

Newsletter #1 March 2010

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Traceability delivered for responsible soy



Over the past three months NewForesight™ has chaired and facilitated the **RTRS** (Round table for Responsible Soy) 'Traceability and Market Claim Working Group' to identify credible and cost-efficient traceability and labeling options for linking certified soy production in origin to responsible end markets. The outcome of this working group was a unanimous strategic recommendation to the RTRS board for the development of a traceability and market claim strategy. The RTRS Board has acknowledged and accepted the strategic recommendation and will start its operationalisation in the months to come.

The Traceability and Market Claim Working Group (TMC WG) has been funded by the **IDH** and consisted of 18 members from different stakeholder interest groups within the soy industry. Through an intensive three-month period of giving training on the various traceability models and their relation to the dynamics of a sustainability program, conducting market research into the communication and claims needs of the market, identifying the lessons learned from the RSPO in their development and implementation of a traceability and market claim strategy, and organizing workshops and facilitating discussions, NewForesight™ has supported and facilitated the TMC WG to come to a unanimous strategic recommendation for the development of a traceability and market claim strategy that is supported by all working group members and accepted by the RTRS Executive Board.

The Outcome:

The RTRS will take a pragmatic approach to traceability. The RTRS traceability system will operate four traceability models that will work in conjunction with each other to transform the mainstream soy market to become fully responsible over time, where eventually soy products contain responsible soy. These 4 traceability models include: 1) Segregation, 2) Mass Balance EU RED (compliant with EU RED requirements), 3) Mass Balance Group Company (on a national level), and 4) Certificate Trading. The physical trade of certified responsible soy through the Mass Balance and/or Segregation models will be supported through a de-centralized system of supply chain certification, based as much as possible on already existing structures. The trade in Certificates will be supported through a centralized web-based system.

For more information on RTRS's supply chain traceability and labeling strategy or the workings of its traceability system, read the full strategic recommendation report.

* Strategic Recommendation Report: [Strategic Traceability and Market Claim report](#) (PDF)

Frontrunners unite to fast track Better Cotton production.

To speed up the implementation of the Better Cotton Initiative's (BCI) sustainability criteria, NewForesight[™] has facilitated and supported the creation of a "Better Cotton Fast Track Program". The Program currently consists of Ikea, Levi's H&M, ECOM, WWF International and is funded by [ICCO](#), [IDH](#), and [Rabobank Foundation](#) and has the objective of reaching a production of 1 million metric tons of sustainable cotton lint by 2015 based upon the commitment of frontrunner brands and retailers to implement Better Cotton into their supply chains. Moreover it focuses on making the cotton value chains more transparent so a meaningful link is possible between buyer and seller.

NewForesight[™] believes the Better Cotton Fast Track Program provides a real drive for transforming the mainstream cotton sector to become more sustainable.

By creating a global market for Better Cotton, the Better Cotton Fast Track Program aspires to generate triple-value in the cotton commodity chain, reducing the environmental impact of cotton production, improving the livelihoods of cotton producers and workers and creating business value in the market. The main objectives of the Program are to:

1. Support and strengthen the BCI.
2. Facilitate collaborative learning and reflection on the effectiveness of BCI implementation in good coordination with the BCI.
3. Create demand for Better Cotton through brand and retailer involvement.
4. Create supply of Better Cotton through producer support programs and enabling access to finance for Better Cotton producers
5. Connect supply and demand through transparent supply chains.

Members of the Better Cotton Fast Track Program can apply to the Better Cotton Fast Track Fund for match funding to implement the Better Cotton sustainability criteria into their supply chains.

For more information on the Better Cotton Fast Track Program and its fund contact [BCI](#) or [IDH](#).

Cooperation with UNDP for the set up of a Green Commodities Facility

NewForesight™ together with LizMuller, llc have been asked to support and facilitate the development of the [UNDP](#) Green Commodities Facility (GCF). The main objective of the GCF is to create market driven, national strategies that involve local governments and institutionalize the market shift towards the production and sales of sustainably produced commodities.

NewForesight™ and LizMuller co-produce with the UNDP the GCF strategies and materials and will identify and assess market opportunities that are likely to be the strategic partners and funders of the GCF.

Companies, NGO's and sustainable commodity initiatives that are interested in working with the UNDP GCF can contact NewForesight.

For more information on the Green Commodities Facility [visit the UNDP website](#).

Aquaculture Stewardship Council and improvement programs



This decade represents a crossroads for seafood. For the first time in history, almost half of the fish and shellfish consumed globally comes from a farm, rather than being caught in the wild. This rapid growth of the aquaculture industry has negative impacts on society and the environment. As a result, there is a need to build informed consensus about these key impacts and develop a comprehensive approach to improve the performance of the commercial aquaculture industry on a global scale.

On behalf of IDH, NewForesight™ is supporting the development and set up of the Aquaculture Stewardship Council (ASC). The ASC builds on the WWF multi stakeholder Aqua cultural Dialogues standards for responsible aquaculture. NewForesight has given strategic input the architecture of the ASC structure and helps to design and set up the global improvement programs to help fish farmers to be able to comply with the ASC standards.

Presenting the NewForesight™ and ForeFinance™ team

NewForesight™ started in 2008 as a small strategic consultancy organisation with big ambitions. Now, two years later, we are already with a professional and complementary team of four people. And we have plans to continue our growth and success. Let us introduce the team.

Lucas Simons: Director and founder of NewForesight™ and ForeFinance™. I believe strongly that Sustainability will become a market qualifier and one of the most important drivers for innovation in all aspects of business and society. My work is all about creating sustainable market transformation and system change. Certification programs, standards, multi stakeholder processes, capacity building programs are all instrumental for the necessary and inevitable change towards sustainable markets.

Pauline Simons: Senior consultant and program manager. CSR is not only a *must* but also a *chance*! That's what I want to show organizations by offering them practical approaches and concepts to

integrate the care for people and planet in their daily and future business. I conduct back ground research and take care of the operational project and program management.

Marrit Rooda: Consultant and Program manager. I am a practical idealist and engaged realist. I believe in empowering people to do better for themselves. Being pragmatic and taking a step-wise approach to sustainability is what drives mainstream change and can truly be considered sustainable. I'm an expert in the bulk commodities and traceability systems.

New to the team:

Jaime ter Linden: Program Manager ForeFinance[™]. I sincerely believe in the power of money to create positive change. Sustainability is here to stay. Companies and markets increasingly recognize this megatrend and start to act on it. Especially in the aftermath of the crisis, the financial industry has a unique responsibility to become one of the drivers for change. My work will be to develop the ForeFinance[™] concept and start the implementation.



From left to right:
Jaime ter Linden
Marrit Rooda
Pauline Simons-Jongens
Lucas Simons

Now Hiring

Are you an upcoming high potential and looking for a global challenge in sustainability? We are looking for a promising junior Consultant.

As a member of the small team you work both independently and with other consultants and are committed to deliver innovating work of high quality. As a person you want to make a difference and have impact though your work. You are eager to deliver state of the art research and market analysis. You are customer focused and give excellent customer follow up and support. You support the team in serving the clients. You are ambitious to grow and become a consultant yourself.

Check out our website for the job vacancy www.newforesight.nl.

ForeFinance[™]: Creating access to mainstream finance



We proudly introduce an innovating concept with strong potential for market transformation: 'ForeFinance[™]'

ForeFinance[™] is an innovative new concept from NewForesight[™] that aims to give sustainable farmers in developing countries access to mainstream finance through the ForeFinance[™] model of credit-scoring and by stimulating better business practices.

Farmers are often considered as a too high investment risk by local banks, because they don't have the necessary collateral, cash or contracts. According to our research this results in poor access to finance for farmers, resulting in a finance gap which is estimated to be between \$25-80 billion. The current supply of loans to this 'missing middle' of small and medium sized agriculture enterprises is approximately \$300 million. Click [here](#) to read the ForeFinance report "The Agricultural SME Financing Gap" (January 2010).

ForeFinance[™] wants to bridge this gap by scoring farmers on their operational and financial performance and assessing their credit-worthiness. The profiles of farmers are provided to local banks and social investment funds. ForeFinance[™] will also keep track of the pay-back behavior of farmers, allowing them to build a credible track record over time.

The aim of ForeFinance[™] is to initiate an additional \$1 billion in mainstream access to finance for sustainable farmers in the South by 2020. To reach this goal, ForeFinance[™] is developing partnerships with local banks, social lenders, cooperatives of farmers, capacity building and certification programs, local auditors and industry associations. ForeFinance[™] is expanding its network. In the coming months ForeFinance[™] will pilot test its model and credit rating standard in the field.

Links:

The ForeFinance concept in one minute (movie):

www.newforesight.nl/page/ForeFinance

Press Release: [Innovative concept gives farmers in developing countries access to finance](#)

Follow us on Twitter:

www.twitter.com/forefinance

ForeFinance is looking for more partners!

ForeFinance realizes that change does not happen in isolation. The credit scoring standard of ForeFinance is only a piece of the puzzle. We need to work together to create the necessary traction and momentum to make a lasting change. We are looking for partners on the following elements;

- Agricultural, financial and sustainability specialist to help develop the credit scoring standard
- Cooperatives and farms to run pilots with the credit risk scoring card. Preferably, first instance in the region East Africa.
- Standard setting organizations that want to explore the opportunities to give their farmer members access to finance.
- NGO's that want to link their capacity building programs to create a graduation strategy for upcoming bankable farmers
- Banks, funds, social lenders that are looking to expand their exposure in agricultural commodities in the form of loans or equity.
- Donors for financial support for 2011 and beyond.

If your organization is interested in cooperation with ForeFinance, please contact Mr. Jaime ter Linden at jaime.ter.linden@forefinance.nl or +31-35-624-2573.

ICCO and ForeFinance™ sign strategic partnership



This month, ForeFinance™ reached a major milestone by signing an agreement with [ICCO](#), the Dutch based inter church organization for development cooperation. ICCO will support ForeFinance™ financially for the coming years and will support ForeFinance™ in the development and implementation of the concept.

“The ForeFinance™ credit scoring model aligns perfectly with ICCO’s motto: the partner to enterprising people”, according to Lisette van Benthum, Specialist Financial Services at ICCO. “ForeFinance™ supports farmers in developing countries by improving their access to finance, so that they can improve and expand their business. ForeFinance™ itself is doing this in an innovative way which we are keen to support”.

Lucas Simons, founder of ForeFinance™, developed the business model and the credit rating standard over the last months. “With the support of ICCO, we are now ready to start pilot projects in Africa to fine-tune our methodology and expand our network. After this phase we want to launch the ForeFinance concept in at least four countries over two continents. Eventually we want to become the leader and global market maker in credit scoring of farmers to increase their access to finance”.

With the funding, ForeFinance™ enters the next stage of development. After careful preparation the company can start pilot projects in Africa to fine-tune the credit rating standard and the business model and expand the network of partners.

ICCO is closely involved in all the strategic steps of ForeFinance™ and will act as a partner in the field.

AgriFinance Project Management & Consultancy creates enabling environment for ForeFinance



One of the strategic partners of ForeFinance is [AgriFinance PM&C](#), a consultancy firm with vast experience in trade & commodity finance, bank-to-bank business and loan re-distribution. AgriFinance’s mission is to strengthen and support access to finance initiatives for agriculture in sub-Saharan countries.

“Agri Finance Africa will create an enabling environment on the ground for ForeFinance”, according to Guus Rozendaal, Founder of AgriFinance. “We want to establish regional networks of dedicated banks which we will support with advice and third-party risk-management products and instruments. When banks have good risk mitigating strategies for agri finance in place, they are more likely to provide loans to credible farmers”.



Within the ForeFinance context, one of the main objectives of AgriFinance is to enable third-party training and advisory to local banks for their finance activities in the agriculture sector. To attract first movers, Agri Finance Africa will also set up a regional first loss guarantee structure, which will mitigate the risks for local banks to provide loans to farmers under the ForeFinance scheme. “This structure is very important, as the agri-lending business is perceived as very risky. The first loss structure will partly compensate banks for losses due to defaults, if any. We believe we can further mitigate the risks significantly under the ForeFinance scheme.”.

AgriFinance will build a network of local banks who are committed to agri-finance for the long term and who believe in the ForeFinance™ concept of credit scoring. Eventually, AgriFinance aims to set up AgriFinancePlaza.com, an internet-based platform which will facilitate re-packaging and re-distribution of ForeFinance-rated loans to institutional investors in the North as well as to the so-called internet-based crowd-funders like MyC4, Kiva and Babyloan.

FAST and ForeFinance™ sign partnership



Recognizing the need of access to finance for farmers in developing countries, [FAST](#) and ForeFinance™ signed a memorandum of understanding to work together in the field of credit risk scoring and to develop other financial management tools. It reflects the commitment of the two organizations to improve access to finance across the sustainable agricultural sector in developing countries.

FAST's mission is to facilitate a global collaborative effort among its more than 150 members to ensure continued growth of the sustainable trade industry. This is made possible by increasing the

number of producers in developing countries who can successfully access affordable trade finance, tailored to their business needs as they enter sustainable markets and grow their businesses.

In the development stage of ForeFinance[™], FAST is committed to provide where viable it's Financial Literacy Training Toolbox, which helps to advance the management capacity of sustainable SME producers and to improve awareness and understanding of financial management. In a later phase, FAST will also apply its Impact Assessment tool, which provides the framework and methodology for socially-oriented lending institutions to monitor the positive social impact generated from their investments in the sustainable SME sector.

UTZ CERTIFIED and ForeFinance[™] sign partnership



UTZ CERTIFIED, the certification and traceability program for agricultural commodities, and ForeFinance[™] agreed to set up two pilot projects to test the ForeFinance credit scoring standard. The shared vision of both parties is to give certified farmers access to finance by stimulating better business and managerial practices through the UTZ CERTIFIED program and increase their credit-worthiness through the ForeFinance model of credit scoring. UTZ CERTIFIED will also provide feedback on the credit scoring standard and will participate in two working group sessions for this purpose.

The partnership was signed in January 2010 by Juliette Caulkins, Adjunct Director of UTZ CERTIFIED and Lucas Simons, Director of ForeFinance[™].

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ForeFinance[™] adds Program Manager to the team



As of this month, ForeFinance[™] adds Jaime ter Linden as Program Manager to the team. Jaime will be responsible for the further development of the ForeFinance[™] concept and the execution of the concept. One of his main tasks for the coming months is to fine-tune the ForeFinance[™] Credit Risk Scoring Standard, start pilots in the field, build the database with the profiles of producer organizations and expand the network of organizations willing to participate. The first focus will be on East Africa, to expand in later phases to other African regions, Asia and South & Central America.