PROJECT IMPLEMENTATION REPORT

Project ID:	10322
Project Name:	The Food Securities Fund: A fund to finance sustainable supply chains at scale in Emerging Markets
Countr(ies):	Global
Implementing Agency:	CI

TABLE OF CONTENTS

I. Overview

A. Description

Project name The Food Securities Fund: A fund to finance sustainable supply chains at scale in Emerging Markets	
Country Global	
GEF ID 10322	Implementing Agency CI
Executing Entity Clarmondial AG	
Trust Fund GET	Project Type FSP
PIR Submission 9/11/2025	Fiscal Year , PIR Number FY 2025 , 3rd PIR

Objective

The Food Securities Fund will 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, provided in partnership with companies committed to sustainable development in their sourcing areas.

B. Ratings and Disbursements

Implementation Progress Satisfactory	Development Objective Moderately Satisfactory
Overall risk Moderate Risk	
Project Financing 14,673,000.00	Cumulative Disbursement 6,563,173.00

C. Key Dates

CEO Endorsement/Approval 9/7/2021	Agency Approval 12/13/2019

Implementation Start 9/16/2021	First Disbursement 12/22/2021
Expected MTR 9/10/2025	Actual MTR 4/16/2025
Expected Completion 9/1/2031	Actual Completion

II. PROGRESS STATUS AND ISSUES

A. Progress: Information on progress and outcomes of project implementation activities

As of 30 June 2025, the Fund had disbursed USD 58M across 20 loans to 10 borrowers benefiting farmers in Africa and in Latin America. The Fund continued to actively consider new loans and loan renewals. In the second quarter of 2025 the Fund disbursed 2 loans (one third-cycle loan and one second-cycle loan). By 31 December 2024, borrowers reached 95.181 farmers (16% women), 2.679 employees (49% women), and 226.727 ha of land with a total potential sourcing area of 377.680 ha – this figure pertains to the CI-GEF core indicator "area of landscapes under sustainable land management in production systems". Borrowers had distributed over 1.6m seedlings, restored over 150.000 ha and contributed to sequestration of over 215.000 tCO2e.
Demand for the Fund's loans remains strong given the frequency of requests from new potential borrowers, and interest from existing partners wishing to increase the loan size, and to have the Fund support supply chains in new countries. However, the Fund is currently almost fully invested (cash levels < 5%), with capacity only to do one small loan of circa USD 1m. Three potential borrowers are being considered for this: sustainable rice in Pakistan, Rainforest Alliance certified cocoa in the Democratic Republic of Congo (DRC), and organic cashew supply chains in Tanzania. These are all proposals from new potential borrowers and Value Chain Partners (VCPs), with the deals in Pakistan and Tanzania being particularly interesting: the deal in Pakistan supplies rice to a large UK retailer, and the deal in Tanzania to an Austrian retailer. A well-known premium US beverage brand has also already received Board approval to provide a VCP guarantee to suppliers in Nicaragua and Guatemala (on supply chains related to cocoa, coffee, herbs & spices.), and these are being assessed however are not prioritized for the current available funding.
Clarmondial has adapted policies and processes in response to CI-GEF requests and the 2024 audit, notably on the FSF Environmental and Social Safeguards (ESS) Assessment. Investment Proposals are now accompanied by a completed ESS Assessment. Borrowers are being asked about grievances on the quarterly monitoring calls. These grievances are recorded in a database on a quarterly basis and in case of outstanding grievances, they are regularly followed up on in the quarterly calls and during in person due diligence. Clarmondial will update the Fund's ESG Policy by the end of 2025, to include the clarification requested by CI-GEF. A Mid Term Review (MTR) was initiated on the Fund in July 2025, a draft Report has been shared, and the consultant performing the MTR has engaged with existing and potential investors, borrowers and has completed a field visit (in Côte d'Ivoire). In addition, the annual financial and impact (Article 9 Sustainable Finance Disclosure Regulation - SFDR) audit was performed by EY and the Fund was found to be complying. The annual impact report was shared with the Fund's investors, and a summary provided on the Clarmondial website.
The Fund has attracted capital only from private investors, excluding CI-GEF. To date, the Fund has attracted USD 16.3m from a diverse set of private investors (current Fund size 22.6 Million including GEF investment), USD 48.6m in private sector Value Chain Partner first loss guarantees, as well as USD 37.5m guarantee from the US DFC. In addition, this year Clarmondial has mobilized EUR 150,000 in Technical Assistance (TA) grants in support of the Fund's impact objectives for this year, which are matched by private sector co-funding (for a total 2 million in grants mobilized). Existing private sector investors wish to increase their investment in the Fund, subject to an increased Fund size, diversification and continued performance – indeed the FSF has outstanding commitments from existing investors of USD 1.5m. This means that a total of USD 104.4m in additional resources on top of those allocated from the GEF, of which the majority are private sector. Clarmondial continues to engage with potential investors in the Fund. A priority is to finalize the submission to the Green Climate Fund (GCF) for the Accountable Cocoa and Coffee Tranche (ACCT), as sub-fund to be established and capitalized with a USD 50m equity investment from the GCF - and USD 6m in an accompanying Technical Assistance Facility. Other investors, including 2 existing private investors in the Food Securities Fund, have indicated an interest in increasing their investment if the GCF investment is realized. New investors, notably corporates / brands, have indicated an interest to invest in the ACCT specifically (subject to internal approvals, etc.).

Performance has been positive in all quarters but one and is positive overall since inception. Clarmondial continues to make progress on the application to the GCF for the ACCT, with a decision expected by the GCF in October 2025. Note that this is the first GCF investment that comes from the GEF investment portfolio – so it would be a major milestone.

B. Challenges: Information on challenges of project implementation activities

The challenges can be categorized as following: demand for capital (borrowers), supply of capital (investors), and intermediation of capital. The challenges are described below according to these categories. This section also includes links to reports / public comments that relate to the GEF-supported project.

Demand for capital (borrowers)

In FY25 companies sourcing agricultural commodities from emerging and developing markets have faced a tightening macroeconomic environment shaped by elevated interest rates, volatile trade conditions, and incoming regulatory shifts. While inflationary pressures persisted globally, particularly in food and energy, many emerging market central banks maintained high policy rates, increasing local borrowing costs. Meanwhile, soaring commodity prices, driven by extreme weather, supply shortages, and crop disease, along with persistent disruptions to global trade routes, heightened working capital requirements across supply chains. The introduction of the Basel III Endgame reforms, set to begin in July 2025, is already prompting banks to reassess trade finance risk, tightening access to affordable credit for high-risk or frontier market transactions. This convergence of high input costs, stricter lending conditions, and regulatory adjustments is pushing firms to seek more flexible and diversified financing options to meet rising demand for short-term liquidity and sustain sourcing operations. Clarmondial has noted a significant demand for working capital, and more flexibility on pricing due to unmet demand.

Supply of capital (investors)

Globally, in FY25 the private market fundraising environment was mixed - overall private capital fundraising fell to its lowest level since 2016, but private credit was among the most favored asset class, fueled by investor demand for yield in a high-interest-rate environment. However, the sector remains dominated by large, established, mainstream managers, while smaller funds struggled to attract commitments. The challenges of fundraising for the FSF specifically remain its size, however the improvement in net performance due to increased cash levels, and its potential for increasing its size substantially due to the GCF investment, contribute to a positive outlook for the Fund. Potential investors continue to engage with the Fund on a regular basis – however the feedback from many investors is that the Fund size should be larger, and portfolio more diversified (which is achieved with a larger fund size). The rationale for engaging with the GEF was also to help achieve a minimum size from the start, but the disbursements made in tranches linked to co-financing goals materialized has slowed. One of the MTR recommendations is to revise the high leverage ratios and disbursement schedule, that are directly linked to the Fund growth size. The assessment is also based on recent studies that find that blended finance approaches deliver only USD 0.85 per USD 1 of public funding (and that this drops to USD 0.69 to LDCs, where the Fund has 50% of its investments to date). Other statistics suggest that most transactions yield a ratio of USD 3 of private sector for every USD 1 of public funding.

The FSF has already achieved a ratio of 2.6x on private capital raised. Note that in addition to the private capital mobilized, USD 48.6m has been secured from the private sector as first-loss guarantees on transactions. This figure was not agreed to be counted as co-financing for CI-GEF for triggering a next disbursement tranche of GEF funding. FSF considers that, if this were considered, the private sector co-financing would be substantial.

Intermediation of capital (Clarmondial & partners)

The structure continued to perform well, with good collaboration between the Fund's different implementing parties. Clarmondial took on two additional partners, based in Peru and Honduras, to support the Fund's investments in the region. The main challenge remains the Fund's size, however Clarmondial sees positive momentum on the Fund and remains committed to scaling it, notably based on the strong private sector interest and recent performance.

Links to reports relating to the GEF-supported project

Clarmondial shared information with stakeholders throughout the year:

- Fund's annual impact performance was recently summarized in a blog: https://www.clarmondial.com/fsf-4y-esg/
- Summary of the first Technical Assistance that was executed by Clarmondial, in relation to the Fund: https://www.clarmondial.com/ssnup_burkina_2025/
- The Fund was featured in a webinar hosted by Valuing Impact, who had done an independent assessment of the Fund's impact on behalf of an investor, and found it to be positive: https://www.valuingimpact.com/blog/impact-valuation-in-due-diligence

- Clarmondial wrote about the need for working capital finance in supply chains (blog post): https://www.clarmondial.com/financing-aggregators/
- Clarmondial announced the start of the GCF application process, and acceptance of the Concept Note by the GCF: https://www.clarmondial.com/cocoa_coffee_gcf_sep2024/
  - Clarmondial announced the TA project in Burkina Faso: https://www.clarmondial.com/ssnup-burkina-faso/
  - The Food Securities Fund was featured in the Climate Policy Initiative Nature Finance Toolbox: https://www.climatepolicyinitiative.org/wp-content/uploads/2024/09/Report-Toolbox-on-Financing-Nature-Based-Solutions.pdf#page=44

C. Stakeholder Engagement

Clarmondial included the following stakeholder groups in the Stakeholder Engagement Plan (SEP). Information on progress, challenges and outcomes are described below:
Food Securities Fund Borrowers: Clarmondial continues to actively engage with existing and potential borrowers. All current borrowers would like to maintain the lending relationship with the Fund, i.e., would seek a loan renewal. Several borrowers would like to expand the relationship with the Fund into new sourcing areas. Some current borrowers have expressed interest in the Fund to provide them with a larger loan, which indicates that the model is appropriate and well-suited to their needs. Clarmondial is regularly approached by new borrowers. Clarmondial is assessing several potential new borrowers but is mindful of managing relationships. Progress is that relationships with borrowers have continued to be strong and that new borrowers are interested in the Fund's offering. The challenges are that the capital needs of the borrowers outweigh the availability of capital in the Fund. Another challenge is the need for TA support to drive further impact in borrower supply chains, which cannot be met with the Fund's commercial capital. Clarmondial is addressing this by sourcing TA funding that can be provided alongside the Fund's loans, and by providing support to borrowers on impact reporting – notably on environmental impacts. To date, Clarmondial has secured EUR 150,000 in grants for borrowers across 3 TA projects, which have all been matched with private sector co-funding. The outcome is that loans from the Fund remain in demand with borrowers.

Value Chain Partners (VCPs): Clarmondial also engages with existing and new VCPs. Several new VCPs are and have endorsed the FSF. The de-risking approach is new to many VCPs, but given the macroeconomic situations, it is increasingly welcome to support suppliers in a manner that progresses action on sustainable supply chain commitments. The Fund was endorsed by the Board and CEO of a well-known US consumer beverage brand, however Clarmondial is still assessing potential borrowers that supply the VCP. The challenge are that the capital needs of the VCPs outweigh the availability of capital in the Fund. Clarmondial continues to engage with potential investors to grow the Fund and offering. The outcome is that the Fund is increasingly relevant and suited to support VCPs on expanding sustainable and resilient sourcing.

Farmers (men and women) and farmers groups: Clarmondial engages with farmers and farmers groups directly and through the borrowers, for example in the context of designing and overseeing TA projects with the borrower. In FY25, the Fund continued to expand its reach, benefiting more farmers. Given the relatively short duration of the loan, delivered through the borrowers, it is not possible to engage with all farmers directly. However, Clarmondial visits farmers while performing due diligence on borrowers. Farmers are interested to work with companies / borrowers that offer more support, including training and payment for certification so that they can access premia. This was clear from the recent TA project that Clarmondial did in Burkina Faso, and the two new TA projects that are being implemented in Honduras and Nigeria. Progress is that more farmers have been engaged, that Clarmondial increasingly has the trust of borrowers and farmers to deepen impact, e.g., through TA projects. The challenge is the size of the Fund, and the demand for additional TA support. Clarmondial is working to address these by growing the Fund and sourcing additional TA resources.

Rural communities: Clarmondial primarily engages rural communities through farming households and borrowers. Borrowers supported by the Fund contribute to increased opportunities for rural communities, including directly e.g., through employment in the field as agronomists, and indirectly (e.g., by farmers). It is challenging to estimate the Fund's direct contribution to rural communities. Clarmondial hopes that more work can be done with local communities with additional TA resources.
Investors: As a regulated investment fund for qualified / institutional investors, there are restrictions on marketing activities. Clarmondial works with the Alternative Investment Fund Manager (AIFM), Vistra, to connect with and onboard potential investors. Clarmondial also provides materials for the Fund to communicate regularly to investors, e.g., through the quarterly reports and annual reports. All reports were completed on time and to a high standard. New and existing investors have expressed interest in

investing in or increasing current allocations in the Fund. The Fund onboarded one new private investor during FY25. Clarmondial will continue to work with the Fund and the AIFM to engage with suitable investors.

Government engagement: Clarmondial has primarily been engaging governments in the context of securing the Non-Objection Letters (NOLs) from the Green Climate Fund (GCF) Nationally Designated Authorities (NDAs). So far, Clarmondial has secured 8 NOLs, which indicates that Clarmondial and the Fund are on good terms and welcomed in the country. NOLs have been secured from Uganda, Côte d'Ivoire, Nigeria, Ghana, Rwanda, Guatemala, Dominican Republic, Ecuador and Costa Rica. Clarmondial has been engaging with additional NDAs, and the response is positive – notably as investment in resilient supply chains and the provision of TA is seen as critical by the governments. Progress is that the governments have welcomed the Fund's activities, the challenge is that the Fund remains relatively small, and TA resources limited. Clarmondial is working to address these points.

Development partners: Clarmondial continues to engage with development partners, notably Development Finance Institutions (DFIs). Clarmondial has had success securing TA commitments (EUR 150,000 secured in grants) by partnering with development assistance providers, notably securing resources from the Luxembourg Directorate for Development Cooperation and Humanitarian Affairs, the Swiss Agency for Development and Cooperation, and the Liechtensteinischer Entwicklungsdienst.

D. Gender Equality

The Fund continued to track gender-responsive indicators, where the results as the end of 2024 have been communicated in the Fund's 2024 Annual Impact Report. They are as follows for the calendar year 2024:

- 29% of farmers trained were women
- 57 women were in investee management positions
- Women represented 49% of employees (total number of employees was 2.679, of which 1.316 were women. Of the total employees, 1.097 were full-time, of which 279 were women. 1.582 were part-time, of which 1.037 were women).
- Women represented 16% of farmers transacted with (total number of farmers transacted with was 95.181).
- Women represented 53% of staff trained

Clarmondial continues to evaluate each loan proposed to the Fund, including loan renewals, as per contributions to the Fund's gender Reach-Benefit-Empower-Transform (RBET) framework. However, it is challenging to measure women's economic empowerment and transformation of gender norms within a short time frame given the relatively short duration of the loans. In the calendar year 2024, Clarmondial also started to mobilize resources for Technical Assistance (TA) (grant) funds that could support borrowers on key topic areas, including gender. Clarmondial obtained resources from a program called SSNUP, to support one of the Fund's borrowers on a gender and organic farming project in Burkina Faso. This TA project had a strong focus on women's economic empowerment, and because of this funding (and the loan), 110 female smallholder farmers from 5 cooperatives in Burkina Faso benefitted from training in leadership, management and decision-making. A blog post on this project is available on the Clarmondial website: https://www.clarmondial.com/ssnup_burkina_2025/
Clarmondial will use this experience to seek further TA projects, including to help progress on gender targets.

E. Knowledge Management

Clarmondial shared various KM products over the past 12 months. In addition to the public knowledge materials summarized below, Clarmondial participated and hosted several events, including on panels and roundtables during the World Economic Forum (WEF), the New York and London Climate Weeks, and most recently at the UN 4th International Conference on Financing for Development in Seville. Examples of events hosted can be found on Clarmondial's LinkedIn page, and include a panel hosted at the WEF with the CSO of Bunge, the Chief Supply Chain & Operations Officer, the CEO of the FourFold Foundation, and senior representatives from Ode / Clay and EIT Food, and an event in Seville hosted with a senior representative from Nestlé, Equity Bank and Equity Group Foundation (Kenya), and at New York Climate Week with the Principal of Encourage Capital (an impact investor), LGT Venture Philanthropy (a foundation), and participation from investors including senior representatives from the Asian Development Bank and Green Climate Fund. The objectives were largely to build the profile of the Fund and stimulate partnerships with potential investors and corporate partners (e.g., VCPs). The Fund's approach is increasingly met with strong interest, with corporates, investors and development partners asking to follow up and learn more about the approach. Given that there are strict marketing regulations for the Fund, Clarmondial is limited in its ability to communicate about the Fund's positive track record. Public materials related to the GEF-supported project are listed below:

- Fund's annual impact performance was recently summarized in a blog: https://www.clarmondial.com/fsf-4y-esg/
- Summary of the first Technical Assistance that was executed by Clarmondial, in relation to the Fund: https://www.clarmondial.com/ssnup_burkina_2025/
- The Fund was featured in a webinar hosted by Valuing Impact, who had done an independent assessment of the Fund's impact on behalf of an investor, and found it to be positive: https://www.valuingimpact.com/blog/impact-valuation-in-due-diligence
- Clarmondial wrote about the need for working capital finance in supply chains (blog post): https://www.clarmondial.com/financing-aggregators/
- Clarmondial announced the start of the GCF application process, and acceptance of the Concept Note by the GCF: https://www.clarmondial.com/cocoa_coffee_gcf_sep2024/
- Clarmondial announced the TA project in Burkina Faso: https://www.clarmondial.com/ssnup-burkina-faso/
- The Food Securities Fund was featured in the Climate Policy Initiative Nature Finance Toolbox: https://www.climatepolicyinitiative.org/wp-content/uploads/2024/09/Report-Toolbox-on-Financing-Nature-Based-Solutions.pdf#page=44

III: Minor Amendments

CONTEXT	
Result Framework	
Components and Cost	
Institutional And Implementation Arrangements	
Financial Management	
Implementation Schedule	
Executing Entity	
Executing Entity Category	
Minor Project Objective Change	
Safeguards	
Risk Analysis	
Increase of GEF Financing up to 5%	
Co-Financing	
Location of Project Activity	

others	

IV: Geographic Coordinates of Project Activities

Location Name	Latitude	Longitude	GeoName ID
Peru	-9.189967	-75.015152	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Tanzania	-6.369028	34.888822	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Madagascar	-18.92496	46.441642	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Ghana	7.946527	-1.023194	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Uganda	1.234112	32.889113	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID

Cote d'Ivoire	8	-3.50	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Benin	9.30	2.15	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Burkina Faso	12.30	1.40	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Honduras	15	-86.3	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Nigeria	10	8	

Location Description:

Activity Description:

V. ANNEX

Uploaded Document

Document Category	Title
M and E Document	FSF ESG Audit Report Final_30Aug_clean

Document Category M and E Document	Title FSF ESS Assessment v2024_Nov24 update
Document Category M and E Document	Title 241125_Response to DDA Audit_Clarmondial
Document Category M and E Document	Title FSF annual impact report 2024