

Newsletter #3 March 2011

In this issue:

NewForesight News

- [Lucas Simons selected as Young Global Leader 2011 by World Economic Forum](#)
- [Setting up national strategies for sustainable commodities with UNDP Green Commodity Facility \(GCF\)](#)
- [Weighting the RTRS production standard](#)
- [Moderation of the panel discussion during the 10th ECA conference in Amsterdam](#)
- [Working towards a sustainable spice industry](#)
- [Congratulations to Bonsucro for launching its program](#)

ForeFinance News

- [New version of the Credit Risk Assessment Methodology ready to be implemented](#)
- [ForeFinance expands to Uganda and Ethiopia](#)
- [ForeFinance East Africa ready to hit the road once again](#)
- [ForeFinance Survey results announced soon](#)
- [ForeFinance team is expanding](#)
- [NewForesight and ForeFinance are climate neutral](#)
- [NewForesight and ForeFinance moved to Utrecht](#)

Lucas Simons selected as Young Global Leader 2011 by World Economic Forum



NewForesight is proud to announce that the World Economic Forum has selected Lucas Simons as Young Global Leader (YGL) 2011! The World Economic Forum (WEF) is an independent international organization committed to improving the state of the world by engaging business, political, academic and other leaders of society to shape global, regional and industry agendas. The WEF is seen as one of the most influential institutions of the world. Every year, the WEF selects people who have been identified among the world's most outstanding leaders for their professional accomplishments, commitment to society and potential to contribute to shaping the future of the world. Previous YGL's are for example the founders of Google (Larry Page and Sergey Bin) and Mark Zuckerberg, founder and CEO of Facebook. The NewForesight and ForeFinance teams are extremely proud and feels honored that the WEF has selected Lucas as the only Young Global Leader 2011 from the Netherlands!

Setting up national strategies for sustainable commodities with UNDP Green Commodity Facility (GCF)

The Green Commodity Facility (GCF) is a program initiated by the UNDP in 2010. Its main approach is to develop multi-country programs per commodity and build partner government capacity to institutionalize and scale up support to sustainable agricultural commodity supply chains. It brings together commodity buyers, governments and local stakeholders to establish national platforms and strategies and long term processes for support and scale up the production of sustainable commodities. The national platform function is to scope overarching agendas, coordinate national strategies and to structurally address policy reforms and rebuilding capacities.

The Facility works industry demand driven and will seek access to funds to match investments in pre competitive, institutional and enabling environment agendas. Currently it is exploring and already setting up national initiatives and strategies in coffee, cocoa, sugar, palm oil, pine apple. NewForesight is facilitating the GCF as European Business Outreach advisor. If you are interested in learning more about this initiative please [contact us](#).

Weighting the RTRS production standard



NewForesight worked together with the Round Table for Sustainable Soy (RTRS) to facilitate and coordinate the weighting of the RTRS production standard. This process allowed to make a distinction between Major, Short-term minors and Mid-term minors indicators. The proposed weighting sets a realistic entry-level for producers with the possibility of a continuous improvement scheme to be implemented during the first three years of the sustainable soy certification scheme. The implemented methodology to determine the weighting of each indicator considered several criteria: credibility of the RTRS, relevant sustainability issues in the sector, consistency, recognition by the relevant stakeholders, inclusiveness, among others.

NewForesight cooperated with a multi-stakeholder group with representatives from industry, NGOs, producers and auditing organizations to analyze each sustainability indicator individually and agree on its relative importance considering the specificities of the sector, without ever losing sight of the necessary credibility of the initiative.

The final proposal was approved by the RTRS Board of Directors in October 2010.

In order to achieve certification with the RTRS standard, producers must comply at least with 64% of the criteria (including all Major indicators). After three years, producers are expected to achieve 100% compliance with the standard.

Moderation of the panel discussion during the 10th ECA conference in Amsterdam



On September 24th and 25th the 10th ECA (European Cocoa Association) Conference was held in The Grand, Amsterdam. ABN Amro, being a sponsor of the conference, hosted a panel discussion on the second day, successfully prepared and moderated by Lucas Simons of NewForesight.

Central theme of the session was: *'Is certification a driver for sustainability?'* The panelists Peter van Grinsven (Mars), Coen van Beuningen (Hivos) and Kristian Andersen (UNDP) presented their views and vision. With the help of voting boxes, the 125 attendants, representing industry, confectionary companies and producer countries, were invited to actively participate and react on challenging statements. Outcome of the session was: Yes, certification is a driver - but perhaps not (yet) the solution to all the challenges we face in the supply chain.

Working towards a sustainable spice industry



NewForesight is supporting IDH and the Sustainable Spices Initiative Working Group (consisting of leading Dutch companies in the spices sector) that are working towards a Sustainable Spices improvement program. The ambition of the Sustainable Spices Initiative is to develop a globally accepted Sustainable Spices standard and certification program. One of the targets is to have 20% of all pepper and nutmeg consumed in Europe, certified against the sustainable spices standard by 2015.

Currently the SSI program is in its development phase. NewForesight is supporting IDH in coordinating and monitoring local research in Indonesia and Viet Nam, focused on major production areas for pepper and nutmeg, and in an initial stakeholder consultation to determine the main outlines of a Sustainable Spices certification program and certification standard.

For more information about the Sustainable Spices program [click here](#)

Congratulations to Bonsucro for launching its program



November has been an historic month for [Bonsucro](#) as they officially launched their program after months of development. Bonsucro is now fully operational and ready for the first sustainable sugarcane to be certified as such. We congratulate Bonsucro on this major milestone and we are happy and proud to have been a part of this.

NewForesight has worked closely together with the Better Sugar Cane Initiative, now Bonsucro, in the development of its program. Over the past year NewForesight has supported in the development of Bonsucro's Mass Balance Chain of Custody Standard and Audit Guidance, Certification Protocol, Communication, claims and labeling guidelines, online Management System, and auditor training programs.

As a result Bonsucro has had its first auditor- and producer trainings in Puerto Rico, Guatemala, and Brazil. The first certifications are expected in March of this year with the start of the new harvesting

period. As is the launch of their web-based Management System for self-assessment against the Standard, management of certifications, and market information. At the same time Bonsucro is now awaiting a positive verdict from the EU on the recognition of their Certification System as a voluntary scheme under EU RED.

The future looks bright and we wish Bonsucro all the best!

New version of the Credit Risk Assessment Methodology ready to be implemented

After field tests and a stakeholder consultation round, ForeFinance has been working on a next version of its Credit Risk Assessment Methodology (CRAM). The CRAM is used to assess farmer organization on their creditworthiness and level of professionalism, in order to make a credit risk profile. These profiles can be used by banks, traders, input suppliers or NGO's in order to do business with those farmer groups.

CRAM 2.0 is better adapted to specific needs of different customer groups, more efficiently applicable in the field and will address key issues more effective and efficient. The management maturity of the organization is still central in the credit risk assessment based on the CRAM. On top of that, a more explicit value chain approach will be taken, where the embeddedness of the farmer organization within its value chain is assessed. The relationships with input suppliers and offtakers will be reviewed, where contracts, logistics and reputation are addressed, amongst others. The CRAM is also assessing more explicitly how farmer organizations are managing systematic risks, like droughts, market price fluctuations or logistical disruptions. Stakeholder relationships with banks, capacity builders and the community are also part of the assessment. CRAM 2.0 will be better suitable for different types of organizations, like cooperatives, out grower schemes or estate farmers.

ForeFinance expands to Uganda and Ethiopia

ForeFinance is expanding from Kenya into other countries in East Africa. ForeFinance is currently preparing to move to Uganda and Ethiopia to pilot the product in the field. ForeFinance will link farmer organizations to traders, input suppliers and banks via the ForeFinance profiles. NGO's will be asked to select and support farmer organizations who are eligible for this process.

After qualification for the ForeFinance methodology, a farmer organization is asked to provide key documents like the annual accounts (if available), a certificate of registration, contracts with offtakers and a list of members/out growers, amongst others. Then the farmer organization will do a self assessment, in which it provides insight on the key issues identified in the CRAM. This provides a first draft of the profile. The final step is an audit, if requested by either the farmer organization or end users like banks. The audit verifies the information provided and is conducted by external third parties. This delivers the ForeFinance profile, which can be used by banks to provide loans, traders to select reliable business partners, NGO's in their business development services and other interested parties. In both Uganda and Ethiopia, ForeFinance will built such a network.

Does your organization wants to be a first mover and test the ForeFinance profiles? Please contact

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for more information.

ForeFinance East Africa ready to hit the road once again

Since the launch of ForeFinance office in Kenya in July 2010, five pilots were implemented to test the CRAM's applicability and relevance of the ForeFinance concept and profiles. The exercise was of great success with learning points that provided insightful and constructive inputs in upgrading the new edition of the new revised CRAM edition 2.0. ForeFinance East Africa is now ready to embark on the next phase of farmer organization assessments and profiles covering producer organizations in Kenya, Uganda and Ethiopia.

Additionally, ForeFinance East Africa office started the new year attending several relevant events that allowed interaction and knowledge sharing with important stakeholders. Among others, the ForeFinance East Africa team attended the Agribusiness Value Link Seminar in Mombasa organized by ATC, and the EAFCA (East Africa Fine Coffee) conference in Arusha. ForeFinance East Africa office also made a presentation on *Making farmers bankable and banks farmerable* at the first Africa Banking and Finance conference in Nairobi.

ForeFinance Survey results announced soon

In November 2010, ForeFinance launched a survey to capture the visions and opinions of agricultural experts from all over the world regarding agricultural finance. With the survey we aim to build a common agenda of Famers, Banks, Capacity Builders, Research Institutes, etc. to determine the ingredients of creditworthiness of Farmer Producers.

Meanwhile the survey has been closed after 170 respondents answered the questionnaire either in English, Spanish or French. In addition, we received valuable additional information of many respondents, provided by the open questions of the survey.

The results of the survey and now being analysed and will be soon shared with the respondents and those interested.

ForeFinance team is expanding



ForeFinance is delighted that 2011 started with the arrival of two new team members: Anne Schoemaker as Assessment Manager in the Dutch office and Judith Merinyo as Project Manager East Africa in the Nairobi office. Their skills will be very important for the continuous growth and success of the project.

ForeFinance and NewForesight welcome Anne and Judith to the team!

Anne:

“I strongly believe in the empowerment of individuals, be it women or men, be it in developed or in developing countries. Everyone should be and feel responsible for their own development. However, people should also be enabled and have the opportunity to do whatever it takes to improve their lives, especially in emerging countries. Access to finance in those regions is often a critical point. As finance is a key economical driver, it is crucial that individuals and companies in emerging markets have access to it in order to operate and grow in a sustainable manner.

I am a very analytical yet pragmatic person with good communication skills combined with cultural sensitivity. I have a master’s degree in Business Mathematics & Informatics from the Vrije Universiteit Amsterdam and I have over three years of financial experience in the asset management industry.

Judith:

“My name is Judith Merinyo, a holder of Advanced Diploma in Cooperative Management and a Post Graduate Diploma in Community Development, both from Moshi University College of Cooperative and Business Studies / The Constitute College of Sokoine University of Agriculture. Subsequently I have gained practical experience in developing, selling and installing various types of software, Human Resource Management, Administration and Research. Prior to joining ForeFinance, I was involved in a pilot project with Agri Finance Africa that was geared at creating linkages and addressing the finance gap between POs and FIs in order to increase agri-lending.

I have a passion for development and I specialize with Agriculture Producer Organizations. I would want to see a bottom-up approach bring meaningful sustainable development within Africa.”

NewForesight and ForeFinance are climate neutral



As of the beginning of 2011 NewForesight and ForeFinance became climate neutral. Together with the FairClimateFund NewForesight and ForeFinance calculated the carbon emissions from its operations in 2010. In their carbon footprint it was included the emissions from offices in Utrecht and in Nairobi and of all the commuting and business travels by plane, car, train and bus. The unavoidable CO₂ emissions will be compensated with verified carbon credits from the Basa Magogo project in South Africa. With this project FairClimateFund helps poor households to switch to an improved cooking and heating method which results in significant reductions of smoke and coal use. Important benefits are fewer expenses on coal, better health and cooking has become less time consuming.

NewForesight and ForeFinance moved to Utrecht



In October 2010 NewForesight and ForeFinance moved to a new office in the building of the Utrechts Archief. The building, from 1050, was built as the Paulus Abbey, and in 1580 it became the Court of Utrecht. Today, several historical remains like the arches and cross vaults are still visible and the archive includes nearly 18 kilometers of documents.

If you wish to visit us please click on the following links for a route description:

- [Walking route from Utrecht Central Station](#)
- [By car from Amsterdam/ Den Haag/ Schiphol](#)