code of conduct includes a procurement policy for donor-funded projects. The policy involves publishing calls for tenders on Clarmondial's website, allowing at least two weeks for submissions and requiring a minimum of three offers for evaluation. Sole source procurement is allowed under specific conditions. Clarmondial has the capacity to publicly disclose procurements. Due to the nature and size of the operations, procurement is not material in FSF or at Clarmondial.

34. Clarmondial, supported by the AIFM, the administrator and the depositary, has adequate key administrative and financial systems, capacities and human resources to manage FSF. While Clarmondial does not have dedicated financial management staff in-house (given its small size) and its headcount is limited considering its still growing assets under management and technical assistance projects, the organization has adequate general management capacities,

financial management systems and accounting processes. It also demonstrates a functional external audit system. Clarmondial has an appropriate internal control framework and a functioning procurement system. No major gaps were identified.

2.1.3. Transparency and accountability

35. Clarmondial has a code of conduct that sets out requirements for professional conduct and ethics. It includes policies relating to conflict of interest, anti-corruption, gifts and entertainment, fair treatment in the workplace, non-discrimination, and protection of human rights. The code of conduct applies to Clarmondial, its employees and its external advisers. When they begin working at Clarmondial, employees are required to sign a document indicating that they have received and read the code of conduct and will comply with its requirements. External advisers are contractually required to abide by Clarmondial's code of conduct. The FSF board follows a general code of conduct applicable to director positions in Luxembourg, which is reinforced through director service agreements.

36. The Clarmondial conflict-of-interest policy requires all employees to disclose in writing all outside business activities conducted with the intent of receiving some form of compensation. Before beginning such an activity, all employees must receive prior approval, or, if they are a new hire, they must disclose any such activities at the time of their appointment. Additionally, the code of conduct prohibits insider trading. The organization is required to keep an up-to-date record of situations where conflicts of interest entailing a material risk of damage to investors may arise or have arisen, including how they have been addressed. Outside interests are detailed in the employee disclosure form in the code of conduct, and they include areas such as beneficial ownerships and partnerships. Failure to abide by the code of conduct may lead to disciplinary action, termination or sanctions.

37. FSF has a separate conflict-of-interest policy that requires disclosure of conflict of interest to the FSF board for resolution. Conflicts of interest are disclosed at each board meeting and at Clarmondial's IAC and VAC meetings. The AIFM has internal procedures in place for conflict-of-interest declarations and for the management of any conflicts within its own investment committee and valuation committee. Contractually, all eligible loans are exclusively allocated to FSF ACCT to avoid any potential conflict of interest between FSF ACCT and FSF.

38. The above-mentioned policies and procedures demonstrate that Clarmondial has a zero-tolerance approach to fraud, financial mismanagement and other forms of malpractice. The policies promote an organizational culture that is conducive to fairness, accountability and transparency.

39. Due to the small size of the organization, Clarmondial does not have its own whistleblowing policy or procedures for whistleblower protection, but it does have policies governing its own complaint and whistleblowing mechanisms (e.g. anti-corruption policy, prevention of sexual exploitation and abuse policy, and code of conduct). According to the code of conduct, employees at Clarmondial are obliged to inform the management immediately of any known or suspected misappropriation. FSF has established an accountability and grievance mechanism, which is publicly available. Grievances can be sent to FSF by post, via a webform or via a dedicated SMS (text message) number. Anonymous grievances will be processed.

40. Clarmondial has guidelines specifying the investigation process and the roles of the involved parties. While, as mentioned, Clarmondial does not have a dedicated independent investigation unit or an internal audit unit, all investigations are reviewed and processed by its senior management in accordance with the investigation guidelines. In practice, investigations are coordinated in close collaboration with the board, the AIFM, the administrator and the depositary, and by engaging external forensic experts if needed.

41. FSF has adequate tools and processes in place to carry out an AML/know-your-customer (KYC) processes for its investments. AML/KYC checks are performed by the AIFM in-house, assisted by Clarmondial, in parallel with reviews of transactions. The AML/KYC approval note is part of the investment proposal memo.

42. Clarmondial has established ethical practices and conflict-of-interest policies. Employees are required to acknowledge and comply with the code of conduct. FSF has an accountability and grievance mechanism available for use by external stakeholders, and Clarmondial employees can use the mechanism as a reporting tool. FSF adheres to a comprehensive AML/KYC regime, managed by the AIFM.

2.2 Specialized fiduciary standards

2.2.1. Project management

43. The “project” in the context of Clarmondial’s capacity assessment is understood to be the identification of an investment opportunity, the due diligence process, the investment decision, and the management and monitoring of the investment. Clarmondial’s investment process builds on the experience gained from the initial years of operating the FSF funds, integrating technical, financial, economic, legal, environmental, social and climate change aspects.

44. Clarmondial demonstrates capability and experience in identifying potential borrowers, deploying various methods during deal origination. Investment opportunities are assessed and presented to the IAC. After the IAC review, the deal is presented to the AIFM investment committee. In its capacity as the investment adviser for FSF, Clarmondial identifies potential investments, prepares investment research, conducts comprehensive due diligence on potential investments (including on-site visits to meet potential borrowers), and carries out monitoring and assessments with respect to investments. The AIFM is responsible for the portfolio and risk management functions (including regulatory and compliance checks), in accordance with the AIFMD. The findings are documented in a comprehensive investment proposal document. Once the transaction is approved by the AIFM, the board provides final consideration and approval.

45. Borrowers’ financial and impact performance is monitored through regular communication and reporting. Considering its small size, Clarmondial does not have a dedicated monitoring and evaluation function or officer; however, regional investment managers provide continuous monitoring of KPIs, supported by data and E&S risk experts. Data are collected from the borrowers and verified through various mechanisms, resulting in an audited impact report and European Union Sustainable Finance Disclosure Regulation (SFDR) disclosures. These activities are supervised by a specific staff member responsible for E&S matters, as well as the senior management. Once the organization grows to a size at which this becomes sustainable, it may be advisable for Clarmondial to have a staff member fully dedicated to screening and managing matters relating to E&S risk.

46. Clarmondial monitors the loans on a quarterly basis; they are valued according to valuation procedures performed by the AIFM with support from Clarmondial. FSF produces quarterly performance reports, which primarily cover financial performance.

47. Clarmondial has a system in place to monitor risks in the portfolio and in relation to individual borrowers. The AIFM has a risk management function, which is responsible for fund transaction risk analysis and ongoing monitoring of risk exposure. The risk of default is monitored through the quarterly valuation process mentioned in paragraph 46 above. Borrowers are required to report serious incidents to Clarmondial within a certain time limit.

48. Clarmondial, supported by the AIFM, has the capacity and procedures in place for portfolio management and monitoring. It also has systems to flag project issues early and mechanisms for prompt response and problem resolution. There is a regular reporting mechanism for borrowers, and investors receive quarterly reports on financial performance as well as environmental, social and governance (ESG) and impact performance. Clarmondial has commissioned independent appraisals, external reviews and external midterm evaluations as required by its existing investors. To further enhance the capacity and readiness of Clarmondial to respond to the evaluation, the GCF Secretariat will provide inputs on the terms of reference for evaluations in relation to the GCF-funded activity.

49. Furthermore, FSF ACCT will have an impact advisory board (IAB), which will provide strategic guidance on ESG frameworks, impact metrics, and alignment of the portfolio with the E&S goals of FSF ACCT. IAB members will convene biannually, and GCF will have the right to appoint a member to the board. There will be a technical assistance facility (TAF) with a technical evaluation committee (TEC) to oversee the alignment of the TAF with the overall vision and primary objectives of FSF ACCT, and the TEC will participate in quarterly calls with Clarmondial. GCF will also have the right to appoint a member to the TEC.

2.2.2. Grant award

50. Clarmondial has a track record of managing large grants itself and leading project development and execution. FSF does not currently have an established TAF or grant-awarding mechanism, but Clarmondial has designed and overseen a pilot technical assistance project for an FSF borrower through a project-based facility under another donor-funded sustainable agriculture programme in Africa.

51. The TAF, under FSF ACCT, will provide selected borrowers with targeted support that contributes to climate change mitigation, adaptation and co-benefit targets. This TAF will be managed and coordinated by Clarmondial and overseen by a technical assistance committee (to be established at a later date). A TEC composed of donors is planned to provide further monitoring and advice.

52. The grant award mechanism is documented in the TAF operating guidelines, which include procedures for evaluating proposals and awarding grants, as well as exclusion criteria. Clarmondial will review TAF grant applications from FSF ACCT borrowers for projects focused on three primary themes that align with its objectives. Clarmondial has a track record of managing large grants, including reviewing the financial data. However, there has only been one case where it has implemented a full grant cycle, set up systems to review the expenditure and activities carried out with the grant award, and responded to non-compliance events.

53. Clarmondial has the technical capacity to publish the grant award results on the FSF website. However, confidentiality considerations relating to the investments may impact the ability to publish the identities of the grantees in some cases.

54. Clarmondial has developed procedures for managing a TAF; however, as mentioned, there has only been one case where it has implemented a full grant cycle. Management of a larger technical assistance grant portfolio through the current programme will be supported by matching contributions at the TAF level and project level, as well as additional human resources as the applicant grows.

2.2.3. On-lending and/or blending (loans and guarantees)

55. Via the existing FSF, Clarmondial has demonstrated experience managing resources provided by international climate funds (e.g. GEF) and various private investors and family offices. Clarmondial does not manage or disburse the loans directly but operates as an investment adviser to an AIFM, supported by the administrator and depositary. However,

Clarmondial's role in due diligence, reporting, monitoring and communication with borrowers is significant. Clarmondial, together with the key service providers for FSF, has a track record of channelling funds transparently and effectively, managing financial resources, and putting in place controls, guidelines and procedures to analyse and manage the loan portfolio and the related risks.

56. Clarmondial regularly provides investors with information on both the financial and the impact performance of the funds invested. However, the general public has limited access to information about the portfolio companies and their impact performance. The regulatory requirements of CSSF in Luxembourg provide a further framework in terms of Clarmondial's compliance with its fiduciary duties to investors in relation to its funds.

57. Clarmondial demonstrates capabilities, systems and a proven track record in originating and managing short-term renewable loans. The applicant, together with its partners, employs a comprehensive risk-based approach, integrating relevant aspects into its investment process. Its governance structure, due diligence procedures, and compliance and transparency mechanisms support its fiduciary oversight.

2.3 Environmental and social safeguards

58. Clarmondial has established a comprehensive ESG policy and an environmental and social management system (ESMS), which together form its approach to managing E&S risks in FSF ACCT. The ESG policy (approved by the board in 2022) and the environmental and social management framework outline how FSF currently integrates ESG criteria into investment screening, execution and monitoring. The policy also addresses regulatory obligations under the SFDR and the European Union taxonomy for sustainable activities, and includes safeguards, exclusion criteria and ESG metrics. The ESMS, developed specifically for FSF ACCT, further details how environmental and social safeguards (ESS) considerations are integrated into the investment cycle and aligned with the GCF Revised Environmental and Social Policy.

59. While Clarmondial does not have a stand-alone Indigenous Peoples policy, it has screened the potential impacts of FSF investments on Indigenous Peoples. An Indigenous Peoples planning framework has been developed specifically for FSF ACCT and is aligned with the GCF Indigenous Peoples Policy and ESS standards, and the policies of other relevant organizations, notably the International Finance Corporation (IFC) Performance Standard 7.⁴

60. Clarmondial's environmental and social management framework is actively applied during due diligence on potential FSF borrowers, requiring both desk review and on-site assessments. Each investment proposal includes an ESS assessment, and the investment templates incorporate ESG rationales and are aligned with global environmental conventions and nationally determined contributions. The investments have been categorized as A/I-1 to C/I-3 in the IFC risk framework since 2024, and the funded activity's E&S risk categorization will be aligned with the GCF Revised Environmental and Social Policy, specifically corresponding to the definitions of "limited adverse risks" and "minimal or no adverse risks".

61. Clarmondial's management programme for E&S risks is closely integrated into its investment processes. Loan approvals are contingent on up-to-date due diligence, including E&S risk assessments. Since the CI-GEF ESG audit in 2024, formal documentation has been strengthened. Furthermore, the small size of the team ensures that management is directly involved in all steps, with final approvals made by the investment committee. A designated E&S risks staff member provides ongoing support to the investment team, including reviewing and

⁴ Performance Standard 7: Indigenous Peoples. Available at www.ifc.org/content/dam/ifc/doc/2010/2012-ifc-performance-standard-7-en.pdf.

giving input on investment proposals and E&S risk-screening forms prior to their submission to the IAC and AIFM.

62. E&S risk performance is monitored and evaluated quarterly, and the outcomes influence FSF net asset value and provisioning decisions. E&S risk and impact KPI data are collected regularly from borrowers through Clarmondial's tailored data sheet, and they are analysed and verified by the investment team and E&S specialists.

63. As an Article 9 fund under the SFDR, FSF (under Clarmondial) has a track record of reporting and being audited based on sustainability indicators. Additionally, the ESG audit commissioned by CI in 2024 assessed compliance with the standards required under the CI-GEF funding and progress towards the GEF Global Environmental Benefits. Clarmondial does not have an evaluation function and has not conducted or published external evaluations of its programmes (due to confidentiality and regulatory requirements), but a midterm review of the CI-GEF funding of FSF was recently completed (as mentioned in para. 48).

64. In terms of external communication and grievance mechanisms, Clarmondial established an accountability and grievance mechanism in 2020 (see para. 39); this is aligned with CI-GEF policies. Borrowers are generally required to establish grievance mechanisms as part of their ESG commitments, and these are assessed during due diligence. Furthermore, during quarterly monitoring, ESS-related updates are included as a standing agenda item and recorded in writing; these relate to stakeholder engagement, safeguarding implementation, effectiveness of E&S measures, grievance mechanisms, gender and Indigenous Peoples, as relevant. While public disclosure of information on E&S risks is limited due to the confidential nature of the investments and regulatory restrictions, brief summaries are shared on the FSF website.

65. Organizationally, there is a dedicated staff member focused on E&S risks. To complement this role, the responsibility for E&S risks at Clarmondial is distributed across the investment team and supported by external experts. The IAB, which includes representatives from World Wildlife Fund-USA and CI, provides additional oversight in relation to monitoring and the preparation of impact reports. The team includes individuals with relevant experience; areas of authority and responsibility around safeguards and ESG areas have been documented, with detailed E&S risk processes outlined in detail in the ESMS document provided to the GCF Secretariat.

66. Clarmondial has appropriate ESS policies and procedures for identifying and managing ESG risks and impacts, and these have been further developed for FSF ACCT to meet GCF requirements. They include procedures relating to screening, due diligence, monitoring, management, reporting and stakeholder communications. Clarmondial has procedures for considering the risks and impacts relating to Indigenous Peoples. With the expected growth of FSF, more resources might be needed to effectively implement the processes throughout the investment cycle. In order to ensure sufficient staff capacity for E&S risk and gender-related screening, monitoring and technical assistance management, Clarmondial plans to further enhance its capacity as its loan and grant portfolios grow. This effort will include measures such as:

- (a) **Training:** Clarmondial will continue to deliver E&S risks training annually, or more regularly as needed. Upcoming sessions will include guidance on GCF-specific requirements relating to E&S risks for all team members engaged in FSF ACCT implementation;
- (b) **Policy development:** Clarmondial has developed and will implement a formal investigation policy, including mechanisms for handling complaints raised via the existing grievance redress system;

- (c) **Staffing and resourcing:** Clarmondial views E&S risks as a shared responsibility across the investment team. Sufficient resources have been established in the form of an E&S risks lead and investment officers, and E&S risk decision-making is embedded in all investment processes. Additional resources will be established as needs are identified in the future, as the portfolio grows; and
- (d) **General:** Overall, Clarmondial noted that prioritizing broader team capacity growth, particularly in the back office and investment function, will lay a strong foundation for the integration of sustainable E&S risk management. Clarmondial also intends to expand its E&S risk management function, particularly to support technical assistance activities, in line with the growth of the organization and funds under management. Future hiring and role updates will explicitly factor in responsibilities related to E&S, with the goal of ensuring approximately one full-time equivalent is allocated to E&S risk-related functions.
67. Disclosure of E&S risk matters related to FSF and borrowers has so far been limited due to confidentiality and regulatory requirements. However, all public disclosures (including ESS-related) required by GCF relating to Clarmondial, FSF and the GCF-funded activity will be made in accordance with GCF policies.

2.4 Gender

68. At the institutional level, Clarmondial does not have a stand-alone gender policy or strategy, but there are provisions in the code of conduct relating to gender equality and zero tolerance of sexual harassment. Clarmondial has a female founder and currently there is a 50/50 gender balance in the core team. The code of conduct requires the employees to subscribe to and implement in their day-to-day work the Women's Empowerment Principles under the United Nations Global Compact. The same standards are applied to business partners.
69. Clarmondial's commitment to gender equality at fund level is outlined in the gender action plan for FSF ACCT (annex 8 to the funding proposal), which defines gender targets and activities that focus on (a) evaluating borrowers' existing and potential contributions to gender equality; and (b) collecting, monitoring and reporting gender-disaggregated KPIs.
70. A gender mainstreaming plan (GMP) was prepared in 2020 to align FSF with the policies and requirements of CI-GEF. The GMP identifies and describes any gender differences, gender-differentiated impacts and risks, and opportunities to address gender gaps and promote the empowerment of men and women. The GMP has been further developed into a gender assessment specific to FSF ACCT and tailored to align with the updated GCF Gender Policy and requirements.
71. FSF requires borrowers to collect and report gender impact information as a condition of the loan. As an SFDR Article 9 fund, FSF (under Clarmondial) has a track record of reporting on two mandatory gender-related indicators: unadjusted gender pay gap and board diversity. In addition, as an SFDR Article 9 fund, FSF has elected to report on other impact indicators, including gender-disaggregated data on farmers and employees benefiting from climate change adaptation interventions.
72. FSF ACCT intends to promote gender equality and women's empowerment at both the borrower level (aggregators, i.e. companies that transact with farmers) and the farm level. Clarmondial's investment proposals have a specific section where the gender context is described and where the potential borrower's contribution to gender issues is assessed using the organization's Reach, Benefit, Empower framework. A gender assessment will also be performed for each project under the TAF and included in every technical assistance

application. One of the objectives of the TAF will be to promote gender equality in agricultural value chains through capacity-building.

73. Clarmondial does not have a designated gender specialist in-house. However, the investment team is involved in assessing gender considerations via deal origination screening, on-site due diligence (including at loan renewal) and the monitoring of portfolio companies' performance against Clarmondial's gender indicators. The investment team is supported by data and E&S risk experts, as well as by an experienced external gender adviser, as needed. Commensurate resources may be needed as the applicant's assets under management grow.

74. Clarmondial has gender inclusion principles and a fund-specific gender action plan aligned with the updated GCF Gender Policy, despite lacking an institutional gender policy or strategy. Clarmondial has organizational capacity, a relevant track record and procedures to make investments according to the updated GCF Gender Policy, and has demonstrated efforts to promote gender equality in agriculture value chains through loans and technical assistance.

III. Conclusions and recommendations

3.1 Conclusions

75. Based on the assessment, Clarmondial demonstrates a medium level of capacity to implement the proposed FSF ACCT and manage the GCF-funded activities in alignment with the relevant GCF policies. Clarmondial and the service providers possess the relevant legal status to implement FSF ACCT, as stipulated in the PSAA pilot framework requirements.

76. With respect to the GCF standards against which it was assessed, Clarmondial is considered to meet most of the assessed GCF basic fiduciary standards, specialized fiduciary standards, ESS standards, and gender policies. The assessment identified some differences versus the GCF standards due to the nature of the business, the size of the company and its role in the structure of FSF. However, these deviations are not considered to be material gaps.

- (a) The applicant partly meets the requirements of the GCF basic fiduciary standards, the GCF Policy on the Protection of Whistleblowers and Witnesses, the GCF Policy on Prohibited Practices and the specialized fiduciary standard for project management. The applicant meets the requirements of the GCF AML/CFT Policy to the extent applicable to the PSAA and the funding proposal;
- (b) The applicant partly meets the GCF Revised Environmental and Social Policy, the GCF interim ESS standards and the GCF Information Disclosure Policy on the disclosure of E&S risk information in relation to E&S risk category B/I-2 (activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures) to the extent applicable to PSAA accreditation; and
- (c) The applicant has demonstrated that it has policies and procedures to implement its gender approach, which is found to be consistent with the updated GCF Gender Policy to the extent applicable to the PSAA and the funding proposal. The applicant has demonstrated some level of in-house capacity to implement its gender approach. The applicant has demonstrated that it has experience in gender considerations in the context of climate change.

3.2 Recommendations on project-specific accreditation

77. **Accreditation type:** PSAA.

78. **Fiduciary functions:** Basic fiduciary standards, specialized fiduciary standards for project management, specialized fiduciary standard for grant award and/or funding allocation mechanisms (grant award), specialized fiduciary standard for on-lending and/or blending (for loans and guarantees).
79. **Maximum E&S risk category:** B/I-2.
80. **Conditions:** No conditions.
81. **Remarks:** As Clarmondial's assets under management continue to grow, the applicant is encouraged to:
- (a) Where possible, make public disclosures regarding itself and FSF ACCT as required by GCF (e.g. relating to audit opinions, procurement policies and awards, grant awards, beneficiaries, and project results);
 - (b) Ensure sufficient staff capacity for E&S and gender screening and monitoring as well as for technical assistance management, as the loan and grant portfolios grow; and
 - (c) Enhance the capacity and readiness to respond to the requirements of the Evaluation Policy for the GCF related to independent evaluations such as midterm reviews and final evaluations.

Independent Technical Advisory Panel's assessment of FP293

Proposal name:	Food Securities Fund Accountable Cocoa and Coffee Tranche (FSF ACCT)
Project-specific assessment approach applicant:	Clarmondial AG
Country(ies):	Costa Rica, Côte d'Ivoire, Dominican Republic (the), Ecuador, Ghana, Guatemala, Nigeria, Peru, Rwanda, Uganda
Project/programme size:	Medium

I. Assessment of the independent Technical Advisory Panel

1.1 Overview

1. The Food Securities Fund Accountable Cocoa and Coffee Tranche (FSF ACCT) project will be a private-sector initiative led by Clarmondial AG as the project-specific assessment approach entity. The funding proposal aims to provide sustainability linked working capital and technical assistance (TA) to midstream enterprises (aggregators) in the cocoa and coffee value chains in 10 countries across five regions, specifically, West Africa (Côte d'Ivoire, Ghana, Nigeria); East Africa (Rwanda, Uganda); Central America (Costa Rica, Guatemala,); South America (Ecuador, Peru); and the Caribbean (Dominican Republic). The project's core objective is to address the lack of timely preharvest financing, which is identified as a primary barrier preventing smallholder farmers from adopting climate-smart practices and managing risks. The project proposes to use a blended finance model that leverages private-sector guarantees to de-risk loans and attract additional private capital.

2. The FSF ACCT project is structured around two primary components, namely the FSF ACCT Investment Facility, which provides sustainability linked working capital loans to enterprises, and the Technical Assistance Facility (TAF), which provides targeted support to borrowers and their communities for non-commercial climate-smart agri-activities (e.g. capacity-building and technology transfer). The expected outcomes include: (1) enhanced adaptive capacity and resilience of smallholder farmers and businesses in the targeted cocoa and coffee-growing landscapes, and (2) reduced greenhouse gas (GHG) emissions in sourcing areas in the supply chain through the adoption of climate-smart practices, both of which are enabled by the provision of the working capital and the TAF.

3. The strategic interventions (outputs) for outcome 1 are as follows: (1) an established and operational ACCT Subfund, (2) the provision of loans to borrowers in collaboration with value chain partners (VCPs), and (3) measurement, reporting and verification (MRV) of financial impact and performance. For outcome 2, the outputs are as follows: (1) an established and operational TAF, (2) strengthened borrower capacity to enable the adoption of climate-smart practices, and (3) the development and dissemination of knowledge and data systems.

4. The total investment for the project is USD 200 million. The accredited entity has requested a total of USD 56 million from GCF, comprising a USD 6 million grant and USD 50 million in equity (see annex 1 to the funding proposal).

1.2 Impact potential

Scale: High

5. **Mitigation impact.** The FSF ACCT project is designed to deliver a conservative and evidence-based GHG mitigation impact, targeting a total estimated reduction of 8,466,857 tonnes of carbon dioxide equivalent (t CO₂ eq) over its 15-year lifespan, calculated in a conservative and evidence-based manner. To maintain environmental integrity, the accredited entity (AE) applies a conservative estimation and evidence-based attribution approach, claiming benefits only where a credible causal link between fund-supported activities and observed outcomes can be established.

6. **Conservative estimation of GHG emission reductions.** The projected mitigation impact will be primarily derived from contributions to reducing emissions from deforestation and forest degradation, specifically addressing land-use change. The ex ante estimation of the mitigation impact only includes estimates from countries where cocoa and coffee are recorded as significant drivers of deforestation. Impact will be driven by intervention pathways such as those requiring borrowers to commit to zero-deforestation principles and supporting farmers in adopting agroforestry and climate-smart practices.¹ The project will also consider minor contributions from managing nitrogen fertilizer and carbon sequestration in soil. The ex ante conservative exclusions will be in line with its conservative accounting framework; several potential emission reduction sources have been intentionally excluded from the initial ex ante calculations to minimize the use of assumptions. Following a conservative approach, the proposal excludes three countries (i.e. Costa Rica, Dominican Republic and Rwanda) from the estimation of GHG emission reductions from deforestation. Additional contributions expected from waste management, circular economy approaches, transport and small-scale renewable energy are not counted in the ex ante estimations of the mitigation potential.

7. **Non-monetization or tokenization of carbon credits.** No carbon credits will be generated or claimed; FSF ACCT intends to be aligned with Article 6.8 of the Paris Agreement (non-market approaches).

8. **Adaptation impact.** For adaptation, it aims to reach a total of 8,779,070 beneficiaries by enhancing their livelihoods and adaptive capacities. This includes 1,506,728 direct and 7,272,342 indirect beneficiaries.² It is designed to directly benefit people, enhancing food security and income stability while creating over 700 jobs. The project also builds institutional capacity for climate risk management among local enterprises.

9. **Integrated TA approach.** The FSF ACCT project will demonstrate robust impact potential for adaptation by integrating a multifaceted TA approach with sustainability linked finance to strengthen the resilience of smallholder farmers and agricultural value chains. Deployment of a dedicated TAF, the FSF ACCT initiative will scale the adoption of climate-smart practices, including agroforestry, improved soil management and biodiversity restoration, which are directly integrated into loan renewal conditions to ensure long-term commitment. This model builds the capacity of local stakeholders, national designated authorities, and farmer groups to utilize localized climate data and GHG profiles, effectively driving market-driven resilience by attracting investment from international investors seeking verified, climate-resilient sourcing landscapes. The alignment of business value chain reporting (e.g. SBTi and scope 3) with conservative GCF results areas will enable the project to simultaneously address GHG emissions and community vulnerability, creating a scalable framework for transformational change that equips farmers to withstand climate shocks through improved advisory services and livelihood diversification.

10. The FSF ACCT seeks to establish a high-quality benchmark for impact potential by transitioning from conventional, output-based reporting to a rigorous, outcome-verified

¹ See annex 22 to the funding proposal.

² See funding proposal, section A.

framework. While the project tracks activity-level metrics such as the number of farmers trained and jobs created, these are strictly categorized as reach and capacity-building indicators rather than direct proxies for climate resilience or mitigation impact. Instead, the true quality of the impact is captured through practice-level indicators (e.g. verified adoption of agroforestry, soil management and biodiversity restoration), which are integrated directly into loan renewal conditions to ensure permanent behavioural change. This results in a superior quality of impact where the projected mitigation of 8.4 Mt CO₂ eq and the increased adaptive capacity of smallholders are grounded in documented implementation rather than mere participation.³

11. The independent Technical Advisory Panel (iTAP) assesses the impact potential of FSF ACCT as high.

1.3 Paradigm shift potential

Scale: High

12. The funding proposal for the FSF ACCT project demonstrates several paradigm shifting impacts that address deep-seated structural, technical and financial barriers within the cocoa and coffee sectors of the 10 target countries. By moving beyond traditional business-as-usual finance, the proposal creates systemic changes in how climate-vulnerable agricultural value chains are supported and scaled:

- (a) **Democratizing access to preharvest capital.** Traditional financial institutions avoid the sector due to a lack of conventional collateral and the perceived risk of smallholder lending; FSF ACCT shifts this by providing timely, unsecured working capital that targets the critical preharvest window, which is currently a USD 2.5 trillion global gap;
- (b) **Collateral innovation.** Substitution of collateral with VCP guarantees is a key innovation. The use of private-sector VCP guarantees to de-risk transactions on a per-loan basis; replaces the need for traditional physical collateral, which smallholders typically lack, thus allowing capital to flow into underserved regions based on supply chain relationships rather than asset ownership;
- (c) **Transition from short-term project TA to long-term integrated TA approaches.** Many TA programmes are currently restricted by short-term non-governmental organization or development budgets that are often misaligned with private-sector needs. FSF ACCT integrates locally tailored grant funding directly with commercial finance, ensuring that nature-based solutions and ecosystem-based adaptation are scaled alongside capital;
- (d) **Decentralized climate risk management to qualified risk managers.** The proposed project shifts climate resilience from top-down budget-constrained government extension services to midstream actors like cooperatives and processors; key stakeholders who are more familiar with and capable of managing the risks. By financing these critical "choke points", the FSF ACCT enables the rapid adoption of digitized traceability and climate-smart practices across millions of hectares;
- (e) **Mitigating microeconomic and currency barriers.** Emerging markets often face a lack of United States dollars and worsening credit availability. By attracting international capital pools from Organisation for Economic Co-operation and Development countries and providing a structure that handles these risks, the FSF ACCT hopes to ensure a consistent flow of trade finance even when local banking sectors are constrained;
- (f) **Enhancing sustainability/climate-linked loans.** FSF ACCT will embed mitigation (decarbonization) and adaptation (climate-smart practices) metrics into financing, thus hopefully accelerating the transition to low-emission, climate-resilient development

³ AE response to iTAP questions.

pathways in high-risk agricultural systems, and enabling locally appropriate technology transfer linked to mitigation as well as adaptation; and

- (g) **Credible, liquid and scalable funding architecture for the climate-sensitive agriculture sector.** FSF ACCT will introduce a transformative, scalable financial product designed to mobilize risk-averse private institutional capital into the high-risk agriculture sector. Utilizing a Luxembourg SICAV structure⁴ with a sustainable finance disclosure regulation Article 9 designation to highlight and ensure fiduciary and sustainability standards among global investors, Clarmondial hopes to demonstrate that smallholder-dominated, unsecured loans can successfully compete with global investment opportunities, effectively shifting the narrative from "risky agriculture" to a viable, liquid and audited impact product. FSF ACCT offers quarterly liquidity to investors within an evergreen fund⁵ design that allows for rapid replication across different commodities and regions.
13. The assessment for the paradigm shift potential of FSF ACCT is high.

1.4 Sustainable development potential

Scale: High

14. The proposed FSF ACCT is a comprehensive blended finance initiative designed to bridge the significant working capital gap for smallholder farmers in emerging markets; it is envisioned to provide sustainability linked loans to aggregators. These initiatives are expected to directly enhance the livelihoods and food security of 1,506,728 direct beneficiaries, primarily smallholder farmers, while creating rural jobs for women and youth. The unique combination of tailored credit and a dedicated TA support is designed to ensure that financial support leads to the adoption of climate-smart agricultural practices, ecosystem restoration and the mitigation of GHG emissions. By leveraging private-sector partnerships and mobilizing institutional capital, the project will create a scalable and financially sustainable model for delivering integrated economic, social and environmental benefits.
15. Among the United Nations Sustainable Development Goals addressed are the following:
- (a) SDG 1 (No poverty): FSF ACCT aims to improve rural livelihoods by providing timely working capital that stabilizes and increases farmer incomes;
 - (b) SDG 2 (Zero hunger): By supporting agricultural aggregators and providing farmers with preharvest support and better inputs, the project helps stabilize yields and promotes food security;
 - (c) SDG 5 (Gender equality): Directed by a women-led firm, the project will target women for job creation and economic empowerment through dedicated technical assistance and inclusive programming;
 - (d) SDG 8 (Decent work and economic growth): The initiative seeks to create local rural jobs, particularly for women and youth, and addresses the multibillion dollar smallholder finance gap to drive economic benefits;
 - (e) SDG 12 (Responsible consumption and production): Credit will be explicitly linked to responsible sourcing commitments, zero-deforestation criteria, and the implementation of social and environmental best practices;
 - (f) SDG 13 (Climate action): The project will integrate mitigation and adaptation measures through climate-smart agriculture and is estimated to deliver over 8,466,857 t CO₂ eq in GHG mitigation over 15 years;

⁴ *Sociétés d'investissement à capital variable*, or an investment company with variable capital and securities.

⁵ A perpetual investment vehicle in private markets.

- (g) SDG 15 (Life on land): Activities are going to be focused on protecting biodiversity, land health and ecosystem restoration, supported by a strict zero-deforestation policy; and
 - (h) SDG 17 (Partnerships for the goals): The project will utilize an innovative blended finance model that leverages partnerships between the public sector (e.g. GCF, Global Environment Facility), private investors and large agribusiness VCPs.
16. Overall, the sustainable development potential is assessed as high.

1.5 Needs of the recipient

Scale: High

17. **Context of vulnerability.** The FSF ACCT project is designed to address the urgent needs of recipients in ten high-risk emerging economies where millions of smallholder families rely on the highly climate-sensitive cocoa and coffee sectors for their livelihoods; regions are characterized by deep rural poverty and systemic hurdles, including devastating climate shocks, land degradation, and crop price volatility that threaten both community stability and national budgets. These vulnerabilities disproportionately impact women, who bear the primary burden of low-wage labour, while remaining largely excluded from resource ownership and leadership.

18. **Financial needs.** A critical financial gap persists because preharvest finance remains structurally underprovided; most commercial lenders do not extend unsecured credit in rural emerging markets and require traditional collateral that smallholder-linked supply chains lack. This constrained access to appropriate resources inhibits the implementation of climate-smart production and traceability required by tightening international regulations. The involvement of GCF is essential to bridge this gap, as it unlocks existing private-sector commitments and attracts institutional capital through innovative VCP guarantees that de-risk transactions in ways local governments and commercial banks cannot.

19. **Institutional and community needs.** The proposal will simultaneously address significant gaps in local capacity by integrating the TAF with sustainability linked working capital. This TAF focuses on three thematic areas (i.e. livelihoods, environment and business resilience) supporting community-level risk management strategies, such as:

- (a) agroforestry and drought-resistant crops: mitigating the impact of climate variability on smallholder yields;
- (b) parametric insurance and land tenure: providing safety nets and security for vulnerable farming families; and
- (c) measurement, monitoring, reporting and verification (MMRV) systems: enhancing community-based measurement, monitoring, reporting and verification to ensure compliance with global climate and environmental standards.

20. While the existing Food Securities Fund (FSF) has already demonstrated the efficacy of its model – by which it has already reached over 95,100 smallholder farmers (16 per cent women) across 377,000 hectares and supporting 2,600 jobs (49 per cent women) – significant demand persists in the 10 target countries that the FSF cannot meet. Consequently, the proposed ACCT will be developed as a dedicated subfund in collaboration with local stakeholders to bridge this financing gap, leveraging private sector VCP guarantees to mobilize investment for these underserved, high-impact sourcing landscapes.

21. Overall, the potential for addressing the needs of the recipient is assessed as high.

1.6 Country ownership

Scale: Medium to high

22. **Country policy alignment.** The programme has secured 10 no-objection letters (NOLs), establishing a verified baseline of government endorsement across the participating nations. This institutional support is reinforced by a substantive stakeholder engagement process

involving national designated authorities, ministries, cooperatives and research institutions, with broad-based engagement documented in countries such as Ghana, Rwanda and Uganda.

23. Strategically, FSF-ACCT objectives are closely aligned with the nationally determined contributions and national adaptation plans of all NOL countries, which prioritize agriculture, forestry and other land use resilience and food security.

24. **Demonstrated track record and performance.** The AE and the FSF bring a proven history of execution in high-impact agriculture sectors. Clarmondial possesses strong demonstrated experience in the target NOL countries and has successfully managed TA projects co-funded by private and development partners, focusing on regenerative agriculture, women's economic empowerment and soil health. This technical capacity will be further strengthened by an expanding partnership with the Stockholm Environment Institute (SEI).

25. The FSF itself has a documented track record of financial performance; since March 2021, the FSF has closed 22 transactions across Sub-Saharan Africa and Latin America. The fund has deployed over USD 66 million in financing and mobilized over USD 53 million in VCP guarantees. Classified as an European Union sustainable finance disclosure regulation Article 9 fund and backed by a United States International Development Finance Corporation (DFC) guarantee, the model has successfully attracted both the Global Environment Facility and substantial private-sector investment, while maintaining quarterly liquidity for its investors.

26. **Risks to country ownership.** The AE acknowledges that detailed contractual arrangements with key technical partners are not yet finalized, noting that the specific role of the SEI remains "subject to the availability of resources". This lack of binding, project-specific agreements is a potential operational risk where the essential expert capacity required for climate mitigation and adaptation may not be secured by the time disbursements commence. Furthermore, the AE is deemed to rely on a reactive strategy of engaging a pool of experts on a task-specific basis through the TAF future procurement procedures, rather than having a proactive, staffed technical team in place to oversee complex climate-informed due diligence across the 10 target countries.

27. Overall, the country ownership is assessed as medium to high.

1.7 Efficiency and effectiveness

Scale: Medium to high

28. The FSF ACCT tranche is designed with "intentional practicality", moving beyond theoretical models to address the commercial and climatic realities of agricultural supply chains. By targeting the "choke point" of the value chain midstream aggregators and cooperatives, the fund optimizes its reach and durability.

29. **Optimizing resources and scaling impact.** FSF ACCT fund architecture prioritizes the efficient use of concessional capital to catalyze private investment and achieve scale.

30. **Precise instrument timing.** The focus on short-term, preharvest working capital ensures that funds arrive at the exact moment when land-use and forest protection decisions are made.

31. **Evergreen scaling mechanism.** The fund is designed as a durable, evergreen financing platform rather than a one-off pilot, which ensures that climate impact persists beyond the initial GCF intervention period.

32. **Junior equity leverage.** Utilizing GCF equity to provide a "first-loss" or catalytic layer will enable FSF ACCT to effectively crowd in private capital that would otherwise be deterred by the perceived risks of smallholder agriculture.

33. **Effective use of intermediaries for commercial accountability and effective risk redistribution.** Financing aggregators and small and medium-sized enterprises, rather than thousands of individual farmers directly, envisions the reduction of administrative overhead

and hopefully recognizes that these strategic intermediaries (VCPs) are the primary implementers of traceability and TA. Moreover, VCPs serve as active risk-sharing partners, using their sourcing leverage and regulatory requirements (e.g. European Union Regulation on Deforestation-free Products) to anchor sustainability commitments in the commercial reality of the market. The proposed design materially shifts the burden of climate risk away from vulnerable smallholders and toward VCPs and small and medium-sized enterprises which are better equipped to bear and manage it.

34. **Integrated TA and finance.** TA is pragmatically aligned to support loan performance and compliance, ensuring that capacity-building activities directly reinforce the success of the investment portfolio and hopefully achieving meaningful climate and social outcomes. The programme targets specific "transmission mechanisms" to ensure that financial inputs translate into verified adaptation and mitigation results.

35. **Adaptive management for correlation risks:** The fund acknowledges correlated "tail risks" (such as El Niño/Southern Oscillation events) and manages them through a combination of portfolio construction, resilient "bullet payment" loan structures, and catalytic shock absorbers.

36. The FSF ACCT 10-country programme demonstrates high efficiency and effectiveness by utilizing a blended finance structure where a USD 50 million GCF junior equity tranche acts as a catalytic first-loss buffer to mobilize USD 150 million in senior capital. This 1:3 leverage ratio ensures that every USD 1 of concessional funding attracts USD 3 of private investment, significantly expanding the programme's reach across high-risk emerging markets. By utilizing the existing, regulated FSF platform, the programme minimizes management overhead and projects a decrease in the total expense ratio from 2.00 per cent to 1.50 per cent as the net asset value grows. This operational scale allows for the rapid deployment of funds, with 90 per cent of new subscriptions allocated to loans, ensuring that USD 200 million is fully channelled into the portfolio by 2028.

37. The programme's effectiveness is further anchored in a robust risk-mitigation framework designed to attract risk-averse institutional capital. A structured waterfall provides senior investors with priority on returns, while a "portfolio coverage" buffer from accumulated profits grows to 52 per cent, allowing more than half the loan portfolio to default before senior investors are impacted. Rather than relying on traditional scenario-based models for extreme climate events – which require an impractical number of assumptions – the fund utilizes portfolio-level performance indicators to assess sensitivity to credit impairments from any shock. This approach ensures long-term financial sustainability, with a projected growth in net asset value per share from USD 100.00 to USD 205.50 over 15 years. Ultimately, the exit strategy integrates the portfolio into an indefinitely operating open-ended structure, transitioning the project into a self-sustaining commercial model once the catalytic role of GCF is fulfilled.

38. **Risk to efficiency and effectiveness.** FSF ACCT capacity to timely execute and implement these strategic interventions especially those pertaining to climate also hinges on the climate technical capacity. Based on the response of the AE to iTAP questions and clarifications, the technical capacity appears thematically relevant but operationally unproven for a 10-country programme of this complexity. While there is a strong "strategic collaboration" with a world-class institution, the lack of binding, project-specific contracts creates a significant execution risk.

39. **Key strengths:**

(a) **Scientific backstopping.** The partnership with the SEI provides the AE with access to high-level expertise in climate mitigation, adaptation and geospatial analysis;

(b) **Framework development.** The joint development of a geospatially enabled decision-support framework indicates that the AE is moving toward data-driven investment and TA selection; and

- (c) **External endorsement.** The collaboration is supported by reputable philanthropic entities, including the Rainforest Alliance, IKEA Foundation and Quadrature Climate Foundation.
40. **Identified weaknesses and risks:**
- (a) **Lack of binding commitments:** The AE admits that "detailed contractual arrangements... are not yet finalized" and that the role of the SEI is "subject to the availability of resources"⁶. This creates a partnership risk where the expert capacity may not be available when disbursements begin;
- (b) **Operational readiness:** The AE relies on a "pool of recognized experts" to be engaged on a "task-specific basis"⁷ through the future procurement procedures of the TAF. This suggests a reactive rather than a proactive technical strategy; and
- (c) **In-house gaps:** The response focuses heavily on external partners, confirming that the internal capacity of the AE for climate science and carbon accounting is still in the "intention and commitment" phase rather than being fully staffed.
41. Given the above, the project's efficiency and effectiveness are rated as medium to high

II. Overall remarks from the independent Technical Advisory Panel

42. The FSF ACCT project is a resubmission. Based on the "Summary of Updates",⁸ of AE-iTAP discussions, the iTAP is satisfied with the AEs clarifications and actions vis-à-vis the iTAP recommendations.⁹ Among the key elements accommodated by the AE are the following:
- (a) **Updated funding proposal.** To reflect a final list of 10 countries (increased from 9 after the Peru NOL was secured) and aligning front-page figures and all relevant annexes;
- (b) **Redesigned ex ante estimation of the mitigation impact potential and updated monitoring and evaluation/MRV systems.** Annex 22 (Impact calculations) has been revised following the previous iTAP recommendations. Annex 22-MMRV describes a comprehensive impact MRV system following well recognized methodologies that will be applied following the specific context conditions in the participating countries;
- (c) **Targeted TAF purpose and management.** TAF has been transformed into a core risk management tool focusing on building systemic resilience, supporting farmer income diversification and enhancing localized carbon accounting. TAF description now outlines disbursement arrangements where staged grants and loan renewals are conditional on borrowers meeting specific financial and non-financial (impact) outcomes;
- (d) **Strengthened climate expertise.** The AE has plans to formalize a strategic partnership with the SEI for world-renowned expertise in climate mitigation, resilience and adaptation; commitments have been made to recruit in-house staff across transition risks, sectoral decarbonization, agronomy and carbon accounting commensurate with portfolio growth;
- (e) **Country ownership.** Annex 07 has been updated to confirm genuine country ownership through meaningful consultation with national stakeholders and alignment with national frameworks;
- (f) **Climate-informed financial model.** The AE focuses on portfolio-level performance indicators to simulate responses to asset base deterioration, regardless of the

⁶ See AE responses to iTAP question # 4

⁷ Ibid.

⁸ See Annex X - summary of updates to the funding proposal.

⁹ See B.43 iTAP Final Assessment.

underlying cause. The AE clarified that a traditional scenario-based approach (e.g. RCP 4.5/8.5) for extreme events, requires an "outsized number of assumptions" which may not be operationally practical; and

- (f) **Stronger suite of risk-mitigation measures.** FSF ACCT now mentions parametric insurance as a TA priority for smallholder livelihood risk management; presented as a support strategy rather than a core portfolio-level safeguard as suggested by the iTAP. This is in addition to the: (i) VCP guarantee (de-risking finance); (ii) TAF support (de-risking project activities); (iii) GCF first loss provision (de-risking investments); (iv) adaptive project-level management (extensive value chain due diligence), and mitigation methodology. (AE plans to utilize a more conservative "tiered approach" where ex-ante figures focus primarily on nitrogen fertilizer and land-use change using Global Forest Watch data rather than national reports. The AE chose this over the FAO Ex-Ante Carbon-balance Tool for ex-ante estimates, stating it requires too many assumptions and is better suited for ex-post analysis.)
43. Based on the above assessment, the iTAP recommends that the Board approve this funding proposal.
44. In support of this endorsement, the iTAP also recommends the strengthening of technical capacity through binding agreements with the AE.
45. To ensure effective implementation and address gaps in operational readiness, the following recommendations are proposed to ensure the project meets GCF technical standards:
- (a) **Execute binding technical service agreements.** Prior to initial disbursement, the AE should formalize project-specific contracts with the SEI and other climate experts to cover strategic collaborations and binding operational support;
- (b) **Establish a technical assurance "sign-off" protocol.** The TAF governance structure should require formal technical review and "sign-off" by independent scientific partners for each subproject's climate-informed due diligence and baseline setting;
- (c) **Implement a capacity-to-deployment milestone.** Link the first tranche of loan disbursements to the recruitment of in-house climate specialists and the finalization of the geospatially enabled decision-support framework; and
- (d) **Operationalize the SEI framework for MMRV.** Explicitly integrate the digitalized framework developed with the SEI into standard borrower reporting templates to ensure high-quality, outcome-based monitoring across all 10 target countries.

Response from the project-specific assessment approach applicant to the independent Technical Advisory Panel's assessment (FP293)

Proposal name:	Food Securities Fund Accountable Cocoa and Coffee Tranche (FSF ACCT)
Project-specific assessment approach applicant:	Clarmondial AG
Country(ies):	Costa Rica, Côte d'Ivoire, Dominican Republic (the), Ecuador, Ghana, Guatemala, Nigeria, Peru, Rwanda, Uganda
Project/programme size:	Medium

Impact potential

As an overall comment, Clarmondial sincerely thanks the Independent Technical Advisory Panel (iTAP) for its thorough and constructive assessment of the Food Securities Fund Accountable Cocoa and Coffee Tranche (FSF ACCT). The Panel's feedback has been carefully considered and incorporated into the refinement of the Funding Proposal.

At the outset, Clarmondial would like to clarify that the total project size amounts to USD 212 million. This comprises USD 50 million in GCF investment expected to mobilize USD 150 million in additional capital, and USD 6 million in GCF grant resources for the Technical Assistance Facility (TAF), expected to mobilize an additional USD 6 million in co-funding.

While cocoa and coffee represent the primary entry points for intervention, the FSF ACCT will also finance associated crops within diversified and climate-smart production systems. The financing scope is therefore not limited exclusively to cocoa and coffee.

Against this backdrop, we provide our specific responses to the Panel's comments on impact potential. Clarmondial thanks the iTAP for its comprehensive assessment and welcomes the conclusion that the impact potential of the FSF ACCT is high.

The project applies a conservative and evidence-based approach to estimating mitigation outcomes, limiting ex ante calculations to intervention pathways where a credible causal link between financed activities and land-use outcomes can be established. This approach prioritizes environmental integrity and avoids overestimation.

With respect to adaptation, the project is designed to enhance the resilience and adaptive capacity of millions of beneficiaries through improved climate-smart agricultural practices, diversified livelihoods, strengthened food security, and enhanced institutional capacity within agricultural value chains.

The integration of sustainability-linked finance with a dedicated Technical Assistance Facility remains central to the impact logic. Climate-smart practices are embedded within loan covenants and renewal conditions, ensuring that financial incentives reinforce sustained behavioral change beyond individual financing cycles.

The monitoring and reporting framework emphasizes verified practice-level indicators rather than participation metrics alone. Clarmondial remains committed to maintaining a transparent

and conservative impact accounting approach, while continuously strengthening Measurement, Monitoring, Reporting and Verification (MMRV) systems throughout implementation.

Paradigm shift potential

Clarmondial thanks the iTAP for its assessment and welcomes the conclusion that the paradigm shift potential of the FSF ACCT is high.

The project addresses structural barriers that have historically constrained finance in smallholder-linked agricultural value chains. By targeting the preharvest working capital gap and embedding sustainability-linked conditions into financing structures, the FSF ACCT introduces systemic changes in how climate-vulnerable supply chains are financed.

The shift from traditional collateral-based lending toward value chain partnership-based guarantees represents a tested innovation within the existing Food Securities Fund and is designed to be scaled through GCF support.

The integration of a dedicated Technical Assistance Facility further supports ecosystem-based adaptation and strengthens resilience. The fund architecture is designed for replication and scalability across additional geographies and associated crop systems.

Clarmondial remains committed to ensuring that these transformational elements are fully operationalized and documented during implementation.

Sustainable development potential

Clarmondial thanks the iTAP for its review and welcomes the assessment that the Sustainable Development Potential of the FSF ACCT is high.

The blended finance structure is designed to generate integrated economic, social, and environmental co-benefits across targeted agricultural value chains. By addressing the structural preharvest financing gap, the project enables more stable income flows, improved access to inputs and technical support, and reduced vulnerability to climate and market shocks.

Livelihood and employment impacts are monitored conservatively and are not used as proxies for climate impact. Job creation, including opportunities for women and youth, is treated as a co-benefit alongside mitigation and adaptation outcomes.

Gender-responsive elements are integrated into both financing and technical assistance components. The project aligns with relevant Sustainable Development Goals through improved rural incomes, strengthened food systems, responsible production practices, climate action, biodiversity protection, and public-private partnerships.

Sustainable development co-benefits are structurally embedded in loan conditions, traceability requirements, and monitoring systems, ensuring that social and environmental gains are linked to ongoing financial access.

Needs of the recipient

Clarmondial thanks the iTAP for its assessment and welcomes the conclusion that the FSF ACCT demonstrates a high potential for addressing the needs of the recipient countries.

The project responds to well-documented vulnerabilities in climate-sensitive agricultural regions characterized by climate variability, land degradation, and market volatility. These pressures disproportionately affect smallholder households and women with limited access to finance and land tenure.

The FSF ACCT addresses a structural gap in preharvest working capital that commercial lenders generally do not provide due to perceived risks and collateral constraints. GCF participation is catalytic, improving the risk-return profile sufficiently to mobilize additional institutional capital that would otherwise not enter these markets.

The project complements rather than distorts local financial systems by financing established aggregators and midstream enterprises embedded within national value chains. The Technical Assistance Facility directly addresses institutional and community-level capacity gaps, supporting climate-smart practices and risk management tools.

Clarmondial remains committed to continued engagement with National Designated Authorities and relevant stakeholders to ensure alignment with national climate priorities.

Country ownership

Clarmondial thanks the iTAP for its careful assessment and welcomes recognition of strong policy alignment and government endorsement.

No-Objection Letters have been secured from all participating countries. Stakeholder engagement has included ministries, cooperatives, research institutions, and private-sector actors to ensure alignment with national climate and agricultural strategies.

The project aligns with Nationally Determined Contributions and National Adaptation Plans prioritizing climate resilience, sustainable land management, and rural livelihoods.

With regard to technical capacity, Clarmondial confirms that climate-informed due diligence and environmental and social screening procedures are embedded within its governance and investment processes. Prior to first disbursement, appropriate dedicated technical resources will be formally secured to support mitigation accounting, adaptation monitoring, and geospatial analysis. These arrangements will strengthen implementation readiness while maintaining centralized oversight and quality assurance.

Clarmondial considers that formal government endorsement, alignment with national frameworks, and strengthened technical arrangements provide a robust foundation for effective country ownership.

Efficiency and effectiveness

Clarmondial thanks the iTAP for its detailed assessment and constructive observations.

The blended finance architecture, evergreen structure, and use of midstream intermediaries enable efficient deployment of concessional capital while mobilizing private investment. Targeting value chain aggregators allows scalable reach with reduced administrative complexity and strengthened accountability.

The catalytic use of GCF equity supports mobilization of private capital while maintaining prudent risk management through structured governance and portfolio safeguards.

Clarmondial acknowledges the importance of strengthening operational clarity around climate technical capacity. Prior to first disbursement, dedicated technical expertise will be contractually secured, governance roles will be clearly defined, and Technical Assistance Facility procedures will be fully operationalized to ensure proactive and consistent oversight across the portfolio.

By embedding sustainability-linked criteria directly into loan approval and renewal processes, the programme ensures that financial incentives reinforce climate outcomes and reduce fragmentation of impact.

The FSF ACCT structure, integrated technical assistance, and strengthened technical arrangements together provide a sound foundation for efficient and effective delivery of climate outcomes at scale.

Overall remarks from the independent Technical Advisory Panel:

Clarmondial sincerely thanks the iTAP for its comprehensive review of the resubmitted Funding Proposal and greatly appreciates the recommendation that the Board approves the FSF ACCT.

The revisions undertaken during resubmission have strengthened impact estimation, MRV systems, Technical Assistance Facility design, risk mitigation measures, and documentation of country ownership.

Clarmondial welcomes the Panel's recommendations to further reinforce operational readiness and confirms that:

- Prior to initial disbursement from the GCF to the FSF ACCT, and from the FSF ACCT to investees, the AE will execute binding technical service agreements. Clarmondial will ensure that appropriate technical support is available for FSF ACCT initiative level (e.g., in the form of master service agreements and representation by technical advisors on relevant governance bodies), and at the project-level (e.g., in the form of additional specialized advisory support as required).
- The TA Facility will establish a technical assurance "sign-off" protocol. This will include "sign-off" on the annual impact data aggregation and reporting, as followed by the current FSF Impact Advisory Board (IAB) function. Furthermore, at the project level, Clarmondial will ensure that each TAF project is evaluated by the Technical Evaluation Committee (TEC) as part of the approval process.
- Note that Clarmondial has access to relevant technical expertise as part of its team, with one senior team member being involved with terrestrial GHG MRV related discussions since 2006. Clarmondial will secure additional technical resources in proportion to deployment, through human resource expansion as well as through technical partners at the FSF ACCT initiative level represented on critical governance committees including the IAB and TEC, and on a project level. These resources as well as coordination with local stakeholders (e.g., line ministries, local research organizations), and specialized international organizations, will ensure that technical support and MRV remains both adequate and current. In addition to the technical service agreements mentioned above, the AE will finalize the geospatially enabled decision-support framework; and
- The AE will integrate the digitalized framework into standard borrower reporting templates.

Clarmondial confirms that the measures suggested by iTAP will further enhance implementation rigor and transparency. We thank the iTAP for their careful consideration and suggestions, and for their endorsement of this initiative.

Annex 8: Gender Assessment and Gender Action Plan

Food Securities Fund Accountable Cocoa & Coffee Tranche

Version 04 December 2025

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Gender Assessment

INTRODUCTION AND BACKGROUND

The gender assessment for the Food Securities Fund (FSF) Accountable Cocoa and Coffee Tranche (ACCT), developed by Clarmondial, serves to ensure that the Fund's investments in sustainable agriculture as well as grants provided through its Technical Assistance (TA) Facility (TAF) are inclusive, equitable, and effective. Recognizing the integral role of women in agricultural value chains and their disproportionate vulnerability to climate change, this assessment aims to identify gender-specific barriers and opportunities within the ACCT's operations. By doing so, Clarmondial and the Fund seek to align the ACCT's strategies with international best practices, promoting gender equality and empowering women as key agents of change in agricultural production systems and supply chains.

The FSF ACCT is proposed to the GCF as a Sub-Fund of the existing FSF, an existing Fund to finance sustainable supply chains at scale in emerging markets. It started investment operations in March 2021. The FSF ACCT will consist of:

- A lending facility (ACCT Sub-Fund), which operates under the same modalities as the existing FSF but restricted to a selected group of countries, and;
- A Technical Assistance Facility (TAF), which operates under the FSF TAF Operating Manual.

Clarmondial serves as the Accredited Entity for this GCF project under the Project-Specific Assessment Approach (PSAA). Clarmondial, a woman-led business, has a relevant track record for this strategy. For background, Clarmondial developed FSF and supports the Fund's implementation as its Investment Advisor (IA) and has developed and managed associated TA projects. Based on this and other experience in Nature based Solutions and impact investing, Clarmondial developed the ACCT, to which it also intends to be the IA and to operate the ACCT TAF.

The Food Securities Fund aims to improve rural livelihoods and achieve positive environmental outcomes by supporting sustainable agriculture production systems in emerging and developing markets with a complementary source of credit (working capital), provided in partnership with companies committed to sustainable development in their sourcing areas ("Value Chain Partners" or VCPs).

The objective of the FSF is to *"improve rural livelihoods and achieve positive environmental outcomes by supporting sustainable agriculture production systems in emerging markets with a complementary source of credit, provided in partnership with companies committed to sustainable development in their sourcing areas."* The FSF has gender targets, and Clarmondial evaluates potential counterparts (Borrowers) of the FSF in part on their existing and potential contributions to gender equality. Clarmondial also collects, monitors and reports gender-disaggregated Key Performance Indicators (KPIs) to the FSF on a regular basis, these are collected in the FSF's KPI database. Impact results, including gender-related KPIs are communicated to investors on an annual basis. Indicators – including gender-related indicators- are also audited by an independent auditor on an annual basis. Note that:

- The Food Securities Fund is and intends to remain classified as an "Article 9" fund under the EU Sustainable Finance Disclosure Regulations (SFDR), which mandates some reporting on gender reporting.¹ As a sub-fund of the FSF, ACCT will also be covered by this requirement.

¹ https://finance.ec.europa.eu/sustainable-finance/disclosures/sustainability-related-disclosure-financial-services-sector_en

- One of the FSF's first investors was the Global Environment Facility (GEF), through Conservation International (CI)². As a result, the Fund already operates to GEF standards with regards to gender equality and women's economic empowerment.

This document considers, and is informed by, the existing FSF. For the avoidance of doubt, in this document the term "Fund" refers to the existing FSF, which will also include the existing FSF as well as the ACCT Sub-Fund and its Technical Assistance Facility (TAF). The term "ACCT" or "FSF ACCT" refers to GCF proposed project and refers to both the ACCT Sub-Fund (which will provide loans) as well as the ACCT TAF (which will provide TA grants).

This assessment has been prepared based on the guiding questions listed in the GCF gender guidance documents and templates, including the GCF's Mainstreaming Gender in Green Climate Fund Projects (manual)³, and on the updated GCF Gender Policy.⁴ The gender assessment is based on quantitative data and qualitative evidence derived from a desk review of existing literature and secondary resources, as well as primary information obtained by Clarmondial in the context of operating the existing FSF and designing the ACCT. This includes in person (field) and phone-based stakeholder interviews with current and potential stakeholders across farmers and farmer groups, local communities, government representatives, investors, and businesses, the Fund's impact reporting processes, reports from borrowers and KPI database of gender-disaggregated metrics.

This Gender Assessment first describes the background and context, including the purpose of the assessment, guiding principles and reference frameworks, approach and methodology. It then provides a summary of the global context, including contextualizing gender issues in each country included in the ACCT. Subsequently, it describes how the investment and TA strategy and approach relate to gender, and the steps taken to consider gender at each stage of the process for loans and TA projects. An additional section is included for the ACCT TAF, which will seek to generate gender benefits that go beyond the benefits possible with the loans provided by the ACCT Sub Fund's loans.

PURPOSE OF THE ASSESSMENT

The primary objective of this gender assessment is to integrate gender considerations into the ACCT's investment and its TAF activities, ensuring that both women and men benefit equitably from the Fund's initiatives. This involves:

- Evaluating gender dynamics within targeted agricultural sectors and communities.
- Identifying potential risks of gender-based exclusion or unintended negative impacts.
- Developing actionable recommendations to enhance gender responsiveness in project design, implementation, and monitoring, both for the ACCT Sub-Fund and the ACCT TAF.

By embedding gender analysis into its operations, Clarmondial, the Fund and ACCT aim to enhance the effectiveness and sustainability of its interventions, contributing to broader goals of social equity and climate action.

CLARMONDIAL'S BACKGROUND AND GUIDING PRINCIPLES ON GENDER

Clarmondial is a Swiss-headquartered investment advisory firm that focuses on mobilizing capital for the sustainable management of natural resources. The firm has various projects, including implementation of the FSF, which it developed, based on its own motivation and with own resources,

² <https://www.thegef.org/projects-operations/projects/10322>

³ https://www.greenclimate.fund/sites/default/files/document/guidelines-gcf-toolkit-mainstreaming-gender_0.pdf

⁴ <https://www.greenclimate.fund/sites/default/files/document/gcf-gender-policy.pdf>

as well as support provided by key funders such as the Good Energies Foundation, Sall Family Foundation, Convergence (with resources from Global Affairs Canada), and the European Union's Climate-KIC. In addition to the Fund, Clarmondial and its team have a track record of working with development funders such as the UN Food and Agriculture Organization (FAO), the International Fund for Agricultural Development (IFAD), and the World Bank Group, which necessitate an appreciation of gender related issues in agricultural supply chains.

Clarmondial itself has a gender balanced team, with the main founder being a woman (Tanja Havemann) - this is exceptional, as the majority of impact investment firms and funds are male founded and led. Clarmondial has over several years retained a well-respected gender advisor with over 20 years' experience in pro-poor and gender-responsive value chain development, mainstreaming gender in projects and research, and gender-transformative methodologies (Dr. Cathy Farnworth). Dr. Farnworth has a particular interest in change processes and how they are affecting smallholder agriculture systems. She has lived and worked in several emerging and developing markets and has previously worked with groups such as the International Wheat and Maize Improvement Center (CIMMYT) and the World Vegetable Center. Dr. Farnworth has a PhD from the Swedish University of Agricultural Sciences and a Masters in Gender Analysis in Development.⁵ Dr. Farnworth provided input to the FSF gender approach, notably on how Clarmondial can assess borrowers on gender-related issues. Clarmondial consults with Dr. Farnworth on a regular basis, and she will be involved in the ACCT, specifically the ACCT's TAF.

Clarmondial's guiding principles on gender are enshrined in its Code of Conduct, which all employees and relevant advisors must sign upon joining the firm. The Code of Conduct is reviewed by Clarmondial's Board on a regular basis. Clarmondial's Board consists of Tanja Havemann and Piera Waibel, formerly head of Raw Materials and Sustainability at Swiss chocolate firm Lindt & Sprüngli. In addition to serving as an independent Board Member of Clarmondial, Ms. Waibel currently serves as a Board Member of the Lindt Cocoa Foundation and is the Head of International Partnerships & Member of the Executive Committee of the Biovision Foundation.

As part of this Code of Conduct, Clarmondial requires that there is fair treatment in the workplace and responsible behavior, including a zero-tolerance policy for Sexual Exploitation, Abuse and Harassment (SEAH), non-discrimination and protection of human rights. The Code of Conduct also summarizes its commitment to gender equality across all its activities through the following statement:

"Clarmondial seeks to promote gender equality in all its activities in order to ensure fairness in the treatment of women and men. Clarmondial and its employees shall subscribe to, and implement in their day-to-day work, the Women's Empowerment Principles under the United Nations Global Compact:

- Principle 1: Establish high-level corporate leadership for gender equality.*
- Principle 2: Treat all women and men fairly at work – respect and support human rights and non-discrimination.*
- Principle 3: Ensure the health, safety and well-being of all women and men workers.*
- Principle 4: Promote education, training and professional development for women.*
- Principle 5: Implement enterprise development, supply chain and marketing practices that empower women.*
- Principle 6: Promote equality through community initiatives and advocacy.*
- Principle 7: Measure and publicly report on progress to achieve gender equality.*

Any behavior by an employee that contradicts the aforementioned Principles may be grounds for disciplinary action and / or termination of an employment agreement within the applicable laws and

⁵ See Clarmondial's website: <https://www.clarmondial.com/team/>

regulations. Behavior by a professional counterparty that goes against these Principles is grounds for discontinuing the respective business dealings within the applicable laws and regulations.

Employees and business partners that are subject to, or become aware of, inappropriate behavior by their colleagues or business counterparties with respect to gender equality are obliged to report this to hr@clarmondial.com or to the Company's board of directors."

Note that as Clarmondial works on various initiatives, and that the gender strategy for specific projects is dictated by the needs and partners on such specific projects. These may require the integration of additional gender considerations.

THE FOOD SECURITIES FUND'S APPROACH TO GENDER

Background to the Food Securities Fund

It is important to understand the rationale and approach of the FSF, as it informs the gender assessment and proposed approach. The FSF addresses a circa USD 2.5 trillion working capital gap⁶ in emerging and developing markets, in an innovative manner. Clarmondial developed the FSF in response to several insights, garnered from many years of working on agriculture, climate finance, emerging market investments, and impact investments. These insights resulted in the development of FSF, which has several important features that are important to describe, also in the context of its impact objectives:

Table 1: Insights that led to key design elements of the Food Securities Fund

Insight	Barrier	Design element
Businesses require a mix of short & long-term finance to align with the Paris Agreement. Working capital is critical for agriculture, given its seasonality.	Traditional financiers are not able to fill the working capital gap, especially in emerging markets. The perceived risk is high, little to no collateral is available or actionable (notably pre-harvest), and the complexity of structuring and enforcing tailored structures is not profitable as it requires a specific cross-sector expertise, networks and motivation.	The Fund provides working capital loans of up to 12-months, focused on pre-harvest financing for agriculture. Such loans are additional to traditional financiers as they do not rely on traditional collateral and focus on pre-harvest financing and support impact accountability.
The whole supply chain needs to take responsibility for financing climate smart agriculture, including aggregators and off-takers. Farmers cannot take more debt.	Farmers, notably smallholder farmers, need additional pre-harvest support, but are least able to take on more debt. Off-takers and corporates can take a large part of the risk, but not on their own.	Loans are targeted to Aggregators rather than farmers but make them accountable for farmer benefits. Loans de-risked by VCPs – larger more diversified off-takers who sign a guarantee agreement for a specific loan, related to a supplier.

⁶ https://www.wto.org/english/news_e/news25_e/publ_29apr25_e.htm and https://www.oecd.org/en/publications/2025/02/global-outlook-on-financing-for-sustainable-development-2025_6748f647.html

Impact comes through replication and renewals.	Short-term funding alone often fails to create lasting transformative changes in agricultural value chains; repeated and expanded engagements are needed for systemic impact.	The Fund is structured to facilitate renewals and encourage replication by demonstrating success and building track record, thus incentivizing further private-sector participation.
Accountability must have consequences to be meaningful.	Existing accountability mechanisms in agricultural finance can be weak i.e., if a long-term investment is already made it is difficult to take the money back. This reduces confidence among private investors, and mean that they require high risk premiums, which means high interest rates, undermining sustainability.	Loans must be fully repaid before they are renewed. The Fund incorporates environmental, social, and governance (ESG) criteria, compliance monitoring, and clear consequences for non-performance (i.e. that loans are not renewed). The regularity of cash flows instills confidence from private investors.
Private investors prioritize investment funds that have a diversified portfolio, are based in known domiciles, with regular cash flows and liquidity over speculative long-dated investments.	Emerging markets and sustainable agricultural projects typically present higher perceived risks due to uncertainty, unfamiliar jurisdictions, a narrow geographical portfolio that is more vulnerable to climate change, and irregular cash flows.	The Fund aggregates diversified short-term loans to agriculture projects with clear repayment schedules, tested guarantee structures, and recognized jurisdictions, offering private investors a familiar and manageable investment profile. Investors receive quarterly updates on performance and can redeem / subscribe on a quarterly basis.

The Fund's innovation is that it provides loans of typically up to 12-months, that are renewable subject to both financial and impact criteria. Rather than be secured with traditional collateral, loans are de-risked by first-loss guarantees provided by VCPs – this is a major innovation in that it has demonstrated the ability and utility of private sector providing first loss guarantees on transactions that are relevant for their business. This also ensures alignment of interest by the Fund's (financial) investors and corporates who depend on the agricultural supply chains for their businesses. While the Fund provides short-term loans, it intends to have long-term relationships, with impact created through loan renewals which can eventually be offered on improved terms. This also means that, the Fund can offer a portfolio with regular redemption and subscription possibilities: the Fund must communicate its results to investors on a quarterly basis, and investors can use this information to subscribe or redeem their position. This means that the Fund has strict time-bound processes for loan and portfolio valuation and communication with investors.

The FSF operates under the GEF Policy on Gender Equality, which mandates the integration of gender considerations throughout the project cycle including:

- Gender analysis: assessing gender dynamics and disparities relevant to the project
- Gender Action Plans: developing targeted strategies to address identified gender issues
- Gender sensitive indicators: establishing metrics to monitor gender-related outcomes
- Sex-disaggregated data: collecting and analyzing data separately for different genders to inform decision making.

The Food Securities Fund requires that Borrowers comply with the IFC Performance Standards on gender, including PS1 (Assessment and Management of Environmental and Social Risks), PS2 (Labor & Working Conditions), and PS4 (Community Health, Safety and Security). Borrowers' ability to comply with these requirements are assessed in the initial screening, checked during field due diligence, monitored throughout the loan period, and then checked again with desk-based and on-site due diligences during loan renewals. As each loan is a maximum of 12 months and has quarterly monitoring, this means that on-site due diligence, including field visits, occurs at least annually and that Environmental and Social (E&S) factors contribute to decisions on loan renewals. While the Food Securities Fund provides relatively short-term loans, it pursues long-term relationships with borrowers. This is confirmed by the Fund's open-ended (evergreen) structure, and the fact that many borrowers in the Fund's portfolio are relationships that have been renewed and expanded.



Image 1: Clarmondial always meets with local community members – men and women - during due diligence visits, ensuring that both men and women are consulted, and to learn about local dynamics and issues. In the picture to the left- getting ready for a lunch meeting with local community members in West Africa. In the middle photo, Clarmondial's Herbert Hatanga visits a mixed Robusta coffee farm, owned by a woman smallholder farmer in Uganda. In the picture to the right, Kaspar Baumann, Clarmondial (fourth from the right), and Natasha Baransteva, Clarmondial (third from the right) meet a farmer with staff from a Peruvian borrower. The company sources cocoa for export through regional offices that work closely with thousands of smallholder farmers. The team stands in front of an agroforestry system, where the borrower supports smallholders with agronomists on implementing sustainable practices such as pruning and planting shade trees, to enhance soil fertility, reduce pests and diseases, and promote climate resilience. (Clarmondial, 2023 & 2024).

The Fund also tracks the creation of new economic opportunities for women in the relevant supply chains and sourcing landscapes, including training and employment opportunities (socio-economic benefits for women). It also tracks the participation of women in local Aggregators / borrowers (i.e. direct employment and training), and women farmers. Note that a Gender Mainstreaming Plan (GMP) was developed for the Food Securities Fund in collaboration with Conservation International (CI) and approved by the Global Environment Facility (GEF).

The Fund requires Borrowers to provide Clarmondial with Key Performance Indicators (KPIs) on an annual basis. Clarmondial collects gender baseline information each investment, on behalf of the Food Securities Fund. This information is assessed, collated, and updated during annual loan renewals. The Fund requires borrowers (Aggregators) to collect gender impact information as a condition to its loan (see the Food Securities Fund ESG Policy and loan template). This information collection and reporting is a strict requirement that is included in the loan agreement between the Fund and a Borrower.

The Fund has a list of "required" and "additional Key Performance Indicators" (KPIs). "Additional KPIs" are indicators that Borrowers may be required to report on in certain circumstances, which are informed

by Clarmondial's due diligence findings. This reporting requirement is enshrined in the loan agreement between the Fund and a Borrower. Note that a baseline is set at the first loan disbursement.

The Food Securities Fund required gender-disaggregated KPIs are on:

- Farmers: the Fund requires sex-disaggregated estimates of farmers that the Aggregator (Borrower) sources from, and the number of women farmers engaged.
- Farmer training: many Aggregators (Borrowers) provide training and technical assistance for farmers. The Aggregator (Borrower) is required to report on the gender split in such trainings.
- Rural jobs and job-related training: the Fund requires Aggregators (Borrowers) to track the number of women employed (full time and part time), and women in managerial positions. The Aggregators (Borrowers) are required to track training of female staff, and to provide information on relevant policies (e.g. maternity leave, access to childcare).



Image 2: Women performing quality control at one of the Food Securities Fund Borrower's sites (cashews in West Africa). This Borrower provides childcare and healthcare facilities for hundreds of full time and part time women employees and is thus an important local employer. The loan from the Food Securities Fund ensures the business viability of the Borrower, and thus that these jobs and related benefits remain in the community (Clarmondial, 2024).

Progress on these impacts is tracked by Clarmondial for the Food Securities Fund and considered in the context of each loan renewal at least annually to ensure that adequate progress has been made.

As an Article 9 Fund under the EU Sustainable Finance Disclosure Regulation (SFDR), the Fund is required to report on the following gender-related indicators. These are audited by an independent auditor annually, before they are included in the annual impact report:

- Unadjusted gender pay gap
- Board diversity

In addition, as part of its SFDR Article 9 Classification, Fund has elected to report and be audited on impact indicators under its four (4) sustainable investment objectives, some which have indicators and

targets – the target on climate change adaptation has gender-disaggregated data collection, given the particular vulnerabilities and needs of women in agricultural and rural settings.

- climate change mitigation
- climate change adaptation: this includes gender-disaggregated Key Performance Indicators, notably number of women farmers transacted with, percentage of women farmers trained that are women, and number of employees that are women (further disaggregated into full time and part time positions for women)
- the protection and restoration of biodiversity and ecosystems, and
- reversing land degradation.

Clarmondial collects information from the Food Securities Fund’s Borrowers on their farmer engagement approaches, including on a disaggregated basis. This includes collecting information on the types of trainings provided, and how grievances and other issues are dealt with in the supply chain. Many borrowers, notably in cocoa, coffee and tree nut value chains, have dedicated programs to promote women’s economic empowerment. This is often seen as strategic given women’s role in agriculture (see the market and country context section below).



Image 3: Smallholder farmer crop, where potatoes are grown in-between Arabica coffee seedlings. Borrowers often play a key role in supporting smallholder farmers in implementing good, climate smart, agricultural practices, including training on growing food crops for household consumption and sale to local markets, which contribute to climate change adaptation (Clarmondial, 2024).

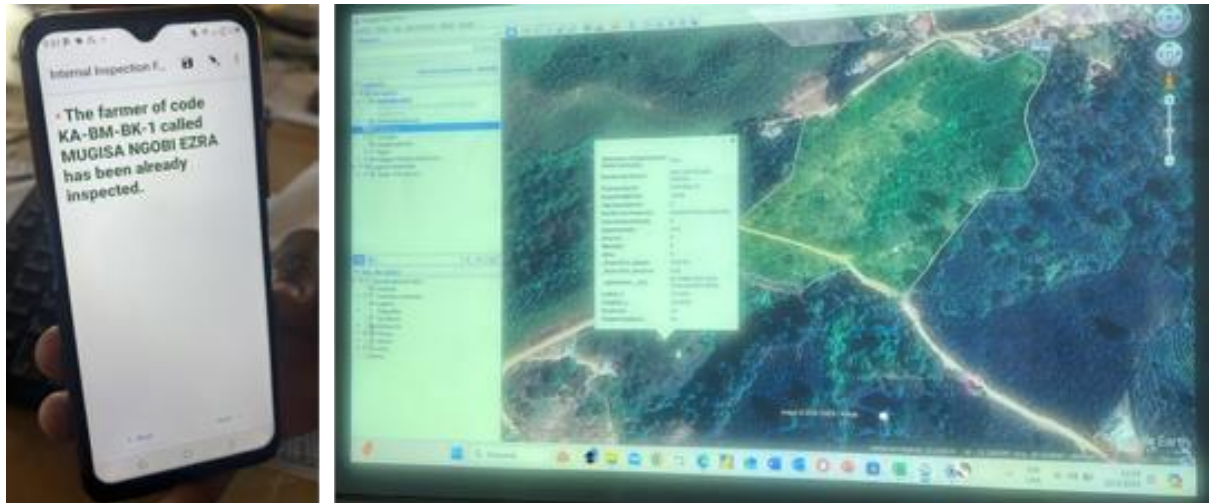


Image 4 & 5: Clarmondial always assesses the Borrowers farmer engagement and supply chain management systems. This includes understanding how famers' information is logged into management systems, what checks are done, including how often and by whom, to ensure compliance with certifications and standards, including on deforestation and child labor issues, and business obligations (including ensuring timely payment to farming households) (Clarmondial, 2024).

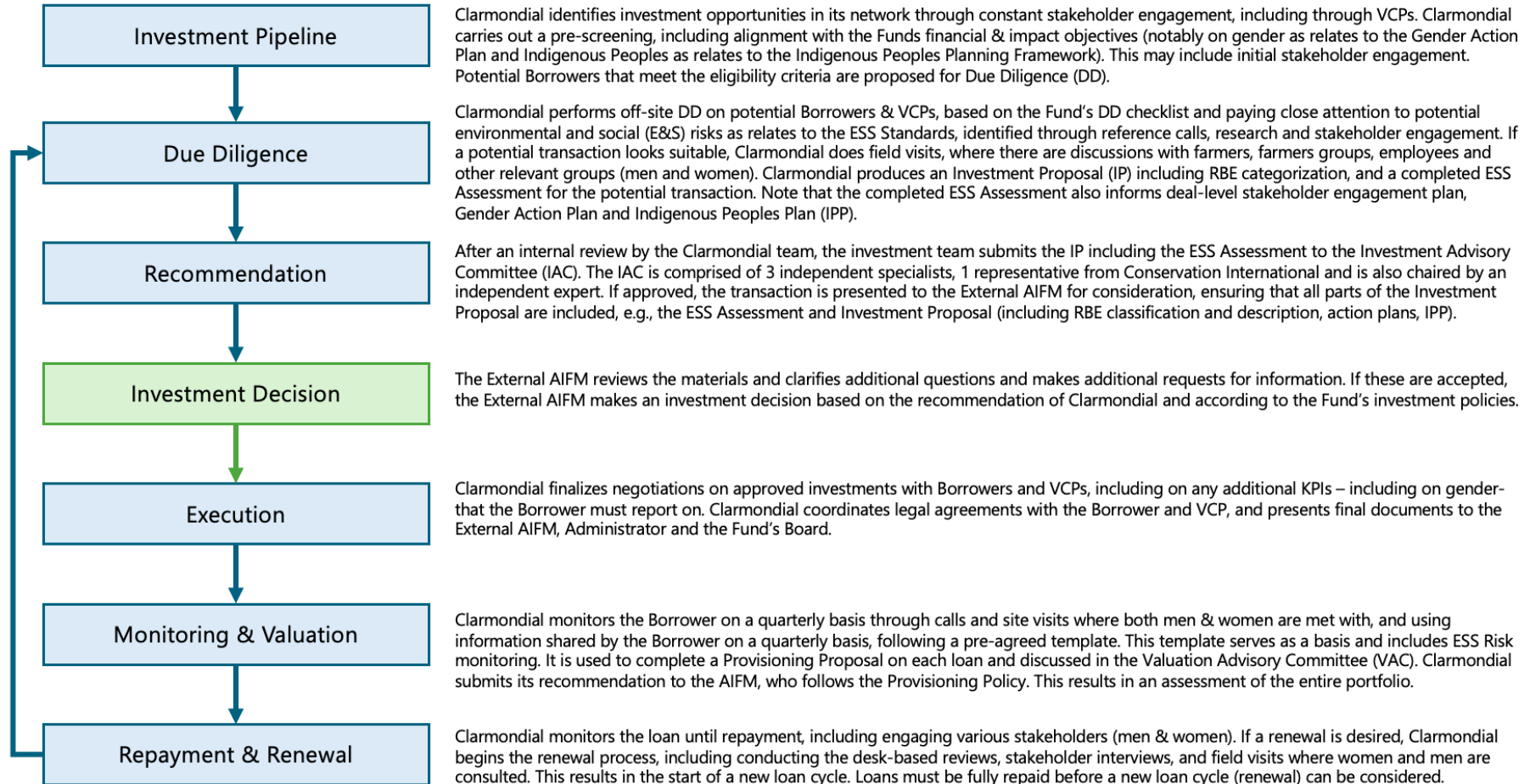
Clarmondial maintains a database of Key Performance Indicators (KPIs) on each borrower, for each indicator. This database is updated and reviewed regularly by Clarmondial. Impact data is checked and consolidated annually and then reviewed by the Fund's auditor. The Food Securities Fund Impact Advisory Board (IAB), which has representatives from Conservation International and WWF US, reviews the annual results. Once it has been reviewed by the IAB, the Fund's Auditor and the Board, the impact information is communicated to investors on an annual basis in the form of the Annual Impact Report. For consistency, the Fund's annual impact report follows a set outline, described in the Fund's ESG Policy.

Food Securities Fund existing policies and procedures related to gender

Given the nature of the Fund, i.e., that it has quarterly liquidity and that it is an EU-domiciled, regulated investment fund, it is critical that processes and policies are well-structured and occur in a timely manner. It is legally bound to provide updates to investors on a quarterly basis, and Environmental and Social issues are a key part of this in that certain risks may impact loan and thus Fund performance.

The Fund has a comprehensive Environmental and Social Management Framework (ESMF), which comprises of an established set of policies, processes, templates and guidance documents that are legally binding on the Fund and its implementers, including Clarmondial. Key documents in this process are: the Prospectus (Confidential Offering Memorandum), Environmental, Social & Governance (ESG) Policy and related annexes (including Accountability and Grievance Mechanism), SFDR Disclosures, Environmental and Social Safeguards (ESS) Assessment, Impact Advisory Board Terms of Reference (IAB ToR), Investment Advisory Committee Terms of Reference (IAC ToR), Investment Guidelines, Investment Proposal Template (IP Template), Loan Agreement (template), Valuation Advisory Committee (VAC), Monitoring Guidelines, Provisioning Policy, Provisioning Proposal (template), Code of Conduct, and the Investor Reports. As the Food Securities Fund's Investment Advisor, Clarmondial has initial responsibility for ensuring the quality of the Fund's investments – including alignment with the Fund's gender objectives. The process by which investment origination, assessment and execution occur is illustrated in the figure below.

Image 6: an overview of the Food Securities Fund investment process



Note that the only part of this process that Clarmondial does not manage is the Investment Decision, hence the box is in a different color.

Clarmondial always conducts extensive due diligence on borrowers prior to proposing a loan to the IAC. Investment Proposals (IPs) have a specific section, whereby Clarmondial must describe the gender context, and a potential borrower's contribution to gender using Clarmondial's Reach – Benefit – Empower (RBE) framework developed by Dr. Cathy Farnworth. All IPs submitted to the IAC for consideration must be accompanied by a completed ESS Assessment form, which includes a ranking of a potential borrower as "High", "Medium" or "Low". Any Borrower / potential transaction that is categorized as "Medium" or "High" potential E&S risk is not proposed to the IAC.

The main areas where gender considerations feature are:

- Due Diligence: where Borrowers policies and processes are reviewed, and where there are field visits to speak with both men and women farmers and employees.
- Investment Proposal: where there is a dedicated section on gender, and the RBE framework is applied (in new loans and renewals).
- ESS Assessment: where gender is considered as one potential ESS risk category.
- Monitoring and Valuation: where gender is considered in the monitoring and valuation process, but primarily with respect to potential ESS risks.
- Renewals: where gender related issues may influence the decision, or not, of Clarmondial to start a renewal, e.g., based on disaggregated gender data being provided by the Borrower.

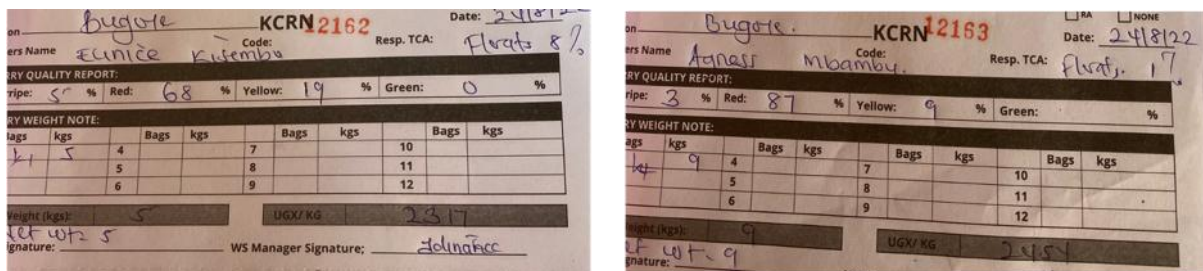


Image 7 & 8: Clarmondial collects information on farmers that the Borrowers transact with, and this information is collected in a gender-disaggregated manner. Borrowers collect this information through delivery receipts, for example. Clarmondial checks the Borrowers transaction and data management processes during field due diligence, prior to loan disbursement, and monitors this. This is an example of coffee delivery receipts provided to a smallholder woman farmer in East Africa, issued by one of the Food Securities Fund borrowers (Clarmondial, 2023).



Image 9: An important factor to ensure compliance with IFC PS2 and PS4 is the provision of separate male and female toilets at Borrower's aggregation, collection and processing sites. This is an example of male and female toilets at the site of one of the Borrowers operating in Côte d'Ivoire (Clarmondial, 2024).

Food Securities Fund: gender targets and outcomes

Clarmondial has been tracking the Food Securities Fund's gender-disaggregated KPIs since March 2021. Clarmondial has also been gathering reflections, from borrowers, local communities including male and female smallholder farmers, team members, VCPs and other stakeholders throughout this process. The most recent annual impact report, for the year 2024, shows the following progress since the launch of the Food Securities Fund (see the table on the following page). Progress on the gender-related KPIs are related to the size of the Fund, location and nature of the Borrower, including the commodity and sourcing area that they operate in.

As of 2024, women represented 16% of the farmers transacted with, the percentage of farmers trained that are women is 29%, and 49% of the Borrowers' employees are women. Of the staff trained by Borrowers, over 53% are women. As per the GEF target, by the end of 2029, the Fund aims to benefit at least 350,000 women (i.e. at least 50% of its target farmers). The Fund is thus behind on achieving its impact targets; however, this can primarily be attributed to the size of the Fund as impact is highly proportional to the Fund size. The investment from the GCF into the ACCT would increase the overall Fund size, making it eligible for more private investors and allowing the impact to be increased. The Fund already has most private investors, and interest has been expressed by additional private investors, however it must get to a larger size to unlock existing and new additional subscriptions. This is a major motivating factor for Clarmondial to pursue a relationship with the GCF for the ACCT.

The Food Securities Fund is subject to both annual impact audits by the Fund's auditor, and regular audits as part of the investment by CI-GEF. A regular E&S-focused audit was performed by an independent auditor in 2024. They found the Fund to be operating to the E&S standards expected of it. Minor changes were suggested, which have been incorporated by Clarmondial in the Fund's processes. CI-GEF contracted another independent firm to conduct the Mid Term Review (MTR) during 2025, the finding was that the Fund's performance is Satisfactory.

The 2024 independent E&S report and the associated Clarmondial Management Response have been shared with the GCF. In short, the audit resulted in the following recommendations:

- Clarmondial should explicitly list Child Labor as an exclusion in the Fund's exclusion list. This exclusion was already present as an IFC PS reference. This will be implemented in updated versions of the ESG Policy, to approved by the FSF's partners and Board during 2025.
- Clarmondial should have a standing item with regards to ESS and Grievances on the quarterly monitoring calls with the Borrowers. Clarmondial always discusses these, but they were not listed as a consistently formalized agenda item. This has been implemented.
- Clarmondial should attach an ESS Assessment on every proposed transaction as a separate attachment to each Investment Proposal. This has been implemented.



Image 10: Tanja Havemann, Clarmondial (fifth from the right in the top row, light blue shirt), and Soumaila Diakite, Clarmondial (third towards the center from Tanja, light blue shirt) meeting a farmer cooperative. The meeting took place during the E&S audit conducted as part of the CI-GEF independent audit (Clarmondial, 2024).

Table 2: Summary of the FSF gender-related indicators in the 2024 Annual Impact Report

Categories	Description	31 Dec '22	31 Dec '23	31 Dec '24
Farmers	Farmers that supplied the Fund's borrowers or beneficiaries.	66'096 farmers (86% men, 14% women)	75'081 farmers (86% men, 14% women)	95'181 farmers (84% men, 16% women)
<i>GEB: Number of beneficiaries disaggregated by gender</i>				
Employees	Number of employees of the Fund's borrowers or beneficiaries in sourcing countries. (FT = full time, PT = part time)	<ul style="list-style-type: none"> ▪ 1'355 employees (743 FT, 612 PT or seasonal) ▪ 496 women employees (145 FT, 351 PT or seasonal) ▪ 775 youth employees (443 FT, 332 PT or seasonal) 	<ul style="list-style-type: none"> ▪ 2'103 employees (905 FT, 1'198 PT or seasonal) ▪ 1'120 women employees (227 FT, 893 PT or seasonal) ▪ 1'049 youth employees (464 FT, 585 PT or seasonal) 	<ul style="list-style-type: none"> ▪ 2'679 employees (1'097 FT, 1'582 PT or seasonal) ▪ 1'316 women employees (279 FT, 1'037 PT or seasonal) ▪ 1'145 youth employees (535 FT, 610 PT or seasonal)

	36 women in management position	48 women in management positions	57 women in management positions
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Insights from the Food Securities Fund Technical Assistance projects

Clarmondial did not start TA activities at the same time as it launched the Fund because:

- It was not yet clear what the priorities for TA were at the time that the FSF was designed and launched.
- Clarmondial recognized that managing a TAF requires additional resources and wanted to focus its resources on getting the Fund up and running successfully before starting TA activities.

In 2024, Clarmondial was approached by SSNUP – Smallholder Safety Net Up-Scaling Programme, an initiative founded by the governments of Switzerland, Luxembourg, and Liechtenstein. SSNUP supports small and medium agri-business enterprises, farmer organizations and financial intermediaries in providing effective services to their smallholder farmer customers and members, thereby reducing their farm and livelihood risks.⁷

The objective of SSNUP is to increase the resilience of smallholder farmers thanks to technical assistance and investments.⁸ The program seeks seven (7) benefits:⁹

- *“Enhanced productivity and more income for smallholder farmers... thanks to more efficient production methods, an increased use of technology and easier access to financing and market information.*
- *Greater resilience of smallholder farmers and their households... thanks to improved agricultural risk management and/or insurance products which will make them less vulnerable to external shocks, such as extreme weather and price volatility.*
- *Environmental protection thanks to sustainable agriculture and climate-smart farming practices.*
- *Strengthened agricultural value chains due to facilitated business transactions between smallholder farmers and other stakeholders in the value chain.*
- *Additional investments in agricultural value chains from international impact investors which generate further growth thanks to compliance with global responsible agricultural investment principles and the adoption of sustainable environmental, social, and good governance standards.*
- *Increased overall food security in line with the United Nations Sustainable Development Goals.*
- *Best practices and knowledge transfers gathered and disseminated amongst all SSNUP partners by ADA, thereby unlocking further efficiencies. By trickling down to other value chain actors, this knowledge will ultimately benefit the agricultural sector as a whole.”*

Clarmondial selected one of the Fund’s borrowers, in Burkina Faso, to receive the TA funding. The selected business operates a fairtrade and organic mango and cashew supply chain, engaging with approximately 4’500 smallholder farming families. It employs 650 individuals, mainly women (ca. 80%) to process cashews and mangoes and sourcing from more than 60 mango drying units. The project aimed to improve rural livelihoods by promoting sustainable organic production systems and access to the organic market for small-scale farmers through organizational strengthening, training and certification. The targeted results of the project were as follows:

- Improve production practices of 3,000 farmers through good agricultural practices trainings.
- Support the continued access of 4,500 smallholder farming families to the organic market.
- Strengthen the organizational capacities of 5 farmers cooperatives

⁷ <https://www.eda.admin.ch/deza/es/home/projekte/projekte.html/content/dezaprojects/SDC/en/2020/7F10384/phase1>

⁸ <https://www.ada-microfinance.org/en/ssnup>

⁹ <https://www.ada-microfinance.org/en/ssnup>

Clarmondial designed and managed the project with the borrower, and the Funds were overseen by Clarmondial. The TA project benefited from Clarmondial's due diligence and regular engagement with the Borrower and farming communities. The project had a strong focus on women's economic empowerment within smallholder farming communities and cooperatives. This project was successful and the Borrower intends to continue this training going forward at the request of local communities.

The organic certification that the TA contributed to ensured that the borrower could continue to sell certified produce into premium markets, which generate additional revenues for farming families that can be re-invested in the local community. The latter is done according to Fair Trade principles, where there is community level decision making on the use of funds. When Clarmondial previously visited these communities, they mentioned that they have used such Fair Trade funds enabled by the Borrower to build a small local maternity clinic, install street lighting, and to pay for a solar pump for the village.

Clarmondial received regular updates on the project and went on a wrap-up field visit in 2025. A summary is available on Clarmondial's website. The SSNUP manager, ADA, is pleased with the project and invited Clarmondial to submit additional projects. Clarmondial submitted and received approval for two projects, which started in 2025. One project is in Nigeria, and the other in Honduras. These have been designed with the Borrowers and local stakeholders and will be overseen by Clarmondial. So far, these are performing very well.



Image 11 & 12: Female members of organic cooperatives that supplies a Food Securities Fund borrower taking part in female leadership training, led by an expert on organizational development and gender. The training strengthened the cooperative's organizational capacity while highlighting the importance of women's participation in decision-making processes including as cooperative leaders. Many women shared that the training gave them the confidence and skills to pursue leadership roles within their cooperative's management team. Future sessions will include both women and men, aiming not only to prepare more women for leadership but also to foster broader understanding among men of the value of gender-diverse leadership and shared decision-making. This training was organized by a TA grant secured and overseen by Clarmondial in collaboration with the borrower through the SSNUP program (Photo credit: FSF borrower).



Recent (May 2025) community meeting with farmers who received Technical Assistance support from SSNUP through Clarmondial and the Food Securities Fund (Clarmondial, 2025).

Summary insights from the Food Securities Fund that inform the ACCT

After over four years of implementing the Fund, several critical insights have emerged regarding gender: Gender impacts are highly context-specific, influenced significantly by market conditions, geographic locations, and the particularities of each business model. For example, a smallholder farmer that sells certified coffee into a premium supply chain where the brand has gender targets has significantly more resources to implement gender initiatives, compared to low-margin crops that serve as changeable ingredients. This specificity underscores the necessity for nuanced and targeted strategies that allow for long-term financial viability, rather than adopting generalized, one-size-fits-all approaches. Borrowers, especially those with long histories in the landscapes, work with community members to identify priorities and address them. Clarmondial's due diligence on Borrower selection, field visits, and monitoring approach is thus critical to informing any TA projects.



Image 13: Food Securities Fund borrowers often contribute to local needs in the communities they work with. When asked about their local community priorities, community members often prioritize access to health care, including local maternity wards, water, energy, and schools. Borrowers often contribute to such facilities and enable the payment of premia to local communities so they can also invest in and own such facilities. (A), (B), (E) are local health facilities that borrowers have contributed to in Côte d'Ivoire, (C) is a smallholder farmer house in West Africa – it is possible to see the impact that smoke from fuelwood has by the exterior, (D) illustrates a water reservoir that the Borrower has contributed to, (F) is a solar powered community pump that a Borrower has contributed to (Clarmondial, 2023, 2024).

Closely related to this is the understanding that sex-disaggregated data alone is insufficient without a deeper grasp of the local contexts. Meaningful gender strategies must be informed by thorough analysis that contextualizes this data, ensuring actions are relevant and effective within each unique setting. Borrowers often have access to sex-disaggregated data, but it may not always be actionable and must be contextualized with input from local stakeholders. For example, the Fund worked with a Malagasy value chain that had a relatively smaller number of farmers, but where the depth of impact was proportionally high. Clarmondial always tries to understand the local context when evaluating borrowers for the Fund – so while it is important to collect and understand the numbers and to have quantitative targets, it is also critical to get qualitative input, for example through discussions with local experts. The qualitative information on gender is often more interesting and helps to contextualize what is happening.



Image: 14, 15, 16: Left: Example of a lead farmer promoter book. These records often go back many years, and are still in hard copy format (Clarmondial, 2023). Middle: Clarmondial's Soumaila Diakite visiting a farmer cooperative that works with one of the Food Securities Fund's borrowers. Note that during due diligence, Clarmondial consults with local community representatives, including to understand the governance and management structures in the value chains and how they work with a potential borrower (Clarmondial, 2024). Right: Field manager and manager of a coffee cooperative of a Food Securities Fund Borrower. Note that in many cases, Borrower records are kept in a paper format. Digitizing such records to generate more actionable farmer insights, including on gender could be beneficial (Clarmondial, 2022).



Image 17 & 18: The Fund's Borrowers often help the farmers that they work with learn about and implement income diversification opportunities – including those that reduce farm expenses. Left: a Borrower in East Africa supports smallholder farmers on honey production and intercropping with food crops for household consumption and domestic markets, contributing to climate adaptation. Opportunities for income diversification and growing of crops for household consumption often have specific benefits for

women and youth in smallholder farming households. Left: a smallholder in Latin America describes how he has been supported to implement vermicomposting practices by the Borrower, helping him to reduce the need for external fertilizers, saves on costs and contributes to regenerative, climate smart agriculture (Clarmondial, 2024).

Moreover, experience indicates that positive gender outcomes are intrinsically linked to the overall health and stability of the borrower's businesses – where the Fund's working capital is often of high importance, allowing the Borrower to engage with farming households throughout the year. Efforts to advance gender equality yield sustainable results predominantly when the businesses themselves are financially robust and operationally secure, including with adequate, affordable and timely working capital, underscoring a mutually reinforcing relationship between gender equity and economic performance. This means that credit risk, and the Fund's financial and governance assessments are tightly linked to the delivery of positive gender outcomes.



Image 19 & 20: Borrowers often work with smallholder farmers on farm spacing and management, and on access to seedlings. Many borrowers both have their own nurseries in central locations and have supported farmers on developing their own local nurseries, to earn additional income. This can create additional opportunities for rural women (Clarmondial, 2024).



Image 21 & 22: Smallholder farmers often have multiple sources of income and use their farm to generate produce for household consumption and sale to local markets as well as barter with neighbors. The agronomic training and support provided by Borrowers is often critical to the uptake and continuation of climate smart practices. The smallholder farmer on the right, which is affiliated with one of the Fund's Borrowers, has fruit trees (banana, mango, avocado), maize, vegetables, livestock and coffee. The farmer on the left grows a variety of vegetables, plantains and coffee. On this image you can see a contour trench, which the Borrower advised the farmer to dig to capture rainwater, reduce runoff and prevent soil erosion - and is an example of a climate resilient practice. Borrowers often provide valuable agronomic advice and support access to inputs that go beyond the main cash crop (Clarmondial, 2023).

Another notable reflection is that with its loans, the Fund can generally only support Borrowers to Reach and Benefit women, rather than necessarily Empower women, and very rarely to Transform local gender norms. Many Borrowers have a solid basis for doing so, including local trust created by often decades of working in these communities, but it often takes additional resources. For example, several borrowers have income diversification programs aimed at women, and one borrower actively supports the creation of Village Savings and Loans Associations (VSLAs) that have a focus on women's participation. One Borrower employs rural gender change agents who work with smallholder farmer households and helps to foster joint household decision making. However, progress on gender equality initiatives is significantly influenced by customer expectations, managerial priorities, and the dedication of local staff. Recognizing and adapting to these diverse levels of RBE (and T – Transform) readiness is essential to effectively advance gender-related objectives.

Additionally, promoting joint household decision-making has shown practical and measurable benefits, particularly in improving farm yields. Encouraging inclusive decision-making processes at the household level has positively influenced agricultural productivity and family economic outcomes. Thus, there is often a business rationale for such programs. Many borrowers have created and implement their own, locally appropriate tools, that they have developed with local community members, which form a solid basis for further engagement.



Image 23: Examples of farmer household and training tools developed and implemented by some of the Fund's existing Borrowers. (A) Farm map, which the Borrower's agronomists use to discuss optimal farm planning with smallholder farmers, as part of technical support provided. This often includes discussion with household members (men and women) about topics such as slope, soil type and quality, access, and water, as well as the ideal positioning of cash and food crops on the farm, (B) & (C) community games used to help farming households and communities think through and debate different decisions and how they can impact livelihoods (e.g., planting at the right time, having fruit trees). (D) Farmer calendars, which are distributed to farmer households to help with planning. (E) Game developed by a Borrower to help farming households think about the consequences of different actions on the household, including agronomic practices such as wearing the right work clothes, to joint decision making and savings (F) Tools to help assess the crop, including when the right time is to pick the crop to get the best price (Clarmondial, 2021-2024).

Lastly, TA grants can be a critical in driving meaningful gender progress, in the field, the factory and supply chain more broadly. The Borrowers often have the long-term interest to drive positive gender change but lack all the technical and financial resources to start these or to get them to a point where they can be scaled up sustainably. Technical Assistance support can substantially enhance borrower capacities and create robust foundations for sustained improvements in gender equity throughout the supply chain, highlighting their importance as a catalytic tool in transforming agricultural value chains. Based in part on these reflections and an increase in the team including an E&S expert who joined from IFAD, Clarmondial started developing a formal TAF for the Fund. This resulted in a TAF Operating Guidelines being developed. These Operating Guidelines and their Annexes provides the framework for TA projects to be implemented with different donors and partners.

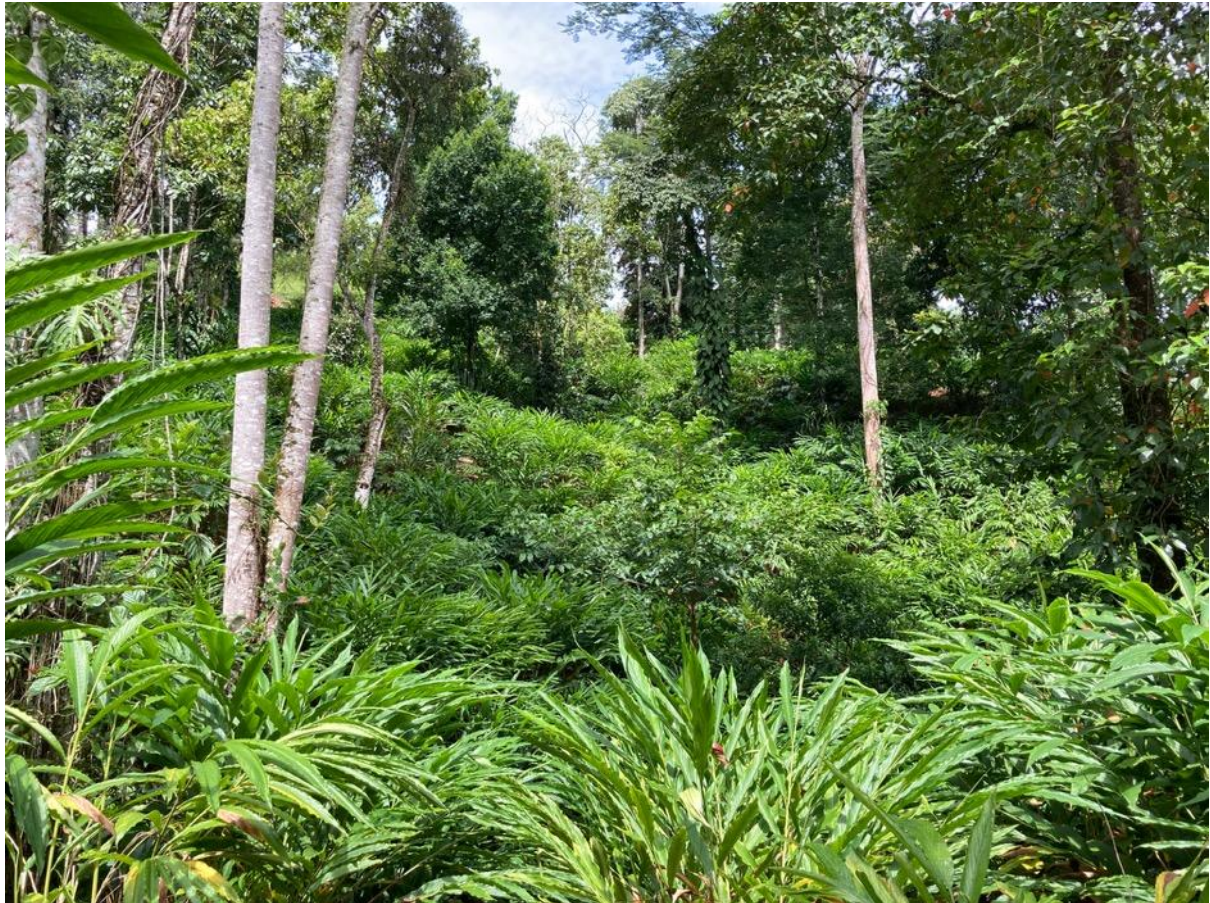


Image 24: Smallholder farm growing organic cardamom in a Guatemalan coffee sourcing area. Mixed farming systems that integrate food, cash and fiber crops can contribute to climate mitigation and adaptation targets and generate significant co-benefits (Clarmondial, 2022).



Image 25 & 26: women play different roles in agricultural value chains, as farmers, trainers, and as employees, managers and business owners. The woman on the right works in a facility at a Borrower of the Fund in Latin America (coffee). The woman on the left works at one of the Food Securities Fund borrowers' sites in East Africa (coffee). Borrowers are often among the most important local employers, and provide access to healthcare, childcare and savings facilities (Clarmondial, 2024).



Employees of a Food Securities Fund Borrower in West Africa (cocoa). The lady on the left is getting ready to perform chemical quality control tests on cocoa samples. The lady on the right is doing a physical assessment of harvest quality. Both are examples of local employment opportunities that the Borrowers generate, and that the Fund enables (Clarmondial, 2022).

GENDER ASSESSMENT OF THE ACCT

Rationale for the ACCT

During the implementation of the Food Securities Fund, Clarmondial realized that there was an outsized demand for the type of working capital that the Fund can provide from locations where coffee and cocoa were the dominant cash crops. The rationale for this is likely that these are crops that are often grown by smallholder farmers, in increasingly structured and climate-vulnerable supply chains. Because of the smallholder nature of these crops, it is often difficult for traditional financiers to finance them, and companies that aggregate the crops – cooperatives, processors, traders, often must take some responsibility for providing working capital. However, these groups have relatively limited liquidity themselves, and face increasing pressures on their own working capital. Furthermore, given that working capital needs are increasing due to cocoa and coffee price increases – in part due to climate change – further stresses the situation. Yet, these crops flow into customers that are relatively sophisticated and see the need to support supply chain resilience, and have climate, nature and livelihood commitments. However, such customers are not well-suited to finance their supply chains – they are customer goods companies and processors, not financiers. Thus, these markets seem particularly well-suited to the Fund.

The Food Securities Fund has, as a result, financed cocoa and coffee supply chains – and associated crops – in the target countries. However, as a regulated investment fund, the Food Securities Fund needs to maintain portfolio diversification and is not set up to be a ‘cocoa and coffee fund’. With this in mind, Clarmondial and the GCF began discussing the establishment of the ACCT, which would benefit from the existing Funds strategy, pipeline, processes, policies and track record, but would have a specific focus on cocoa and coffee landscapes in participating countries, where its loans could be complemented by specific TA support, including to address gender issues. The ACCT would also strengthen the Food Securities Fund, by providing additional resources and insights, including on gender.



Image 27, 28, 29: Right and center: Clarmondial's Fred Werneck being shown a woman-owned farm and warehouse of a potential borrower in Uganda. Note that the current Food Securities Fund could not fund this borrower due to its country exposure limits. However, the borrower would be an interesting candidate for the ACCT. Left: visit to a potential borrower in Latin America – this company sources high value ingredients in a coffee production landscape, where they contribute to income diversification in the area and generate jobs for women. Product is sold to the beverage and cosmetics markets, locally and internationally – in this case, Clarmondial connected the company to a US brand, which has become the company's biggest off-taker (Clarmondial, 2024 & 2023).

General observed structural barriers faced by women in cocoa & coffee supply chains

Across coffee and cocoa value chains in the target countries, women and other vulnerable groups face overlapping structural barriers that constrain equitable participation and benefit-sharing. These include unequal intra-household decision-making, limited asset ownership, particularly land, due to formal and customary discrimination, lower literacy and education levels, and constrained mobility due to unpaid care responsibilities.^{10,11} Additional barriers such as underrepresentation in farmer cooperatives, exclusion from governance structures, lack of access to financial services, agricultural inputs, and extension (agronomy and farming as a business) services, and limited control over income or market engagement further entrench gender gaps.¹² These challenges are context-specific but consistently observed across regions and are especially acute among Indigenous women, youth, and women-headed households.¹³ The FSF ACCT integrates these dimensions into borrower-level DD and, where relevant, uses the TAF to support targeted, locally appropriate solutions to address these general observed structural barriers.

Intersectionality and Gender Inequality

Clarmondial recognizes that gender inequality is not experienced uniformly. Women's access to resources, services, and influence in agricultural value chains is shaped by intersecting identities, including ethnicity, age, marital status, geographic location, and socio-economic status. For example, women in West Africa are subject to different cultural norms and expectations than in Central America. And these differ given very localized factors and the characteristics and age of women (e.g., if they are married, divorced, their age, what ethnic group, tribe of family they belong to). These compounded disadvantages influence participation, voice, and economic benefit.

¹⁰ <https://openknowledge.fao.org/server/api/core/bitstreams/e7689bf7-00f0-465b-ad03-e0c56ffb14b1/content>

¹¹ <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/799571468340869508/gender-in-agriculture-sourcebook>

¹² <https://www.cifor-icraf.org/knowledge/publication/18752/>

¹³ <https://www.cgiar.org/flagshipreport2025/gender/>

Note that the FSF ACCT does not lend to specific farmers - the FSF ACCT will consider the general local circumstances and resulting intersectional risks through borrower-level environmental and social due diligence, which considers the inclusiveness of service delivery and supply chain participation, informed by discussions with borrowers, local community representatives, NDAs and others. Where feasible, the TAF may be used to support targeted activities, such as inclusive training design, culturally appropriate outreach, or the integration of underserved groups into sourcing programs. This approach enables the Fund to identify and respond to intersecting inequalities in a practical, proportionate, and context-specific manner.

Guiding Principles and Reference Frameworks that inform ACCT's gender approach

The ACCT's gender assessment is informed by established policies and frameworks from leading climate finance institutions:

- Green Climate Fund (GCF): The GCF's updated Gender Policy and Gender Action Plan (2020–2023) emphasize a gender-responsive approach, mandating that all funded projects incorporate gender assessments and action plans. This ensures that gender considerations are systematically integrated into project planning and execution.
- Global Environment Facility (GEF): The GEF's Policy on Gender Equality (2017) underscores the importance of gender mainstreaming across all its operations. It advocates for the collection of sex-disaggregated data, stakeholder engagement, and the promotion of women's empowerment in environmental initiatives.

These frameworks provide a robust foundation for the Fund and ACCT's gender assessment, ensuring alignment with international standards and enhancing the Fund's capacity to address gender disparities in agricultural and climate contexts.

Approach and Methodology

The ACCT's gender approach is based on the following:

1. **Gender Analysis:** assessing gender roles, relations, and inequalities within the targeted agricultural value chains and communities. This includes assessing access to resources, decision-making power, and exposure to climate risks through desk-based research, and discussions with relevant stakeholders including field visits.
2. **Stakeholder Engagement:** Engaging with a diverse range of stakeholders, including women farmers, local organizations, and community leaders, to gather insights and ensure that the assessment reflects the lived experiences of those affected.
3. **Targeted Inclusion of Indigenous Women:** Where Indigenous Peoples are present, the FSF ACCT will apply culturally appropriate and gender-responsive approaches to support Indigenous women's participation, leadership, and economic empowerment in alignment with the GCF Indigenous Peoples Policy and the FSF ACCT Indigenous Peoples Planning Framework (IPPF). The FSF ACCT will also integrate these considerations into the development of an FSF ACCT Indigenous Peoples Plan and ensure their application through the FSF ACCT Environmental and Social Safeguards (ESS) procedures and standards.
4. **Integration into Project Design:** Utilizing the findings from the gender analysis to inform the design of the overall ACCT, as well as integration into the ACCT Sub-Fund's loans and ACCT TA projects so that interventions can be tailored to address identified gender gaps and promote equitable outcomes. Note that information is captured in the Investment Proposal and in TA project proposal.
5. **Monitoring and Evaluation:** Establishing gender-sensitive indicators and monitoring mechanisms to track progress, assess impact, and facilitate adaptive management.

Comment on identifying and addressing Gender Based Violence

To prevent and address potential risks of gender-based violence (GBV) linked to borrower operations, FSF ACCT integrates GBV risk screening into its environmental and social due diligence process (including as per IFC PS 2). This includes an assessment of workplace safety, labor practices, and the availability and accessibility of grievance mechanisms for women and vulnerable groups. The existence and implementation of these will inform the decision on pursuing (and renewing) loans. These measures are reinforced through periodic E&S monitoring and, where feasible, capacity-building supported by the Technical Assistance Facility (TAF). By systematically incorporating gender considerations into its operations, the Fund and ACCT aim to foster inclusive agricultural development, enhance the resilience of food systems, and contribute to the broader objectives of gender equality and climate justice.

GENDER IN THE ACCT: GLOBAL AND LOCAL CONTEXTS

The agricultural sector plays a key role in advancing women's equality around the world as there in some locations is a "feminization" of agriculture¹⁴, notably due to male urban migration and the increase of female-headed households. The agricultural sector can address and promote gender equality by providing (a) access to resources (including inputs and credit) and (b) access to economic advancement opportunities. However, there are important geographical and sub-sectoral nuances that influence gender inequality. Developing and emerging agricultural markets represent a critical pathway for addressing gender issues. While it is difficult to accurately estimate the scale and type of women's inequality in market agriculture due to a lack of quality data, root causes can very generally be linked to a lack of access to resources (such as access to affordable quality seeds, credit, and training) and a lack of access to economic advancement opportunities.

Women are indispensable to the global coffee and cocoa industries, contributing significantly to various stages of production. In cocoa farming, for instance, women often engage in critical tasks such as early crop care and post-harvest processing, which are vital for ensuring quality yields. Despite their substantial contributions, women frequently face systemic barriers that limit their access to land ownership, financial resources, and decision-making roles. For example, in Ghana, women contribute up to 45% of labor input in cocoa farming but often lack control over land and income from cocoa sales.¹⁵ Similarly, in the coffee sector, women perform a significant portion of labor, yet they are underrepresented in leadership positions and have limited access to resources. Studies indicate that female-managed farms often achieve lower revenues compared to male-managed ones, primarily due to disparities in land ownership, access to credit, and training opportunities.

Indigenous women in cocoa- and coffee-producing regions face intersectional challenges stemming from both gender- and identity-based exclusion, including limited land rights, restricted participation in decision-making, and disproportionate exposure to climate and market shocks. The FSF ACCT acknowledges these overlapping vulnerabilities and will include targeted measures to support and empower Indigenous women in sourcing landscapes where Indigenous Peoples are present, in line with the FSF ACCT Gender Assessment, Gender Action Plan, ESG Policy, and Environmental and Social Safeguard (ESS) Standards.

For example, the International Coffee Organization (ICO) has highlighted that women are underrepresented in leadership positions within the coffee sector and have limited access to resources such as land, credit, and training opportunities. This underrepresentation contributes to lower revenues for female-managed farms compared to their male counterparts. The ICO emphasizes that empowering

¹⁴ <https://www.sciencedirect.com/science/article/pii/S2211912422000025>

¹⁵ https://hummedia.manchester.ac.uk/institutes/gdi/publications/workingpapers/GDI/GDI_WP2016006_Barrientos_Bobie.pdf

women in the coffee sector is crucial for achieving gender equality and enhancing the sustainability of the industry.¹⁶ Furthermore, a report by the Specialty Coffee Association of America (SCAA) indicates that women are less likely than men to own land, and when they do, the plots tend to be smaller and of lower quality. This disparity in land ownership limits women's ability to access credit and training, further hindering the productivity and profitability of female-managed farms.¹⁷ In Peru, a case study found that men own nearly 70% of the land, leaving women with only 30% ownership. Despite this, women frequently contribute a significant share of on-farm labor without having equal decision-making power, driven by cultural norms that present men as heads of households and minimize the role of women as farmers.¹⁸ These findings underscore the need for targeted interventions to address gender disparities. By providing women with equal access to resources, training, and leadership opportunities, the industry can enhance the productivity and sustainability of coffee farming globally.

Research on gender roles in global coffee production also reveals considerable disparities. Women face structural disadvantages in coffee income, with a 44% gender gap attributed to unequal access to resources.¹⁹ Despite increased female participation as smallholder producers and cooperative members, historical power imbalances persist.²⁰ Addressing these inequalities requires empowering women through equal access to land and credit, offering trade facilitation services, and creating inclusive social and political environments. Such approaches may lead to genuine integration of women in male-dominated organizations and broader societal shifts towards gender equity.

Similarly, gender roles in global cocoa production are characterized by significant inequalities. Women are highly involved in cocoa farming but face disadvantages in revenue generation and decision-making power compared to men.²¹ In some regions, women perform approximately 40% of the labor on cocoa farms but own only about 2% of the land,²² and in some countries do most of the work while only receiving a small minority of the income. Women in cocoa farming often face significant barriers to accessing resources such as land, tools, inputs, services, and networks. These limitations hinder their ability to improve their economic position within the cocoa sector.²³ This disparity limits their access to training and decision-making opportunities. These disparities persist even in 'sustainable' cocoa sectors and certified production.²⁴ Women's contributions to cocoa production have historically been undervalued, with women often relegated to unpaid family or casual labor. Women typically face greater challenges than men in achieving economic empowerment and sustainable livelihoods. This includes obstacles around accessing finance, farm inputs, and participating in farming collectives and cooperatives.²⁵ However, women play crucial roles in activities increasingly recognized as critical for yield and quality, which are important for consumer-focused chocolate companies.²⁶

¹⁶ <https://www.ico.org/documents/cy2017-18/icc-122-11e-gender-equality.pdf>

¹⁷ <https://theowp.org/reports/gender-inequities-in-the-global-coffee-supply-chain/>

¹⁸ <https://www.technoserve.org/resources/womens-leadership-and-economic-empowerment-in-peru-coffee-sector/>

¹⁹ Joseph Rajabu Kang'le et al., 'The Role of Coffee Production and Trade on Gender Equity and Livelihood Improvement in Tanzania', *Sustainability* 13, no. 18 (13 September 2021): 10191, <https://doi.org/10.3390/su131810191>

²⁰ Alissa Bilfield, David Seal, and Donald Rose, 'Brewing a More Balanced Cup: Supply Chain Perspectives on Gender Transformative Change within the Coffee Value Chain', *International Journal on Food System Dynamics* Vol 11 (14 February 2020): 26-38 Pages, <https://doi.org/10.18461/IJFSD.V1111.37>

²¹ Bah, A., & Laven, A. (2019). *Closing the income gap of cocoa households in Côte d'Ivoire – taking a gender-sensitive household approach*. The Royal Tropical Institute (KIT): Amsterdam, The Netherlands.

²² <https://www.cocoalife.org/the-program/womens-empowerment/>

²³ <https://www.fairtrade.org.uk/media-centre/blog/invisible-women-the-unrewarded-labour-behind-chocolate/>

²⁴ Michaela Kuhn, Lina Tennhardt, and Gianna A. Lazzarini, 'Gender Inequality in the Cocoa Supply Chain: Evidence from Smallholder Production in Ecuador and Uganda', *World Development Sustainability* 2 (June 2023): 100034, <https://doi.org/10.1016/j.wds.2022.100034>.

²⁵ <https://www.cocoalife.org/the-program/womens-empowerment/>

²⁶ Stephanie Barrientos, 'Gendered Global Production Networks: Analysis of Cocoa-Chocolate Sourcing', *Regional Studies* 48, no. 5 (4 May 2014): 791–803, <https://doi.org/10.1080/00343404.2013.878799>.

Gender-based cultural, institutional, and social norms contribute to these inequalities. In Nigeria, a study found differences in the factors affecting technical efficiency between male and female cocoa farmers, highlighting the need to address gender-specific challenges to increase production capacity.²⁷ Recognizing and supporting women's roles could contribute to their empowerment and ensure sustainable quality cocoa sourcing.

However, just as they pose threats, climate mitigation and adaptation in cocoa and coffee cultivation offer various socio-economic co-benefits. Agroforestry systems outperform monocultures on most indicators, providing higher total system yields and contributing to food security and diversified incomes.²⁸ Environmentally-friendly production offers social and economic co-benefits, including human health benefits from reduced pesticide use and resource conservation for long-term productivity, although sometimes at the expense of farm investments and profitability.²⁹ Similarly, agroforestry in West Africa strengthens biodiversity conservation and rural development, even though there is a trade-off between high carbon stocks and crop yields.³⁰ There are also specific co-benefits for female farmers, who are particularly vulnerable to climate change: Women are more involved in adopting climate adaptation practices, such as setting up nurseries near water sources and using leguminous plants as cover crops.³¹ Gender-sensitive climate change adaptation strategies can improve gender equality and women's development in agrarian communities.³² For instance, integrating climate-smart technologies with agribusiness skills training has improved livelihoods for female cocoa farmers in Ghana.³³ However, gender-specific challenges persist, including unequal access to resources and extension services.³⁴ To ensure inclusive and sustainable cocoa and coffee production, it is crucial to transform gender norms, provide targeted support for women farmers, and incorporate gender perspectives into climate change adaptation policies.³⁵

Implementing climate-smart practices in coffee and cocoa production also offers significant benefits for youth in origin countries, particularly in skills development and entrepreneurship. Youth engaged in climate-smart agriculture (CSA) receive comprehensive training in sustainable farming techniques, including young rural women. Such training equips young male and female farmers with the expertise to form small enterprises and act as agricultural service providers.³⁶ The adoption of digital tools in agriculture is a key enabler of climate-smart practices. Male and female youth are being trained in using digital platforms for monitoring crop health, weather patterns, and market trends. This integration of technology not only improves farm management but also prepares young individuals for the evolving

²⁷ Ogunniyi, L. T., Ajao, O. A., & Adeleke, O. A. (2012). Gender comparison in production and productivity of cocoa farmers in Ile Oluji Local Government Area of Ondo State, Nigeria. *Global Journal of Science Frontier Research*, 12(5), 59-64.

²⁸ Wiebke Niether et al., 'Cocoa Agroforestry Systems versus Monocultures: A Multi-Dimensional Meta-Analysis', *Environmental Research Letters* 15, no. 10 (1 October 2020): 104085, <https://doi.org/10.1088/1748-9326/abb053>.

²⁹ Lina Tennhardt et al., 'Do Environmentally-Friendly Cocoa Farms Yield Social and Economic Co-Benefits?', *Ecological Economics* 197 (1 July 2022): 107428, <https://doi.org/10.1016/j.ecolecon.2022.107428>

³⁰ Héloïse Tschora and Francesco Cherubini, 'Co-Benefits and Trade-Offs of Agroforestry for Climate Change Mitigation and Other Sustainability Goals in West Africa', *Global Ecology and Conservation* 22 (1 June 2020): e00919, <https://doi.org/10.1016/j.gecco.2020.e00919>.

³¹ Ouattara Yerayou et al., 'Involvement of Women in Adopting Climate Change Adaptation Practices in Cacao Farming in Côte d'Ivoire', *Journal of Agricultural Science* 14, no. 12 (15 November 2022): 101, <https://doi.org/10.5539/jas.v14n12p101>.

³² Elsie Assan et al., 'Climate Change Perceptions and Challenges to Adaptation among Smallholder Farmers in Semi-Arid Ghana: A Gender Analysis', *Journal of Arid Environments* 182 (1 November 2020): 104247, <https://doi.org/10.1016/j.jaridenv.2020.104247>.

³³ Fred A. Yamoah and James S. Kaba, 'Integrating Climate-Smart Agri-Innovative Technology Adoption and Agribusiness Management Skills to Improve the Livelihoods of Smallholder Female Cocoa Farmers in Ghana', *Climate and Development* 16, no. 3 (15 March 2024): 169-75, <https://doi.org/10.1080/17565529.2021.2024125>.

³⁴ Gertrude Dzifa Torvikey et al., 'Making Climate-Smart Cocoa Inclusive: Towards a Framework for Gender Transformation', *South African Review of Sociology* 54, no. 1 (2 January 2024): 42-57, <https://doi.org/10.1080/21528586.2024.2321909>.

³⁵ Alawi Mohammed Jamal et al., 'Gendered Perceptions and Adaptation Practices of Smallholder Cocoa Farmers to Climate Variability in the Central Region of Ghana', *Environmental Challenges* 5 (1 December 2021): 100293, <https://doi.org/10.1016/j.envc.2021.100293>.

³⁶ <https://www.solidaridadnetwork.org/news/solidaridad-the-biodiversity-alliance-ciat-team-up-with-nicaraguan-farmers-to-confront-climate-change/>

agricultural landscape. Initiatives like the "Cocoa 2.0" focus on training young people in digital skills to develop solutions that enhance the cocoa value chain while respecting the environment.³⁷ These competencies not only enhance their employability but also contribute to the development of resilient and sustainable agricultural communities. Moreover, the circular economy in coffee and cocoa production focuses on recycling organic waste into valuable resources, such as compost, biochar, or fermented organic fertilizers. Youth, including female youth, can be involved in collecting, processing, and applying these materials, promoting sustainable farming practices. This engagement not only provides employment but also fosters leadership and community involvement.³⁸

In addition to these socio-economic benefits, the promotion of climate-smart agriculture fosters biodiversity by reducing deforestation, introducing (indigenous) shade-trees and enhancing soil management. Agroforestry expands crop varieties, integrating shading elements, and creating diverse microhabitats for various species. This diversity strengthens ecosystems by reducing pest and disease risks, improving habitat connectivity, and enhancing landscape permeability. These strategies foster natural habitats, which are essential for conserving species in tropical regions where coffee is commonly farmed, a critical area for global biodiversity preservation. Agroforestry supports both on-farm and off-farm habitat connectivity and land-use diversity, thus promoting spatial and functional ecological diversity. Such biodiversity conservation efforts are important not only for their intrinsic value but also for potential human benefits: native plant and animal species in biodiverse landscapes can serve as valuable resources notably for women who might have primarily responsibility for household nutrition, contributing to new agricultural breeds, crop varieties, and even pharmaceutical developments. By enhancing productivity and resilience to climate change, agroforestry can also help reduce deforestation pressures from agricultural expansion, thereby protecting critical natural habitats and the species they support.³⁹ Studies show that both coffee and cocoa cultivation can contribute to reforestation under certain conditions, such as agroforestry models, inclusive household decision making, youth education, market access, and farmer knowledge.⁴⁰

Gender Gaps Among Vulnerable Groups in Coffee and Cocoa Value Chains

Vulnerable groups, including Indigenous women, women-headed households, youth, elderly women, and women-led cooperatives, face distinct and compounding barriers in accessing benefits from the coffee and cocoa sectors. While these groups vary significantly by country and cultural context, several common disparities have been observed across regions.

Indigenous and ethnic minority women are often excluded from cooperative membership or land tenure systems due to discriminatory customary norms or lack of formal documentation. Youth and women-headed households may lack collateral or credit history, limiting access to pre-harvest finance and technical services. Elderly women, particularly in rural areas, frequently experience mobility constraints, digital exclusion, and dependency on informal labor networks with minimal protection.

Women-led cooperatives and enterprises, though underrepresented, demonstrate strong potential for impact when provided with access to inclusive training, market linkages, and gender-sensitive support. FSF ACCT will assess these dynamics at the borrower level through its E&S due diligence and may support targeted capacity-building through the Technical Assistance Facility (TAF) where appropriate.

³⁷ <https://www.giz.de/en/workingwithgiz/digital-jobs-and-climate-change.html>

³⁸ <https://coffeeandclimate.org/climate-smart-coffee-production-through-agroforestry-circular-economy-and-youth-engagement/>

³⁹ Paul Günter Schmidt and Christian Bunn, 'Coordinated Implementation of Climate-Smart Practices in Coffee Farming Increases Benefits at Farm, Landscape and Global Scale', *Frontiers in Climate* 3 (25 November 2021): 746139, <https://doi.org/10.3389/fclim.2021.746139>.

⁴⁰ Augusto Castro-Nunez et al., 'Reducing Deforestation through Value Chain Interventions in Countries Emerging from Conflict: The Case of the Colombian Cocoa Sector', *Applied Geography* 123 (October 2020): 102280, <https://doi.org/10.1016/j.apgeog.2020.102280>.

Gender-Based Violence Risk Context

Gender-based violence (GBV), including domestic violence, workplace harassment, and exploitative labor practices, is a concern across many of the Fund's target countries. While the FSF ACCT does not engage directly with individuals and does not fund activities typically associated with elevated GBV risks, such as large-scale infrastructure or resettlement, commercial agricultural value chains are not immune to gendered abuse and coercion. In contexts where labor protections are weak and women's economic dependency is high, risks of informal coercion or exclusion from services can undermine equitable participation and trust. As such, GBV is considered a relevant risk factor during borrower-level E&S due diligence, particularly in relation to labor practices, grievance mechanisms, and supply chain engagement strategies. The Fund will encourage borrowers to promote safe, inclusive workplaces and may use its TAF to support gender-sensitive training or codes of conduct.

Country considerations for FSF ACCT

The following countries are ACCT countries: Costa Rica, Côte d'Ivoire, Dominican Republic, Ecuador, Ghana, Guatemala, Nigeria, Peru, Rwanda, and Uganda.

This section provides a short summary of gender considerations in each country, with regards to cocoa, coffee and associated crops in the relevant sourcing landscapes.

1. Costa Rica

Development Status: Costa Rica has demonstrated economic resilience with a GNI per capita of USD 13,850 in 2023. The country maintains positive GDP growth projections, supported by significant investments in agriculture, energy, and technology. Despite economic advancements, social challenges persist, notably poverty affecting 12.7% of the population and a polarized labor market that disadvantages lower-skilled workers, particularly in rural areas. The government actively addresses these issues through education, vocational training, and digital inclusion programs.

Costa Rica emphasizes sustainable growth, social welfare, and combating corruption. The 2025 budget prioritizes education, healthcare, job creation, and rural connectivity, enhancing opportunities across all demographic groups. The government's current strategy aims to boost transparency, accountability, and public trust. Internationally, Costa Rica continues its environmental leadership, aiming for net-zero emissions by mid-century.

Coffee remains central to Costa Rica's rural economy, engaging approximately 38,000 producers, 92% of whom are smallholders. Despite relatively higher earnings compared to other coffee-producing countries, gender disparities are pronounced, with women earning approximately 39.2% less than men—among the highest gender wage gaps globally in coffee production. Women in coffee-growing households often engage as unpaid family laborers, exacerbating economic inequalities and limiting financial independence. Initiatives like Fair Trade have made limited progress in addressing gender equity in wages.

Costa Rica's coffee sector is integral to its climate mitigation and adaptation strategies. For example, the pioneering NAMA Café initiative integrates gender equality, actively promoting women's participation in sustainable coffee production and decision-making. This inclusive approach supports both emission reductions and broader development objectives, aligning with Costa Rica's commitment to gender equity and sustainability.

The FSF ACCT aligns closely with Costa Rica's national economic, social, and climate priorities by providing affordable credit to sustainable agricultural producers, particularly benefiting rural communities and women. Its financing model fosters economic empowerment, addresses gender inequalities in agriculture, and promotes sustainable and resilient farming practices. By supporting climate-friendly and inclusive agricultural practices, the FSF ACCT contributes significantly to Costa Rica's decarbonization goals and socio-economic development.

Costa Rica is a party to the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), and the UN's 2023 review commended its legislative progress and use of the Convention in judicial decisions. The country has adopted key national gender equality laws and policies, including the Act Promoting the Social Equality of Women (1990), National Policy for Gender Equality and Equity (2007–2017), and more recent frameworks for equality and violence prevention spanning 2018–2030. The National Women's Institute and inter-institutional platform (comprising 33-37 public agencies) are central to coordinating gender policy and implementation at national and local levels. Implementation is relatively strong by regional standards, with over 77% of gender-equality legal frameworks in place and growing judicial enforcement, though gaps remain in areas like digital inclusion and combating violence against women.

2. Côte d'Ivoire

In Côte d'Ivoire, the cocoa and coffee sectors play a critical role economically and socially, with cocoa cultivation alone involving around 800'000 farmers and supporting the livelihoods of approximately 8 million people. Despite this importance, significant gender disparities persist. Women face substantial barriers, including limited access to land, inputs, labor, producer groups, credit, training, and other essential agricultural services. Male-headed households dominate decision-making, especially concerning cocoa revenues, which constitute most of the household income. This gender imbalance restricts women's ability to effectively participate in and benefit from the cocoa and coffee value chains, reinforcing poverty and limiting the potential for improved household income and resilience (FAO & BASIC, 2020).

The typical Ivorian cocoa farming household is characterized by an average size of nearly seven members, with limited access to modern infrastructure and economic diversification opportunities (FAO & BASIC, 2020). Poverty remains prevalent, with only 7% of cocoa farmers achieving a living income, illustrating a stark income gap. This economic vulnerability disproportionately impacts women, who frequently lack land ownership rights, further marginalizing their roles and economic contributions.

Historical social structures in Côte d'Ivoire, defined by categories such as indigenous (autochthones), internal migrants (allochthones), and foreign migrants (allogènes), influence land tenure systems and exacerbate gender inequities. Women's limited land tenure security, especially under traditional systems like "tutorat," further restricts their economic empowerment. Climate change adds another layer of vulnerability. Projected temperature increases, rainfall variability, and extreme weather events threaten cocoa and coffee productivity, exacerbating women's vulnerability due to their already limited adaptive capacity (ND-GAIN Index, 2023; Bunn et al., 2018). Rural women, in particular, face heightened risks due to dependency on agriculture and constrained access to adaptive resources like credit, technology, and training.

Côte d'Ivoire's national policies increasingly recognize the need for inclusive approaches. Initiatives like the Cocoa and Forests Initiative (CFI) and the PROMIRE project emphasize sustainable, deforestation-free cocoa production through agroforestry and capacity-building, presenting opportunities to integrate gender-sensitive approaches (CCC & COCOBOD, 2020; PROMIRE Project, 2022). National climate programming, including the Plan National de Développement (PND) and Climate-Smart

Agriculture Investment Plan (CSAIP), advocates for economic empowerment and climate resilience strategies that directly support women farmers. However, explicit gender-targeted measures are essential to address persistent inequities effectively (PND, 2021-2025; CSAIP, 2023).

Côte d'Ivoire ratified the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) in 1995 and submitted its most recent periodic report to the UN in 2019. National frameworks include the 2014 Law on Marriage (ensuring equality between spouses), the National Gender Policy (2014–2023), and Law No. 2019-870 on Violence Against Women. Institutional leadership is provided by the Ministry of Women, Family and Children, supported by a Gender Observatory and gender focal points across ministries. However, implementation remains challenged by limited sub-national coordination, budgetary constraints, and social norms that continue to restrict women's land rights and political representation (female parliamentary representation was 14.2% as of 2021).

3. Dominican Republic

The Dominican Republic is one of the world's top exporters of organic cocoa, with the crop representing a major source of rural employment and export revenue. The cocoa sector employs over 40'000 producers, the vast majority of whom are smallholders operating on plots smaller than 5 hectares. While the sector offers economic opportunity, particularly through organic and fair-trade market channels, persistent gender inequalities in land ownership, income distribution, and decision-making continue to marginalize women in both cocoa and associated agroforestry systems.

Women represent an estimated 25-30% of the agricultural labor force, yet they hold less than 15% of land titles and are significantly underrepresented in producer organizations and value chain leadership positions. Their participation is often informal and unremunerated, concentrated in labor-intensive, lower-value activities such as weeding, harvesting, and post-harvest handling. This invisibility reduces their access to technical assistance, credit, and climate-smart technologies, further entrenching gendered vulnerability and income disparities.

Climate change is an increasingly urgent threat to the Dominican Republic's cocoa sector. The country is ranked as one of the most climate-vulnerable in the Latin America and Caribbean region due to high exposure to tropical storms, hurricanes, and droughts, especially in cocoa-producing regions like San Francisco de Macorís and El Seibo. Models predict greater variability in precipitation and an increase in extreme weather events that directly impact flowering, pod development, and pest pressure. Combined with fragile ecosystems and high rates of rural poverty, these factors expose both male and female producers to severe livelihood and food security risks. However, women are disproportionately affected due to their lower adaptive capacity – a function of reduced access to productive resources, information, and climate finance.

Despite these constraints, the Dominican Republic has taken steps to advance gender equity and climate resilience in agriculture. The Ministry of Agriculture's Gender Equality Strategy (Estrategia de Igualdad de Género) promotes women's participation in value-added agricultural sectors. Initiatives under the Ministry of Environment's climate adaptation framework have emphasized community-based reforestation and agroforestry as both mitigation and resilience-building strategies. These present entry points for enhancing women's participation in regenerative value chains.

Furthermore, the National Adaptation Plan (NAP) and the National Climate-Compatible Development Strategy both highlight the importance of inclusive climate-smart agriculture, with cocoa prioritized as a strategic crop for emissions reduction and resilience. Yet, implementation remains limited without dedicated mechanisms to target gender-specific barriers.

Within this context, the FSF ACCT provides a catalytic opportunity to mainstream gender equity within the Dominican Republic's cocoa sector by:

- Financing inclusive agroforestry models that integrate women as plot managers and cooperative members;
- Supporting climate-resilient infrastructure and sustainable processing facilities that offer formal employment opportunities for rural women;
- Expanding access to credit, insurance, and climate services tailored to women-led or women-dominated production groups;
- Promoting women's leadership through technical assistance, business development, and traceability-linked incentives aligned with global market standards.

Additionally, FSF ACCT aligns with the country's national development goals by advancing:

- Mitigation: through low-emissions land use and deforestation-free cocoa systems;
- Adaptation: via enhanced resilience to hydrometeorological risks through diversified income strategies, water management, and climate-smart farming;
- Gender equity: by enabling women's active participation and benefit-sharing in sustainable rural value chains.

By strengthening women's position in the cocoa economy while supporting climate adaptation and mitigation, FSF ACCT contributes to a triple dividend of resilience, emissions reduction, and inclusive economic growth in the Dominican Republic. This approach enhances the overall sustainability of the cocoa sector and ensures that investments under FSF ACCT reach the most vulnerable populations, particularly rural women whose contributions are essential to building climate-resilient agricultural landscapes.

The Dominican Republic ratified CEDAW in 1982 and has since established a constitutional and legislative framework recognizing gender equality, including the 1997 General Law on the Protection of Women and the National Plan for Gender Equality and Equity (PLANEG III, 2020–2030) (CEPAL). The Ministry of Women leads national gender policy implementation, supported by municipal gender offices and inter-sectoral coordination mechanisms. The country also participates in regional mechanisms such as the CIM/OAS and the Montevideo Strategy. Despite strong institutional presence, challenges remain in enforcement and service delivery, particularly in rural settings, where underfunded systems, weak monitoring, and cultural aspects limit the impact of national gender policies

4. Ecuador

Ecuador is a globally recognized producer of fine-flavor cocoa, a critical export commodity and rural income source. The sector involves over 120'000 smallholder producers, many of whom operate on family farms under 5 hectares. Cocoa production is concentrated in coastal and Amazonian provinces such as Manabí, Esmeraldas, Los Ríos, and Napo, where climate-related risks are rising. While women contribute substantially to cocoa cultivation and household resilience, entrenched gender disparities limit their agency and access to resources in the value chain.

Women are estimated to make up 30–40% of the cocoa workforce, primarily engaging in planting, weeding, harvesting, and post-harvest tasks. However, only about 20% of land titles are held by women, and female participation in producer cooperatives and leadership remains low. Cultural norms and unequal asset ownership constrain women's ability to access credit, extension services, and agricultural inputs, particularly in Indigenous and Afro-Ecuadorian communities. This exclusion limits their capacity to adapt to climate risks and benefit from value-added opportunities.

Climate change is intensifying production risks in cocoa-growing areas. Ecuador faces increased frequency of flooding, irregular rainfall, rising temperatures, and El Niño–related shocks, all of which degrade yields, expand disease incidence (e.g., monilia, frosty pod rot), and damage post-harvest infrastructure. The resulting income volatility hits women hardest due to their limited adaptive capacity and reduced decision-making power over financial and natural resources.

Additionally, cocoa-driven land use change has contributed to deforestation in biodiversity-rich regions such as the Chocó-Darién corridor. While many smallholders’ practice agroforestry, others — particularly in frontier areas — have cleared forests for monoculture cocoa. This dynamic contributes to AFOLU emissions and biodiversity loss, but also creates an opportunity for climate-smart, gender-responsive agroforestry investments that restore degraded land while creating inclusive economic value.

The Ecuadorian government has outlined gender and climate priorities through its:

- Nationally Determined Contribution (NDC), which prioritizes cocoa for climate-smart agriculture, reforestation, and deforestation-free value chains;
- Gender and Climate Change Action Plan (PAGCC), which seeks to mainstream gender into adaptation and mitigation initiatives;
- National Agroforestry Strategy, which promotes inclusive restoration and resilient rural development.

In line with these priorities, the FSF ACCT offers a strategic mechanism to support gender equity in Ecuador’s cocoa sector while addressing climate risks and emissions. The Fund’s performance-linked finance approach incentivizes investees to integrate gender indicators and climate outcomes, aligning with Ecuador’s climate and development frameworks. By fostering inclusive land restoration and emissions reduction, FSF ACCT will also support Ecuador’s goals under the REDD+ Action Plan and the National Strategy for Equality and Eradication of Poverty.

Ecuador ratified CEDAW in 1981 and has integrated gender equality into its 2008 Constitution, which mandates parity in political participation and prohibits gender-based discrimination. Key policies include the Organic Law on Gender Violence Against Women (2018), the National Agenda for Women and Gender Equality (2021–2025), and the National Development Plan 2021–2025, which mainstreams gender across climate and rural development sectors. The Council for Gender Equality and the Ministry of Women and Human Rights are the main institutional actors, with strong links to civil society organizations and Indigenous women’s platforms. While Ecuador has progressive gender legislation and institutional leadership, enforcement is uneven, due to limited local capacity, cultural barriers, and under-resourced gender focal points at subnational levels.

5. Ghana

Ghana’s agricultural sector, especially in cocoa and coffee production, remains a cornerstone of the rural economy, employing millions and generating substantial export revenues. However, rural poverty persists, particularly among women, who face entrenched structural barriers to economic empowerment. Nationally, about 11% of Ghana’s population lives in extreme poverty, but rural areas, where agriculture is the primary livelihood, see significantly higher rates, especially among women farmers. In cocoa- and coffee-growing communities, women’s access to land, credit, farm inputs, and training is consistently limited, contributing to lower productivity and incomes relative to their male counterparts.

Women account for roughly 25% of Ghana’s cocoa farmers but own less than 10% of cocoa land, limiting their economic autonomy and capacity to invest in production.⁴¹ Land ownership is often mediated through male relatives, and customary inheritance systems further constrain women’s rights to land and resources. As a result, female farmers frequently rely on less fertile plots and lack access to collateral for loans. These disparities extend into cooperative membership as well, although women contribute significantly to labor in cocoa production, they are underrepresented in leadership positions and decision-making bodies within producer organizations.

Despite these challenges, evidence shows that participation in cooperatives and women-focused empowerment programs can lead to substantial improvements in economic outcomes. Fairtrade-certified cooperatives, farmers groups and value chains have implemented gender-inclusive policies that promote women’s leadership, offer financial literacy training, and increase access to farming inputs and premiums. Women members of such cooperatives report greater household decision-making power, higher incomes, and improved food security. However, large gaps remain in mainstreaming these successes across the sector. Widespread exclusion from land titling, finance, and formal labor markets continues to impede women’s economic independence.

Climate change is amplifying existing gender inequalities. Ghana has experienced increasing temperatures and erratic rainfall over the past two decades, directly affecting agricultural yields and food security. Rural women, who are often responsible for household food provisioning and farming on marginal lands, are disproportionately affected by climate-related shocks. Limited access to climate information, extension services, and adaptive technologies exacerbates their vulnerability. In cocoa regions, rising temperatures and changing precipitation patterns are reducing yields and increasing disease pressure, making it more difficult for female farmers, already constrained by limited resources, to maintain viable livelihoods.

Ghana’s national frameworks acknowledge the importance of gender equity for sustainable rural development. These policies emphasize women’s inclusion in value chains, land reform, and access to financial services. However, implementation has been inconsistent, and gender-specific targets in the cocoa sector remain underdeveloped. Meanwhile, the Ghana Cocoa Board (COCOBOD) and key stakeholders such as Solidaridad and Fairtrade Africa have begun integrating gender-responsive measures into training programs and supply chain traceability initiatives.

The FSF ACCT’s focus on inclusive, climate-resilient agribusiness financing strongly aligns with Ghana’s national and sectoral goals. By directing capital to cooperatives and businesses that actively incorporate gender-sensitive practices, enhancing women’s roles in leadership, and facilitating access to climate-smart inputs, the ACCT can advance national priorities in gender equity and sustainable agriculture.

Ghana ratified CEDAW in 1986 and has incorporated gender equality into its 1992 Constitution, with additional provisions under the Domestic Violence Act (2007), Intestate Succession Law (1985), and the National Gender Policy (2015) aimed at promoting equity in economic, political, and social spheres. The Ministry of Gender, Children and Social Protection (MoGCSP) leads national coordination, supported by regional gender desks and collaborations with civil society groups like NETRIGHT and ABANTU for Development. Ghana’s gender commitments are also embedded in national strategies like the Medium-Term Development Policy Framework and the Climate-Smart Agriculture Plan. However, implementation capacity remains uneven, budget constraints, patriarchal norms, and low female land ownership (only ~10–15%) continue to impede progress, particularly in rural agricultural sectors.

⁴¹ <https://fairtradeafrica.net/wp-content/uploads/2022/01/Ghana-Brief-19.02.2021.pdf>

6. Guatemala

Coffee is Guatemala's most important agricultural export, supporting over 125'000 farming households, the majority of which are smallholders cultivating less than 3 hectares. Production is concentrated in highland regions such as Huehuetenango, San Marcos, and Chimaltenango, areas that are increasingly exposed to climate risks such as drought, erratic rainfall, and rising temperatures. These pressures are compounded by socio-economic vulnerability, particularly among Indigenous and rural women, who face persistent gender-based barriers in land access, financial services, market participation, and climate resilience planning.

Women play essential roles in Guatemala's coffee value chains, from nursery management and planting to harvesting, sorting, and processing. Despite comprising an estimated 30–40% of the labor force, they receive disproportionately low pay and rarely control the proceeds of production. Only about 15% of land titles in rural areas are held by women, and gender norms often exclude them from cooperative membership, technical training, and producer governance. The informal nature of their participation also limits visibility in certification schemes and climate programs, further marginalizing their role in adaptation and mitigation efforts.

Guatemala is highly vulnerable to climate change impacts. The country ranks among the most climate-exposed in Latin America, with coffee-producing areas experiencing increasing temperature variability, pest outbreaks (e.g. coffee leaf rust), and irregular rainy seasons. These stressors reduce yields, degrade quality, and disrupt processing schedules — disproportionately impacting women due to their limited control over adaptive resources. According to the Ministry of Environment, climate change could render up to 40% of current coffee areas unsuitable by 2050 under high-emissions scenarios, particularly in lower-elevation zones.

Simultaneously, land-use change linked to coffee and associated deforestation contributes to AFOLU emissions. Conversion of forested land to coffee plots, especially in frontier zones, continues due to insecure tenure, lack of incentives for agroforestry, and low enforcement of environmental regulations. This trend presents both a climate threat and an opportunity for gender-responsive reforestation and climate-smart coffee systems that restore degraded lands and promote social inclusion.

The Government of Guatemala has taken progressive steps to address these intersecting issues through:

- The National Climate Change Policy (2013), which prioritizes adaptation in rural economies and emphasizes gender equity;
- The REDD+ Strategy and the Nationally Determined Contribution (NDC), which recognize agroforestry and low-emission coffee production as pillars of mitigation;
- The National Policy for the Promotion and Comprehensive Development of Women (PNPDIM), which targets rural women's inclusion in climate-resilient productive systems.

However, implementation gaps remain, particularly in translating policy intent into access to finance, technical services, and decision-making for women at the farm and cooperative level. FSF ACCT's implementation in Guatemala will be aligned with national frameworks for climate-smart agriculture, gender equity, and Indigenous rights. By promoting inclusive and low-emission production models, the Fund will not only reduce GHG emissions and climate risk, but also enhance the visibility, economic agency, and resilience of women in the country's most climate-sensitive sector.

Guatemala ratified CEDAW in 1982 and has enacted several legal instruments promoting gender equity, including the Law for the Dignity and Comprehensive Promotion of Women (1999), the Law Against Femicide (2008), and the National Policy for the Promotion and Comprehensive Development of Women (PNPDIM, 2008–2023). The Presidential Secretariat for Women (SEPREM) coordinates

implementation, supported by the Office for the Defense of Indigenous Women (DEMI) and extensive civil society engagement. Guatemala is also a party to regional frameworks like the Montevideo Strategy and the Inter-American Convention on the Prevention, Punishment and Eradication of Violence Against Women (Belém do Pará). Nonetheless, implementation remains weak in rural and Indigenous territories due to limited funding and cultural norms, which are diverse among regions.

7. Nigeria

In Nigeria, cocoa cultivation significantly impacts the economic and social structures of rural communities, engaging over 300,000 smallholder farmers, each managing about 2.5 hectares. Despite cocoa being Nigeria's largest non-oil agricultural export, poverty remains widespread in these communities, exacerbated by structural inefficiencies such as low productivity, limited access to agricultural inputs, and inadequate infrastructure. Critical among these challenges are pronounced gender disparities that deeply affect the sustainability and productivity of the cocoa sector.

Women in Nigerian cocoa-growing regions play essential roles in farming processes, including planting, harvesting, and post-harvest handling. However, their contributions are often undervalued, and they consistently face systemic marginalization. Limited access to land ownership, financial resources, credit facilities, and targeted agricultural training restricts women's ability to fully participate in and benefit from cocoa farming. Moreover, prevailing gender norms often exclude women from significant decision-making processes within both household settings and community cooperatives, reinforcing existing inequalities and undermining the sector's overall productivity and sustainability.

Climate change compounds these vulnerabilities, disproportionately impacting women due to their limited adaptive capacities and higher reliance on rain-fed agriculture. Increasing rainfall variability, higher temperatures, and intensified pest outbreaks, notably diseases like black pod, severely affect cocoa yields, leading to economic instability and exacerbating existing social inequalities. Climate-induced shifts in cocoa-growing suitability further heighten economic uncertainties, significantly impacting women who already face limited access to adaptive resources.

Nigeria's national strategies, such as the National Climate Change Policy (2021-2030) and the establishment of the National Cocoa Management Committee (NCCMC), highlight the importance of sustainable practices and gender inclusivity. Nonetheless, specific gender-focused interventions remain crucial for ensuring equitable and sustainable sectoral growth.

Nigeria ratified CEDAW in 1985 but has not yet transformed it into national law, limiting enforceability in domestic courts. The country adopted a National Gender Policy in 2007 (revised 2021-2026) and the 2015 Violence Against Persons Prohibition Act, but actual representation goals (e.g. 35% women in leadership) have not been met. The Federal Ministry of Women Affairs and Social Development leads institutional efforts, supported by active civil society groups like the Nigerian Women's Trust Fund and Women Advocates Research and Documentation Centre. Implementation capacity remains limited, progress constrained by weak enforcement mechanisms, low female representation in politics ($\approx 4\%$ of elective office after 2023 elections), and uneven sub-national uptake of gender laws

8. Peru

Peru's economy has experienced steady growth in recent years; however, significant rural poverty persists, affecting 46% of the rural population compared to a national average of 22%. This rural poverty disproportionately impacts women, who commonly face barriers to accessing productive resources, formal employment, and economic opportunities. Within the agricultural sector, particularly in coffee and cocoa production, gender inequalities are notably pronounced. Women constitute a minority

among landowners and cooperative members, limiting their economic independence and heightening their vulnerability to economic instability and climate shocks.

In cocoa- and coffee-growing communities, women confront systemic disadvantages related to land ownership, credit availability, agricultural inputs, and market access. Their limited access to resources substantially reduces their productivity and income potential compared to their male counterparts. Nevertheless, participation in cooperatives has shown positive effects, improving women's access to certifications, technical assistance, farm inputs, and decision-making roles. Cooperative membership typically translates into higher incomes and enhanced household dynamics for women. Despite these benefits, significant disparities remain, particularly in terms of land tenure and financial autonomy, perpetuating women's economic marginalization.

The impacts of climate change further exacerbate gender disparities, especially among rural and indigenous women who typically have lower adaptive capacities due to limited financial resources, education, and technical support. Indigenous women in regions such as Loreto and Junín are particularly vulnerable, experiencing severe disruptions to agriculture, fishing, and traditional livelihoods because of erratic rainfall patterns, flooding, and changing river dynamics. These climate-induced shifts threaten food security, community health, and social stability, disproportionately affecting women who often bear primary responsibility for household food provisioning and caregiving.

Peru's national economic and climate policies increasingly acknowledge the critical importance of gender equity and women's empowerment in sustainable rural development. Both the National Coffee Action Plan (PNA-Café 2018–2030) and the National Cocoa-Chocolate Development Plan (PND Cacao-Chocolate 2030) explicitly aim to enhance women's economic participation and decision-making power in agricultural value chains. These policies emphasize integrating gender equity measures into cooperative governance, sustainable agriculture training programs, certification initiatives, and land-titling efforts. Recognizing women's central role in agricultural productivity, these plans strive to close gender gaps, thereby improving household incomes, fostering rural resilience, and strengthening adaptive capacities to climate change.

The FSF ACCT aligns strongly with Peru's gender and rural development objectives, particularly through its emphasis on social inclusion and gender equity within agricultural financing. By targeting financial support toward responsible agribusinesses and cooperatives that proactively incorporate gender-sensitive practices, such as promoting women's leadership, equitable resource distribution, and inclusive decision-making, the FSF ACCT directly advances national efforts to reduce gender disparities. The fund's targeted approach creates opportunities for women's economic empowerment, contributing significantly to poverty alleviation, climate resilience, and broader community stability.

Peru ratified CEDAW in 1982 and has developed a comprehensive legal framework for gender equality, including the Equal Opportunities Law (2007), the Law to Prevent, Punish and Eradicate Violence Against Women (2015), and specific sectoral plans for agriculture and climate change. The National Gender Equality Policy (2019–2030) and the Gender and Climate Change Action Plan (PAGCC) integrate gender considerations into national development and environmental strategies (UN Women Peru, MINAM). The Ministry of Women and Vulnerable Populations (MIMP) lead policy coordination, supported by decentralized gender units, and civil society partners like ONAMIAP (representing Indigenous women). While Peru demonstrates strong formal commitment, effective implementation is hindered by weak land tenure for women (especially Indigenous women), underfunded gender mechanisms at subnational levels, and persistent socio-cultural barriers in rural areas, including the coffee and cocoa sectors

9. Rwanda

Coffee is one of Rwanda's top export earners, supporting over 400'000 smallholder households, while cocoa, though smaller in scale, is a growing value chain with export potential primarily in Western and Southern provinces. These sectors are critical to rural livelihoods, particularly in mountainous areas such as Nyamasheke, Rusizi, and Huye. While women are deeply engaged in production, they continue to face systemic barriers to land ownership, decision-making, and access to climate-resilient resources, compounding their vulnerability to Rwanda's growing climate risks.

Women account for more than 60% of the agricultural workforce, yet they own just 26% of agricultural land and represent a minority in farmer cooperatives and leadership structures. Their contributions in planting, harvesting, and post-harvest processes are often unrecognized and unpaid. Limited access to finance, extension services, and formal inputs restricts women's ability to improve productivity or adapt to climate stressors.

Rwanda's climate vulnerability is intensifying. Rising temperatures, more frequent and intense rainfall events, and prolonged dry spells are affecting soil stability, increasing erosion, and leading to landslides in coffee-growing zones. These trends threaten yield stability, quality, and supply chain continuity. Climate projections suggest that key coffee-growing altitudes could become marginal or unsuitable by 2050 under high-emissions scenarios. These risks are especially acute for rural women, who typically cultivate on the most degraded or marginal lands and have lower access to adaptive infrastructure and information.

The Government of Rwanda has established strong frameworks for gender and climate action:

- The National Strategy for Transformation (NST1) promotes inclusive, climate-resilient economic development;
- The Green Growth and Climate Resilience Strategy (GGCRS) positions agriculture as central to Rwanda's low-carbon transition;
- The National Gender Policy and the Gender Monitoring Office (GMO) enforce integration of gender equity across sectors;
- Rwanda's updated NDC (2021) highlights coffee and agroforestry as priority areas for both mitigation and adaptation.

Despite this strong enabling environment, the operationalization of gender-sensitive climate finance and services remain uneven, particularly for cooperatives and producer organizations in remote areas. The FSF ACCT supports Rwanda's vision for climate-resilient, inclusive agricultural development by:

- Financing gender-inclusive coffee and cocoa agroforestry systems that increase productivity, stabilize landscapes, and capture carbon;
- Supporting women's access to climate-resilient support, including access to raised drying beds, water management systems, and erosion control;
- Enabling women-led enterprises to participate in value-added processing, traceability platforms, and premium market channels;
- Delivering technical assistance, climate advisory services, and leadership development tailored to rural women and youth.

Through its strategic alignment with national policies and on-the-ground implementation partners, FSF ACCT will help to support Rwanda's coffee sector shift towards more inclusive growth, while promoting resilience to climate change and generating mitigation benefits.

Rwanda ratified CEDAW in 1981 and has made significant legal and institutional advances, embedding gender equality into its 2003 Constitution and adopting key laws such as the 2008 Gender-Based Violence Law and the 2016 Land Law, which guarantees equal inheritance and land rights. The National Gender Policy (2021) and the Gender Monitoring Office (GMO) guide cross-sectoral implementation and enforcement, while gender is mainstreamed across national strategies like the Green Growth and Climate Resilience Strategy and Vision 2050 (UN Women Rwanda). Implementation is among the strongest in sub-Saharan Africa, with women holding over 60% of parliamentary seats and high representation in decentralized governance. Nonetheless, challenges remain in translating national policies into rural value chains, where women still face practical constraints in access to goods and services related to agricultural supply chains.

10. Uganda

In Uganda, coffee and cocoa sectors significantly influence economic growth and rural livelihoods, with coffee alone supporting around 12 million people, mostly smallholder farmers cultivating less than half a hectare each. However, despite women comprising a substantial portion of the labor force within these sectors, significant gender disparities persist. Women farmers in Uganda face systemic barriers, including limited access to land, resources, financial services, technical training, and decision-making opportunities. Typically, male household heads retain control over income and marketing decisions, constraining women's economic agency and perpetuating gender inequality.

Gender inequality in Uganda's coffee and cocoa value chains manifests starkly through income disparities. Farms managed by men typically generate higher revenues due to greater resource access, larger operational scales, and better market connections. Female-managed farms, by contrast, are frequently marginalized, with restricted access to critical agricultural inputs and credit, negatively impacting productivity and household economic stability.

Uganda's climatic vulnerabilities compound these challenges. Climate change poses severe threats to agricultural productivity, increasing the frequency and severity of droughts, pest outbreaks, and rainfall variability. Such impacts disproportionately affect women, who already have limited access to adaptive resources, making gender-responsive interventions essential for enhancing resilience and sustainability within these critical agricultural sectors.

National policies increasingly recognize the necessity of addressing gender disparities. Initiatives such as the Coffee and Cocoa Value Chains Development (CoCoDev) project and Uganda's National Development Plan (NDP III) emphasize empowering women through inclusive agricultural practices, improved access to markets, technical training, and financial services. The Parish Development Model (PDM) further aims at decentralized, inclusive economic transformation, providing a framework that could significantly support gender-inclusive strategies if effectively implemented.

Uganda ratified CEDAW in 1985 and has incorporated gender equality into its 1995 Constitution, complemented by the Equal Opportunities Act (2007), the Domestic Violence Act (2010), and the National Gender Policy (2007, updated 2021). Gender equality is mainstreamed across national frameworks such as the Third National Development Plan (NDP III) and the Uganda Climate Change Gender Action Plan (2016). Institutional leadership is provided by the Ministry of Gender, Labor and Social Development (MGLSD) and decentralized gender focal points in ministries and districts. However, enforcement remains uneven, particularly in rural regions, due to women's access to goods and services, inadequate funding of local gender programs, and sociocultural barriers that limit women's participation in producer organizations and access to extension services.

Description of the ACCT

As described previously, FSF (and ACCT) is an open-ended investment fund that uses an innovative approach to promote sustainable development through agricultural value chains. The Fund addresses a financing gap by providing working capital to (rural) agricultural companies that operate in developing and emerging markets and aggregate produce from farmers. Gender considerations are embedded both in the loan origination and due diligence – the potential for a transaction to contribute to the FSF’s Reach Benefit Empower (RBE) framework is considered in the loan assessment and proposal, i.e., a gender assessment is done on each transaction. Furthermore, gender considerations are integrated in the loan agreement and are monitored and reported on regularly.

The FSF ACCT:

- Is a multi-country fund, which covers a range of geographies and is therefore expected to encounter heterogeneous social conditions including in terms of gender related issues. While the focus is on cocoa and coffee supply chains, the FSF ACCT may fund a wider range of crops, e.g., accompanying crops such as fruits and vegetables.
- Intends to promote gender equality and women’s empowerment at both the borrower-level (Aggregators, i.e. companies that transact with farmers) and at the farm-level.

The FSF and ACCT’s approach creates incentives for information sharing and continuous improvements for gender-disaggregated data collection, where the baseline conditions are described in each Investment Proposal (both for new loans and annual renewals). Through this approach, the Fund generates data on women’s current engagement in a specific value chain and create a mechanism for encouraging continuous improvement on gender issues and specifically women’s involvement in all levels of the agriculture supply chain. The Fund enables these outcomes by providing an additional source of credit to those borrowers who, among other aspects, advance women’s participation and education. By providing this additional credit source, the Fund will provide borrowers with both the means and the motivation to support women’s participation in agricultural value chains, i.e., in training, purchasing, and job creation. The FSF monitors the engagement of women as farmers and employees annually, with quarterly monitoring reviews notably on the AGM. Borrowers will be expected to demonstrate ambition and continuous improvement on women’s engagement through development/improvement on both gender plans and ESG (impact) indicators, which are evaluated and reported as a part of the project monitoring plan and reports. This impact monitoring approach helps to address a critical data challenge of a lack of consistent and regular gender disaggregated data within the farming sector, in particular in emerging and developing countries borrowers will be advised that advancement in women’s inclusion will be used as a criterion for determining if a loan should be renewed. The ACCT will build on the existing practices of the FSF.

The FSF ACCT requires borrowers to establish grievance mechanisms that are accessible to women and vulnerable groups, allow for anonymous reporting, and include appropriate response protocols for GBV or harassment. These systems are assessed as part of the Fund’s E&S due diligence and annual monitoring. Where weaknesses are identified, the Fund may mandate improvements, including development of referral pathways, gender-sensitive intake procedures, and awareness-raising among supply chain actors. In cases where borrower-level systems are inadequate, affected individuals may submit grievances directly to the ACCT-level mechanism, which is publicly disclosed and aligned with the GCF Gender Policy and IFC Performance Standards (particularly PS1 and PS2), ensuring protection from retaliation and confidentiality. Borrower capacity and performance is assessed prior to any loan, including for new loans and for (annual) renewals. The FSF already has a track record of reporting on gender metrics, and the ACCT will follow the same impact tracking and reporting process as the FSF. Furthermore, as an Article 9 Fund under the EU Sustainable Finance Disclosure Regulations (SFDR), the FSF (and ACCT) must report on gender equality indicators, including women in decision making roles.

While the Fund is open-ended, within the 15-year period during which the GCF is invested, we expect to deliver demonstrable direct economic benefits for rural communities, including rural women. The FSF ACCT will promote jobs, training, and policies that promote women's involvement in rural agribusinesses at all levels. The estimated number of beneficiaries is based on:

- An estimate of the amount of capital that the ACCT will lend; and
- The "typical" profile of a borrower (Aggregator) in terms of number of staff, number of farmers the borrower deals within a sourcing area, and the typical gender split of those farmers (percent); and,
- An expectation of the extent to which gender-oriented projects will feature among the ACCT's TA projects. For the avoidance of doubt, all TA projects will consider gender, but gender issues may be more or less central.

Note that the percentage of women beneficiaries is 16% across both farmers reached (transacted with, trained) and employees.

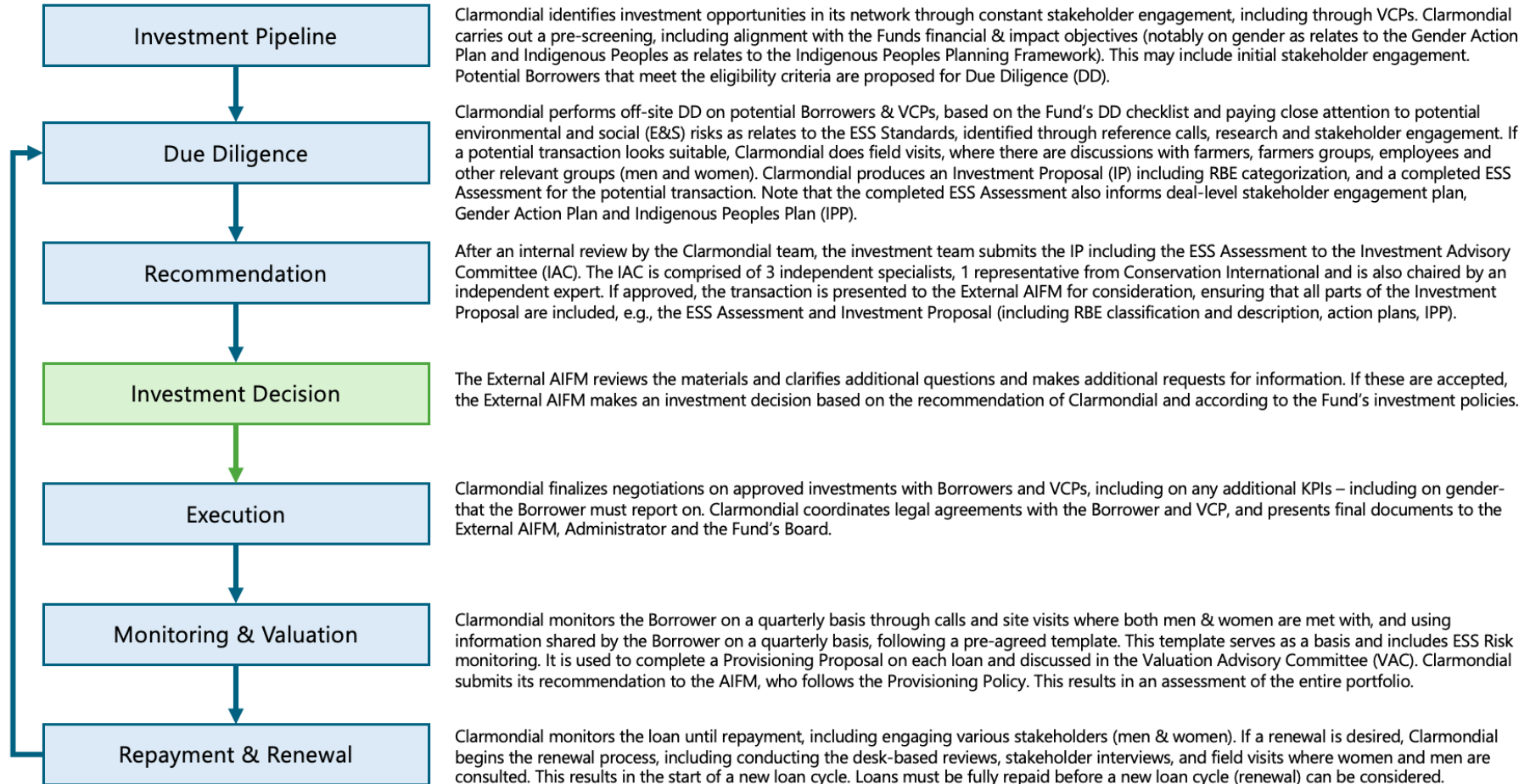
As a part of the ACCT's development, and the implementation of the FSF, Clarmondial has spoken with men and women, together and separately, in various potential project areas to better understand barriers of men and women's participation and advancement in the rural agricultural arena. The discussions indicate varying levels of engagement, and potential for engagement, on women's empowerment in different sectors and geographies. All potential counterparts (borrowers) were open to further engaging on this issue, however the capacity and ability to do so differed. This creates an opportunity for the Fund to seek improvements on this issue on selected transactions. Discussions with (a) farmers and farmer organizations; (b) borrowers– their leadership, field agents and units responsible for items such as finance and administration, procurement, storage, and (c) companies buying from the borrowers (Value Chain Partners) will continue as part of the Fund's origination, due diligence, loan negotiation, monitoring, and loan renewal negotiations, with relevant information captured and reported annually. Some information may be complemented by independent resources such as IFPRI Gender, Agriculture and Assets Project (GAAP), 2X, and its Women's Empowerment in Agriculture Index (WEAI) and/or certification schemes that the Aggregators may adopt. Over the life of project, the Fund will seek continuous guidance on environmental and social factors, including gender through its Impact Advisory Board and the FSF ACCT TA Committee.

The ACCT will follow largely the same process as described and illustrated in Image 6. However, this has been modified to demonstrate how ACCT will be different, and how it will integrate the GCF's specific gender requirements. See Image 30 below, which summarizes the steps that will be taken to consider gender at each stage of the investment process. Figure 30 summarizes the steps taken, including when integration of E&S risk screening into the Fund's borrower-level due diligence process takes place. This assessment includes borrower compliance with the Fund's ESMS (including ESG Policy and GCF requirements), applicable IFC Performance Standards (particularly PS1, PS2, and PS7), and specific covenants related to labor practices, biodiversity risks, community engagement, and grievance mechanisms. "Alignment with gender and Indigenous Peoples objectives" is evaluated based on whether borrowers demonstrate inclusive sourcing models, equitable access to services and markets, and engagement mechanisms that consider local social dynamics. Specific indicators include:

- Evidence of gender-sensitive training or extension delivery, including resources allocated to these, both historically and over the loan period,
- Participation of women and/or Indigenous Peoples in producer groups or governance,
- Availability of culturally appropriate and accessible grievance systems,
- Borrower willingness to respond to requests for improvements, maintain these, and to co-develop TA-supported activities promoting inclusive governance.

These dimensions are assessed during initial due diligence, summarized in the Investment Proposal, reviewed during quarterly loan monitoring and annually during loan renewal cycles, and, where relevant, supported via targeted Technical Assistance.

Image 30: Steps taken to consider gender at each stage of the investment process



The ACCT's Technical Assistance Facility (TAF)

In addition to the FSF ACCT loan facility, which will follow the same approach as the FSF, the ACCT will have an accompanying Technical Assistance (TA) facility. This will provide support to Borrowers to deepen, scale, and hasten their contribution to impact priorities and targets, including on gender. Specifically, it aims to complement loans, driving positive systemic change in agricultural supply chains in emerging and developing markets. It focuses on the impact themes described below. It will follow the FSF ACCT TA Facility Operating Guidelines (Manual). A gender assessment will be done for each TA project and included in every potential TA application. One of the TAF's objectives will be to promote gender equality in agricultural value chains and improve the lives of women and girls. Clarmondial has experience with designing and implementing a gender-related TA project for the FSF.

Focus themes

Clarmondial, as the Fund and ACCT's Investment Advisor, has identified key gender-related themes based on the observed needs of borrowers, smallholder farmers and their communities. To effectively support gender equity and resilience in cocoa and coffee value chains, TA from the ACCT should prioritize strengthening women's rights, participation, and productivity in farming and rural employment. This includes targeted capacity-building to improve access to land, inputs, and services, and tailored support for female farmers to enhance their economic independence. Expanding gender-responsive training programs in climate-smart and good agricultural practices is essential for building adaptive capacities, especially as women are often more vulnerable to climate impacts due to systemic barriers in access to resources and decision-making structures. These trainings must be inclusive and culturally appropriate, ensuring equitable participation by women across diverse communities.

Improved access to goods, services and critically markets is also a need. Facilitating women's participation in cooperatives, savings and insurance programs that are tailored to women, and supporting inclusive farmer organizations can enhance local value retention and household resilience. Strengthening women's leadership within producer organizations can also promote equitable benefit-sharing and representation, while embedding robust gender indicators into monitoring, reporting, and verification frameworks ensures that outcomes can be tracked and adjusted to maximize inclusion. Incentivizing the adoption of improved practices, through value chain-linked mitigation payments or results-based financing, can further drive sustainability and equity, provided that both women and men benefit equitably. Finally, improving sex-disaggregated data collection and management is necessary to inform more effective, evidence-based interventions for sustainable and inclusive rural development.

The ACCT TAF will thus focus on three primary themes: *local communities, women and youth, environment through action on climate, biodiversity and soils, and sustainable economic development*. These are described below. Note that specific focus areas may be agreed with NDAs, this will be documented in agreements between Clarmondial and specific NDAs.

ACCT TAF focus area 1: Local communities, women, and youth

TA funding under this theme focuses on capacity building, training, and farmer organization. Examples of potential interventions include developing farm household insurance and savings programs, increasing market access for local women, promoting female youth employment, training women farmers through gender-sensitive approaches, empowering women and youth to earn additional incomes through agronomy training and support, establishing and improving farmers' groups and Village Savings and Loans Associations (VSLAs), and supporting income diversification activities.

Based on the gender analysis presented in this assessment, FSF ACCT proposes a set of example activities under this component of the TAF:

- Supporting Women’s Participation in Supply Chains: FSF ACCT will encourage borrowers to identify locally appropriate opportunities to enhance women’s roles in supply chains, whether as producers, group members, quality managers, or service providers. This may include promoting the formation or strengthening of women-led producer groups, improving access to procurement or de-risking schemes, or facilitating participation in formal sourcing programs. Activities will be grounded in borrower context and aligned with national policies or sectoral platforms.
- Promoting Gender-Sensitive Training and Extension Services: Borrowers will be encouraged to design and deliver training, extension, and agronomic support in a way that actively engages women and addresses structural barriers such as time poverty, literacy gaps, and social exclusion. Approaches may include adjusting training schedules, using female facilitators, employing visual or low-literacy tools, or involving both women and men in household-level training. These measures aim to improve access to climate-smart agriculture, sustainable inputs, and productivity-enhancing techniques.
- Leveraging TA for Inclusive Governance and Value Capture: The TA may support initiatives that promote inclusive governance and stronger value chain engagement by underrepresented groups. This may include leadership training for women cooperative members, integration of gender criteria into certification programs (e.g., Rainforest Alliance, Fairtrade), or enabling women-led enterprises to access supply chains that offer price premiums or differentiated markets. These interventions will complement borrower efforts and align with broader sustainability or market-access objectives.

ACCT TAF focus area 2: Environment, through action on climate, biodiversity, and soil

TA under this theme focuses on environmental action, particularly in the areas of climate (mitigation, adaptation, and resilience), biodiversity, and soil health. Examples of potential interventions include establishing environmental baselines, conducting Life Cycle Assessments (LCAs), developing and implementing regenerative and sustainable agricultural systems (including new crop varieties and farming practices), promoting agroforestry and soil health management, adopting circular economy approaches (such as on-farm and processing-level waste management and low-GHG fertilizers and inputs), obtaining environmental certifications (such as Rainforest Alliance, Organic certified, Fair Trade, etc.), and performing pre-feasibility assessments for biodiversity and climate impact claims (which may in turn help farmers including women, earn additional incomes).

ACCT TAF focus area 3: Sustainable economic development

TA under this theme focuses on strengthening the business case for more responsible practices at the farm level. Examples of potential interventions include generating additional income opportunities (such as through crop diversification), exploring new market opportunities, obtaining additional certifications to access, maintain or strengthen customer relationships and market access, and improving business operations (e.g., through digitalization).

To assess progress towards these outcomes, the TAF considers outputs in the form of quantitative metrics and qualitative assessment factors, described in the FSF ESG Policy. The TAF also encourages accountability, including by contributing to more granular primary data collection and reporting, supporting *inter alia* fully certified and traceable supply chains, capacity building, women’s economic empowerment, and designing and launching incentive schemes for smallholder farmers to implement good agricultural practices.

Exclusion criteria

The TAF supports projects that are aligned with its thematic objectives, the FSF ESG Policy (including those required by the GCF for the ACCT), and the overall terms of the FSF investment in the proposed grantee. As a result, the exclusion criteria contained in the FSF loan agreements (including for the ACCT Sub-Fund) also apply to the TAF activities. In general, the TAF does not fund capital expenditures (CapEx): use of funds is restricted to USD 500 per asset, or USD 10’000 in assets per project. Specific conditions and exceptions might apply to certain TAF donors, please refer to the relevant documents

for additional details (if applicable). The TAF might be subject to additional limitations to the use of its funds resulting from requirements by its donors in which the relevant annex to the TAF Operating Guidelines can be referenced (e.g., Annex F for GCF).

Cost-sharing

To align interests between the TAF and its grantees, grantees are obliged to contribute to at least 50% of the project budget. Such co-funding may be provided in cash and/or in kind.

Project term

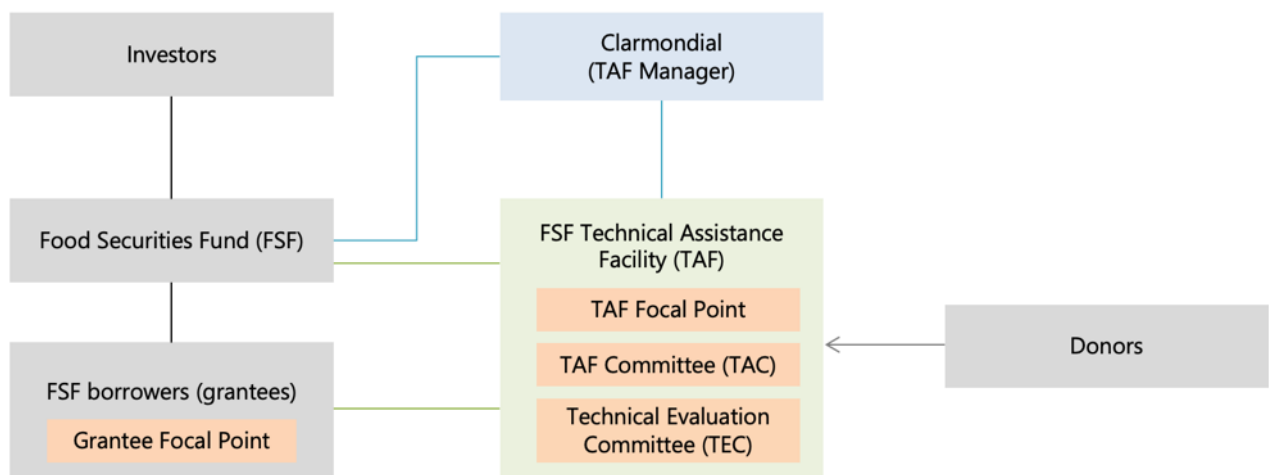
Projects supported by the FSF ACCT TAF are expected to have a maximum period of 2 years. Exceptions may apply subject to approval under certain circumstances. Projects are contingent upon an existing FSF / ACCT Sub-Fund loan to the grantee. The TA project shall be automatically terminated, and any remaining project funds returned to the TAF, if (a) an event of default, as defined in the loan agreement, takes place; or (b) the FSF including ACCT Sub-Fund does not enter into a new loan agreement with the grantee for whatever reason (i.e., the grantee is no longer a Fund borrower).

Project size

The budget for each project shall not exceed USD 200'000 or 10% of the principal loan amount provided by the FSF to the grantee, whichever is lower. Each project budget is calculated and contracted in USD. Adjustments to the budget may be considered under exceptional circumstances, subject to prior approval. If a grantee is awarded multiple projects, the combined annual budgets of these projects shall not exceed 10% of the principal loan amount provided by the FSF to the grantee.

Governance

The TAF is set up as a business unit inside Clarmondial, with a separate bank account denominated in USD. The figure below provides an overview of the TAF structure and its relationship to the FSF and its donors.



Clarmondial: oversees the TAF, as the FSF’s Investment Advisor and as the TAF Manager. In its role as the TAF Manager, Clarmondial has the following duties:

- Approves the TAF Operating Guidelines (and amendments to it);
- Contributes in kind to the TAF administration fee;
- Manages the TAF account and prepares the TAF accounts, including annual accounts (with support from external accountant and auditor);
- Appoints a TAF Focal Point among its employees;
- Monitors the work and performance of the TAF Focal Point; and

- Is responsible for ensuring compliance of TAF funded projects with the E&S requirements for TA projects detailed in the FSF ESMS.

TAF Focal Point: an individual engaged by Clarmondial, is responsible for the day-to-day operations of the TAF and has the following duties:

- Analyzes and assesses project proposals for eligibility according to the TAF Operating Guidelines;
- Oversees daily use of TAF funds;
- Coordinates the TAC and TEC;
- Conducts regular monitoring calls with grantees;
- Negotiates funding arrangements between the Grantee Focal Point and the TAF;
- Drafts the grant agreement, including a list of required reporting documents;
- Prepares the annual report and other required reports for donors on TAF activities;
- Convenes TAC and TEC meetings, ensuring proper documentation, minute-taking, and reporting; and
- Handles all relevant E&S processes related to the ESMS requirements, including but not limited to coordinating the completion of the ESS Assessment which includes the risk categorization, in addition to Monitoring, Evaluation and Learning (MEL) activities, and ensuring grievance redress mechanisms are implemented.

TAF Committee (TAC): composed of one Clarmondial Partner and at least one independent member appointed by the Investment Advisor (Clarmondial). The TAF Focal Point participates in the TAC but does not have voting power to approve or reject grant proposals, although they can recommend such proposals. The TAC has the following duties:

- Defines priority TA needs for each project;
- Decides on TA interventions;
- Identifies internal human resource capacity for TA and implements TA recommendations;
- Reviews grant funding proposals submitted by the TAF Focal Point;
- Approves or rejects grant funding proposals;
- Receives updates on project progress; and
- Contributes to the annual TAF report by reviewing reports to donors.

Technical Evaluation Committee (TEC): composed of donors who have contributed to the TAF (e.g., GCF representative). Quarterly calls are held between TEC members and Clarmondial. The TEC oversees the overall vision and primary objectives of the TAF. Donors may have specific rights or responsibilities as outlined in their respective annexes in the TAF Operating Guidelines (e.g., Annex F for GCF). The TEC has the following duties:

- Monitors TAF activities, providing guidance on the project pipeline;
- Discusses and evaluates lessons learned from the TAF; and
- Reviews the TAF Operating Guidelines from time to time.

Grantee Focal Point: appointed by the FSF borrower in the grant application proposal (template available). This representative serves as the main point of contact during the grant and implementation phases, responsible for providing regular updates to the TAF and ensuring the implementation of the grant agreement. All mandatory responsibilities of the grantees are detailed in their respective grant agreements with the TAF. The Grantee Focal Point has the following duties:

- Responds to any questions from the TAC or TEC during the grant application process; and
- Participates in regular monitoring calls.

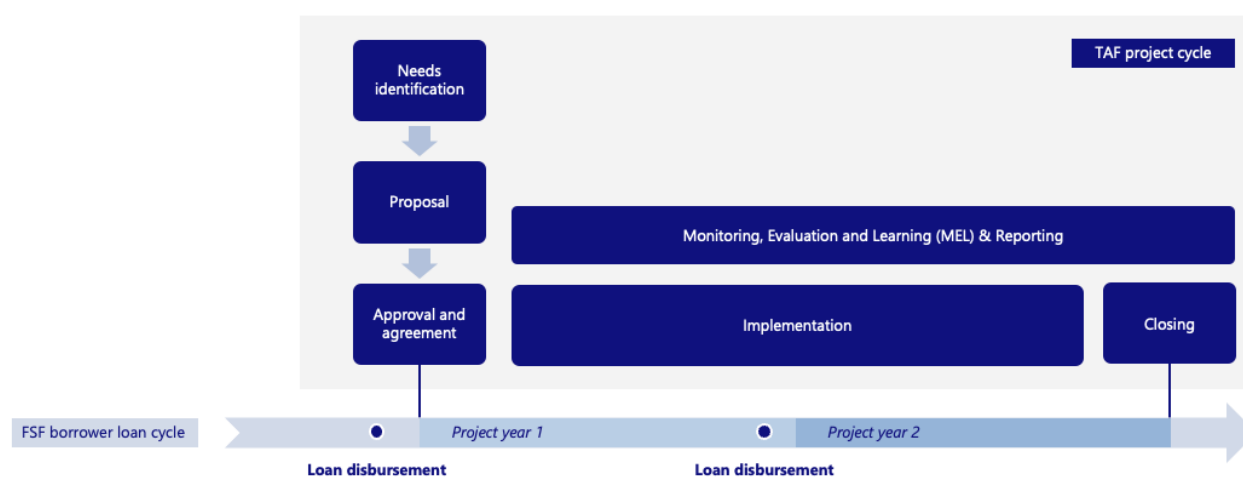
National Focal Point: to be agreed with NDAs, including the focal point contact, and engagement and reporting modalities.

TAF meetings: the TAC meets online every quarter and ad hoc as decisions are required. The TAC meets regularly with the TAF Focal Point for updates on grant implementation and completion. Regular monitoring calls with grantees are conducted between the TAF Focal Point and the Grantee Focal Point, and records are kept.

Procedures

Grant execution and implementation process: The TAF enters into a grant agreement with the grantee. The grantee is responsible for the implementation of the project activities. If needed, the borrower may enter into sub-grants or sub-contracts with relevant providers to implement the project activities. The grant execution and implementation process for the TAF includes the following steps:

1. Needs identification
2. Proposal
3. Approval
4. Implementation
5. Monitoring, Evaluation and Learning (MEL) & Reporting
6. Closing



Step 1: Needs identification

In the first step, the FSF borrower submits a preliminary proposal to the TAC and the TAF Focal Point. This is a short summary of the proposed project. It should include the following points:

- A few sentences on the proposed project including activities to be funded by the TAF; and
- Funding amount requested and proposed co-funding (amount and type).

The Investment Officer responsible for the relationship with the borrower applying for TA from the TAF may support the borrower in sending the preliminary proposal.

Once received, the TAF Focal Point can seek additional internal and external clarifications, including from the corresponding Investment Officer and if desired NDAs as well as other relevant stakeholders as necessary or relevant. Next, the TAF Focal Point confirms the preliminary proposal eligibility to the TAC. The TAC must then confirm or deny that the borrower can submit a full application proposal. The TAF Focal Point informs the borrower of the decision. This first step (i.e., from the preliminary proposal submission to the notification to the FSF borrower applying), shall be completed within four weeks.

Step 2: Proposal

The full application proposal includes a needs assessment, budget, timeline, objectives, activities, outputs, and outcomes of the proposed project to receive funds from the TAF. The activities funded by the TAF are distinctly separate from these financed through the loan, ensuring clear attribution of

resources, responsibilities and results. This should indicate contributions / alignment to national priorities notably on climate (mitigation / adaptation) and stakeholder engagement.

As part of the proposal, the FSF borrower also indicates a person to be the Grantee Focal Point. The Investment Officer responsible for the relationship with the borrower may provide guidance during the application process. The TAF Focal Point verifies that the proposal meets the eligibility criteria, ESG compliance standards, and KYC requirements.

Each proposal must include a completed Environmental and Social Safeguards (ESS) Assessment, in accordance with the FSF ESS Standards (Appendix 2 of the FSF ESMS). The ESS Assessment is coordinated by the TAF Focal Point and filled out in collaboration with the Investment Officer. The ESS Assessment of the is attached to the application proposal (Annex A) and includes the following:

- Screening for environmental and social risks related to the proposed TA activity;
- Risk classification (Low, Medium, or High) aligned with GCF Categories C, B, and A;
- A capacity assessment of the grantee (FSF borrower) to manage identified E&S risks;
- Identification of safeguards or mitigation measures to be addressed in project implementation; and
- A summary of safeguard instruments, and if applicable, including a Gender Action Plan (GAP), Stakeholder Engagement Plan (SEP), and/or Grievance and Accountability Mechanism (AGM).

If triggered by the ESS Assessment, a GAP, SEP, or Indigenous Peoples Plan (IPP) as per the Indigenous Peoples Planning Framework (IPPF) (Appendix 8 of the FSF ESMS) must be attached to the ESS Assessment completed for the TA project.

The TAF Focal Point ensures that the application aligns with the TAF's thematic objectives. The TAF Focal Point may also request input from the Investment Officer, including recent due diligence reports, to support the application.

Finally, the TAF Focal Point submits the full application to the TAC, ensuring it is submitted at least 5 days before the TAC meeting. The TAC then convenes to discuss the application and decide on its approval or rejection.

Step 3: Approval

Once the TAF Focal Point submits the recommendation on the full application proposal with any accompanying materials, the TAC voting members decide on approval, approval with modification or refusal. The TAC utilizes a scoring framework to guide decision making on the application. The TAC voting members' decision is based on consensus. The TAC voting members may request additional information on the project before proceeding. If the application is approved, preliminarily approved, or denied, a formal message is issued to the applicant from the TAC. To approve or deny the application, the TAC can either discuss over email or arrange a group call if necessary. The TAC has 4 weeks to respond to the request.

Food Securities Fund ACCT TAF Proposal Scoring Framework

Note that this is based on the borrower / grantee already having completed an ESS Assessment and due diligence for a loan.

Criteria	Description	Yes/No	Rationale
Alignment	The proposal concretely contributes to at least one main theme from the TAF project areas	Yes/No	
Value addition - Borrower	The proposal includes activities that create additional impact to the regular scheduled activities of the borrower	Yes/No	
Contribution to national climate priorities and targets	The proposal aligns with and contributes to national priorities and targets on climate mitigation & adaptation	Yes/No	
Innovation and scaling up potential	The proposal includes innovative approaches and will pilot activities suitable for replication beyond the TAF grant	Yes/No	
Implementing capacity	The implementing agencies or the borrower to implement the activities has the required capacity to deliver grant activities	Yes/No	
Stakeholder Engagement	Have relevant stakeholder groups been identified and consulted?	Yes/No	
TA-related ESS	Are there any additional ESS issues that may arise that differ from those identified in the loan and mitigating factors, and have / can these be adequately mitigated?	Yes/No	

The TEC helps the TAF identify priority activities and grantees as demand grows to ensure alignment with the TAF objectives.

Step 4: Grant agreement and implementation

If the full application proposal is approved by the TAC, then the process for formal acceptance, disbursement, signage and agreement starts. The grant agreement includes disbursement, timing, and reporting requirements. The grant agreement also includes requirements regarding how deliverables are verified. Reporting requirements include mandatory KPIs that the grantee is to report against during the project cycle. Payments from the TAF to the grantee for the implementation of the project activities are sent out in tranches, as determined in the grant agreement. Typically, a contract includes an upfront payment and a final payment. The final payment may be withheld until the grantee fulfils all its contractual obligations. If the grant agreement covers multiple years, then a disbursement schedule is set that complements the FSF loan cycle. The TAF Focal Point completes and documents a pre-disbursement checklist before the grant is disbursed.

The grant agreement must include the following standard clauses:

- Commitment to implement project activities with funding from the TAF;
- Co-funding commitment requiring the grantee to contribute toward project costs, detailed in both cash and in-kind contributions as applicable;
- Requirement for the grantee to maintain records of all payments related to project activities, as outlined in the project budget;
- Mandatory reporting of specified indicators;
- Adherence to proper procurement procedures for third-party services required for project implementation;
- Provision of all relevant data and information as needed;

- Notification to the TAF Focal Point of any potential disruptions to the project timeline; and
- Acceptance of site visits or audits by TAF donors or the TAC in relation to the project activities.
- Potentially additional requirements related to NDA reporting, other stakeholder engagement or ESS risk mitigation.

Step 5: Monitoring, Evaluation and Learning (MEL) & Reporting

The TAF Focal Point arranges MEL activities with the Grantee Focal Point to occur in tandem with, and after, project implementation. The TAF Focal Point ensures that:

- Uses of funds by the beneficiary are properly documented, with receipts;
- Information on the progress of the project is regularly reported to the TAF Manager;
- Where necessary, current information on the status of the project is available to supplement Investment Proposals (IPs) to the FSF, and to supplement submissions to the FSF Investment Advisory Board (IAB);
- There is regular coordination with the Investment Officer responsible for the FSF borrower who is awarded a grant (grantee) so that on-site visits to the borrower during FSF loan due diligence/monitoring can be used to check on the status of the project.

Additional MEL and reporting may be agreed with NDAs.

Step 6: Closing

Once a project is completed, the TAC discusses the conclusion of the project activities. When relevant, a summary of the conclusion of the project activities is made available to supplement IPs to the FSF, and to supplement submissions to the FSF IAB. The timing of the annual reports where relevant, are scheduled to coincide with the FSF loan process. If and when required, the grantee may request an extension or additional funds. This must be discussed in advance with the TAF Manager. The TAF Focal Point discusses this with the Investment Officer and with the other members of the TAC and inform the grantee of the request approval or denial.

NDAs will be informed of the status of ACCT TA projects, including live and closed projects.

Grant conditions: The following conditions are mandatory for a project that is funded, and a grantee that is awarded funding, by the ACCT TAF:

- Impact additionality, i.e., that more impact is created (deepened, scaled or hastened), and that it is aligned with national priorities on climate;
- Support from the FSF TAF would meaningfully contribute to addressing the identified need, with the likely outcome of adding value to the business by addressing the weaknesses and/or risks identified;
- The provision of TA is not likely to result in any significant long-term market distortion;
- The grantee commits to reporting as agreed in the grant agreement; and
- The grantee engaged while providing the TA funds complies with the terms and conditions set forth by Clarmondial in the grant agreement.

Monitoring & reporting: Grantees are required to report on project performance to the TAF Focal Point quarterly and annually. Reporting standards, including the use of funds and performance indicators, are agreed upon with the grantee in advance and included in the grant agreement. These indicators are based on the FSF's ESG Policy, with project-specific indicators added as needed. Grantees must also allow for audits, inspections, and other oversight activities at the discretion of the TAF Manager. The information monitored and reported by the grantees may be used by the FSF and by the TAF Manager for reporting to its donors. The impact of the TAF is measured at the overall TAF level, reporting against the following indicators from the FSF's ESG Policy at the project level. Additional indicators from the FSF's ESG Policy to be applied when relevant.

- No. of farmers transacted with;
- No. of female farmers transacted with;

- No. of farmers trained;
- No. of female farmers trained;
- Inputs to EX-ACT Tool;⁴²
- Area of land restored due to activities of borrower (hectares), split into land directly and indirectly (through farmers supplying borrower) controlled;
- Area of landscapes under improved practices (excluding protected areas); and
- Area of land set aside for conservation/protected area (mandatory and voluntary).

The TAF produces an annual report on all activities, which is sent to donors. If additional information is required by donors on a yearly or quarterly basis, a separate annex is prepared and provided as needed. Reporting to NDAs on a country basis will be discussed and agreed.

Risk mitigation: As the TAF is a business unit of Clarmondial, the TAF is subject to the annual audit process of Clarmondial. The risk associated with the TAF should be reduced as it adheres to the FSF ESG Policy and builds on the tools and approaches that Clarmondial implements for the FSF, ACCT and its other business activities. This includes incorporating social and environmental safeguards and considering a range of exclusion criteria to avoid financing harmful activities. The strategy and associated documentation of the FSF have been reviewed and considered to follow internationally recognized social and environmental safeguards.

⁴² Includes number of seedlings distributed and the ability to calculate GHG emissions reduced, avoided and/or sequestered.

Gender Action Plan

Food Securities Fund Accountable Cocoa & Coffee Tranche

Version: 13 August 2025

Activities	Indicators and Targets	Timeline	Responsibilities	Costs
<p>Impact Statement: IF targeted technical, financial, policy and market mechanisms are implemented to support women and men in sustainable supply chain businesses operating in cocoa and coffee sourcing landscapes, and the farmers that supply them, particularly by addressing gender-based barriers and promoting the equitable participation of women farmers, entrepreneurs, and workers, THEN these sourcing landscapes and related supply chain businesses operating in the target countries will undergo a paradigm shift toward more resilient, inclusive, deforestation-free and low-carbon production systems, BECAUSE women and men farmers, supply (value) chain actors and their financiers will be more economically empowered, have strengthened capacities, incentives, and enabling environments to enable gender equity, manage climate risks and reduce and remove greenhouse gases.</p>				
<p>Output Statement: By establishing and operationalizing the FSF ACCT Sub-Fund so that it can mobilize capital from private investors and provide loans to Borrowers in collaboration with VCPs that do business with aggregators (borrowers) in the selected cocoa and coffee sourcing landscapes, and by establishing and operationalizing the associated ACCT TAF, to provide tailored TA to aggregators (borrowers) and beneficiaries for impact outcomes addressing the differentiated needs and priorities of women and men, and further strengthening this with gender-responsive awareness raising and capacity building, THEN adaptation and resilience of women and men farmers, businesses and ecosystems in selected countries can be increased, GHGs can be reduced and removed in supply chains and sourcing landscapes, local socio-economic benefits notably for women and youth can be generated, and biodiversity and ecosystem health can be protected and restored.</p>				
<p>Output 1.1: Gender operational procedures established in Fund processes</p>				
<p>Activity 1: Developing project-level Gender Assessments and Gender Action Plans for operationalizing investment and TA objectives related to gender in the Fund¹</p>	<p># of GAPs developed # of Gender Assessments developed Targets: 100% of investments to include a GAP</p>	<p>Year 1-15</p>	<p>Clarmondial</p>	<p>Cost included in IA fee with a breakdown allocated to gender Expected cost: USD 10,000 per year over 15 years (as part of Clarmondial human</p>

¹ A standardized format to be developed appropriate to the Fund instrument (i.e. appropriate to loans with a typical term of 12 months) or TA project (i.e., appropriate to a technical assistance grant with a typical term of 24 months). All investments and TA projects are required to develop Gender Action Plans and Gender Assessments.

	100% of investments to include a Gender Assessment			<p>resource costs covered by the Fund's Total Expense Ratio – TER). Total over 15 years: USD 150,000</p> <p>The costs related to the production of Gender Action Plans is tracked in the Fund Annual Reports.</p> <p>Clarmondial Social Inclusion Expert</p>
Output 1.2: Financial and impact performance for gender disaggregated indicators monitored, verified and reported				
Activity 2: Monitor and report on impact performance related to gender ²	<p># of annual impact reports # of annual TAF reports</p> <p>Targets: Mid-Term (7.5 years): 7 annual impact and TAF reports Final (15 years): 15 annual impact and TAF reports</p>	Year 1-15	Clarmondial	<p>Cost included in IA fee with a breakdown allocated to gender</p> <p>Expected cost: USD 10,000 per year over 15 years (as part of Clarmondial human resource costs covered by the Fund's Total Expense Ratio – TER). Total over 15 years: USD 150,000.</p> <p>Clarmondial TAF Focal Point Clarmondial Social Inclusion Expert</p>

² This includes all indicators related to gender that are included in the FSF ACCT Gender Action Plan.

				Clarmondial Investment Officers responsible for deal monitoring
Output 1.3: Strengthened borrower capacity to enable improvements in gender equity				
Activity 3: Identify and deliver TA needs to address gender equity and capacity building on women's participation across value chains, oversee TA projects that focus on gender inclusion ³	# of TA programs executed on ACCT TAF Focus Area 1 with a specific focus on women and youth Targets: Mid-Term (7.5 years): 20 TA projects with matching co-funding Final (15 years): 40 TA projects with matching co-funding	Year 1-15	Clarmondial	Cost included in IA fee with a breakdown allocated to gender Expected cost: USD 10'000 per year over 15 years (as part of Clarmondial human resource costs covered by the Fund's Total Expense Ratio – TER). Total over 15 years: USD 150,000. Clarmondial TAF Focal Point Clarmondial Social Inclusion Expert Clarmondial Investment Officers responsible for liaising with partners to help deliver TA projects
Output 1.4: Knowledge & data systems on gender developed and disseminated				
Activity 4: Knowledge sharing about women in value chains and related financing	# of public knowledge events, thought pieces, blogs, publications, and/or other relevant knowledge management pieces/events created that contribute to gender equity awareness	Year 1-15	Clarmondial	Cost included in IA fee with a breakdown allocated to gender Expected cost: USD 5'000 per year over 15 years (as part of Clarmondial human resource

³ Projects may contribute to multiple TAF Focus Areas

	<p>about women in value chains and related financing</p> <p>Targets: Mid-Term (7.5 years): 7 public knowledge events Final (15 years): 15 public knowledge events</p>			<p>cost covered by the Fund's TER). Total over 15 years: USD 75,000</p> <p>Clarmondial TAF Focal Point Clarmondial Social Inclusion Expert Clarmondial management Clarmondial Investment Officers</p>
Output 1.5: Generate local socio-economic benefits for women				
<p>Activity 5: Facilitate job creation for women in climate-resilient agricultural value chains</p>	<p># of jobs (full-time and part-time) # of women with full-time and part-time jobs</p> <p>Targets (15 years): Year 3: 52 (full-time) and 1048 women (part-time) Year 6: 104 (full-time) and 2096 women (part-time) Year 9: 156 (full-time) and 3144 women (part-time) Year 12: 208 (full-time) and 4192 women (part-time) Year 15: 262 women (full-time) and 5,240 women (part-time) Total men and women year 15 target: 1,310 (full-time) and 26,200 (part-time)</p>	<p>Year 1-15</p>	<p>Clarmondial</p>	<p>Cost included in IA fee with a breakdown allocated to gender</p> <p>Expected cost: USD 5'000 per year over 15 years (as part of Clarmondial human resource cost covered by the Fund's TER). Total over 15 years: USD 75,000</p> <p>Clarmondial Social Inclusion Expert Clarmondial Investment Officers</p>

<p>Activity 6: Ensure safe and easy access to grievance mechanisms for women throughout the duration of the loan or TA project⁴</p>	<p># of borrowers with grievance mechanisms in place</p> <p>Target: 100% of borrowers provide safe and easy access to grievance mechanisms for women throughout the duration of the loan or TA project</p>	<p>Year 1-15</p>	<p>Clarmondial</p>	<p>Cost included in IA fee with a breakdown allocated to gender</p> <p>Expected cost: USD 5'000 per year over 15 years (as part of Clarmondial human resource cost covered by the Fund's TER). Total over 15 years: USD 75,000</p> <p>Clarmondial Social Inclusion Expert Clarmondial Investment Officers</p>
<p>Activity 7: Reach rural women through the Fund investments and TA projects</p>	<p># of rural women reached</p> <p>Targets (15 years): Year 3: 60,000 rural women Year 6: 144,000 rural women Year 9: 240,000 rural women Year 12: 348,000 rural women Year 15: 456,000 rural women</p>	<p>Year 1-15</p>	<p>Clarmondial</p>	<p>Cost included in IA fee with a breakdown allocated to gender</p> <p>Expected cost: USD 5'000 per year over 15 years (as part of Clarmondial human resource cost covered by the Fund's TER). Total over 15 years: USD 75,000</p> <p>Clarmondial Social Inclusion Expert Clarmondial Investment Officers</p>

⁴ Grievance mechanisms are available throughout the entire investment process and TA project timeline.

Activity 8: Provide trainings to women farmers (e.g., financial literacy, climate-smart agriculture, leadership)	# of women farmers trained Target (15 years): 290,215 women farmers trained	Year 1-15	Clarmondial	Cost included in IA fee with a breakdown allocated to gender Expected cost: USD 5'000 per year over 15 years (as part of Clarmondial human resource cost covered by the Fund's TER). Total over 15 years: USD 75,000 Clarmondial Social Inclusion Expert Clarmondial Investment Officers
			Per year	USD 55,000
			Over 15 years	USD 825,000