MID-TERM REVIEW

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

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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
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. 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	MTR Submission 9/7/2025
Actual MTR 4/16/2025	Expected Completion 9/1/2031

II. PROGRESS STATUS AND ISSUES

A. Main MTR Findings

Key findings

Relevance

The FSF project is well aligned with international environmental priorities, national development strategies, borrower needs, and investor expectations. It addresses critical financing gaps in sustainable agriculture, particularly in emerging and developing markets where agricultural SMEs often lack access to early-stage credit. By targeting the pre-harvest phase and embedding ESG compliance into lending terms, the project supports smallholders and strengthens sustainability across agricultural value chains.

At the same time, the project's structure—including de-risking mechanisms and its open-ended format—aligns with investor interests by offering both impact and financial return. This dual orientation positions the FSF as a relevant and timely initiative in the evolving landscape of blended finance for sustainable development.

Effectiveness

The FSF project has demonstrated effectiveness in several key areas, including the engagement of VCPs, expansion into landscapes, restoration of degraded land, and support to smallholder farmers—particularly through pre-harvest financing and targeted efforts to increase women's participation in training and employment. Borrowers have also delivered on ESG-linked improvements, supported by impact reporting and on-site monitoring.

However, the Fund's limited size and limited fundraising have constrained the number of borrowers financed and the volume of capital disbursed. As a result, most GEF core impact indicator targets—which depend on scale—remain well below target. This gap reflects not a lack of demand from borrowers or fund performance, but broader structural challenges in scaling impact investing in emerging markets, including regulatory hurdles, risk aversion, and investor expectations around fund size and diversification. Additionally, the staged disbursement of GEF funds may have impacted on the Fund's ability to scale. While the GEF investment amounted to a net USD 12.82 million, funds were invested in tranches rather than as a lump sum, with subsequent disbursements contingent upon achieving a 7:1 leverage ratio in private capital raised. This requirement, which was set after targets were already agreed, and notably because the 7:1 co-financing had not been met at the Project Preparation Grant phase, limited early fund growth and reduced the number of loans the Fund could offer.

Despite these constraints, the Fund has shown strong operational alignment and risk management. It has mobilized private capital, leveraged technical assistance to strengthen ESG outcomes, and demonstrated resilience through external shocks. For example, port closures during COVID-19 pandemic forced a borrower to reroute coffee shipments, which resulted in the Fund's first and only loan default. Through effective management, most of the capital was ultimately recovered. These foundations, together with the Fund's financial performance since inception, position the project to expand its reach and deepen its impact over time.

Efficiency

The FSF project has been implemented with a high degree of operational efficiency, driven by a capable team that delivers timely, cost-effective work and adapts systems based on internal learning, audits, and evolving regulatory requirements. The Fund's relationship-based lending model, combined with the involvement of VCPs, has improved pipeline development and reduced transaction costs, particularly through streamlined due diligence for loan renewals.

Early inefficiencies in cash deployment—partly due to seasonal factors, the Fund's cautious borrower selection, and minimum deal size thresholds—have been gradually addressed through improved internal cash management. However, limited fundraising progress has constrained the Fund's ability to scale its investments and generate wider impact. By midterm, only 6.96% of the co-financing target had been achieved. Despite these challenges, Clarmondial has been proactive in its fundraising strategy.

Sustainability and Key Risks

The FSF project faces typical long-term sustainability challenges for impact investments in emerging markets, including macroeconomic volatility, slow fundraising, and exposure to external shocks such as pandemics and geopolitical disruptions. While these risks remain, the Fund has demonstrated resilience by maintaining operational continuity and adapting effectively to difficult conditions.

The Fund's financial viability is closely tied to its ability to scale. Its current size limits the investment advisory fee's capacity to cover full operational costs, so Clarmondial has temporarily made up the difference by subsidizing these costs internally. Reaching a Net Asset Value of approximately USD 50 million is seen as essential by some respondents to ensure sustainable operations and attract institutional investors bound by minimum fund-size thresholds. As of the first quarter of 2025, the FSF's NAV stands at USD 23.5 million. This means the Fund still needs to nearly double in size to reach this threshold.

Despite underperformance in fundraising to date, the Fund is perceived as an attractive vehicle by existing and potential investors due to its unique market niche, risk mitigation structures, and open-ended format. The planned development of a sub-fund (ACCT) focused on cocoa and coffee landscapes could further enhance financial sustainability by unlocking additional capital from institutional sources like the Green Climate Fund (GCF).

Clarmondial has proactively engaged in knowledge sharing through industry forums and compliant public communications, though regulatory constraints limit broader outreach.

Progress to Impact

The FSF project has contributed to improved rural livelihoods and social and environmental outcomes, though its overall impact remains modest due to the limited scale of operations to date. With 95,181 smallholders engaged (against a target of 700,000 smallholder farmers) and over 226,000 hectares under improved environmental practices (compared to a target of 2,039,500 hectares), early signs of positive change are evident—especially among borrowers offering training, financial incentives, and support for agroecological practices like composting, pruning, and agroforestry.

Impact is also supported through technical assistance grants that strengthen borrower performance and farmer resilience. While attribution is complex due to overlapping support from other partners, the FSF has helped borrowers enhance their ESG reporting, particularly on greenhouse gas emissions, and fostered practices likely to continue beyond the funding period.

At the farmer level, adoption of sustainable practices is driven by clear livelihood benefits and reinforced by embedded support systems, though limited access to equipment and input costs remain constraints.

The project has also demonstrated early signs of replication, with some financial innovations—like lending backed by VCP guarantees—beginning to influence practices beyond the immediate FSF portfolio.

Monitoring and Evaluation

The project's M&E framework is well-designed and largely aligned with CI-GEF standards, with clear roles, SMART indicators, and detailed reporting structures. However, some inconsistencies in indicator formulation and challenges aligning three-year targets with the Fund's short-term loan cycles reduced clarity in reporting.

Clarmondial has implemented a robust M&E system to track KPIs across the portfolio, balancing investor and donor requirements with borrower capacity. While initial data collection posed challenges—especially for new borrowers—Clarmondial invested significant effort in training, verification, and adapting its frameworks to improve feasibility and data quality over time.

Investors generally view the Fund’s reporting as timely and responsive, though several expressed a desire for greater transparency— a limitation that stems in part from the Fund’s regulatory obligations and competition context, which restricts the level of borrower/investor-level information that can be shared.

Implementation and Execution

The project has been implemented and executed effectively by both CI-GEF and Clarmondial. CI-GEF fulfilled its oversight responsibilities in line with GEF standards, including timely safeguards screening during project preparation, ongoing monitoring, and regular engagement with Clarmondial. It provided feedback on tools and templates and conducted a site visit to Uganda.

Clarmondial has demonstrated strong execution capacity in managing day-to-day Fund operations within a complex and evolving impact investing landscape. The team’s borrower selection process is widely regarded as rigorous and effective, with strong due diligence practices that have contributed to a low default rate. In-country staff presence has enabled real-time monitoring and adaptive management. Reporting obligations were met consistently, and despite structural challenges in the market, Clarmondial has remained proactive and persistent in its fundraising and investor engagement.

Environmental and Social Safeguards

The Fund’s approach to environmental and social safeguards is compliant with CI-GEF standards. Gender equality was meaningfully integrated into the project design, with clear quantitative targets and disaggregated monitoring. However, the strategy has primarily focused on participation metrics and does not fully capture the structural barriers women face in agricultural systems. In implementation, borrowers made notable progress—such as increasing women’s leadership roles and adopting gender action plans—but results remain uneven across geographies. To strengthen qualitative assessment, Clarmondial introduced a Reach-Benefit-Empower (RBE) framework in 2024.

Stakeholder engagement was consistent across borrower, VCPs and investor groups. However, some farmers reported limited involvement in early-stage discussions with borrowers, often learning about ESG requirements only after implementation began.

The Fund’s Accountability and Grievance Mechanism (AGM) is embedded in loan agreements and formally operational, but awareness among farmers remains limited. In practice, borrower-level grievance channels are more widely used and better known.

Safeguards are implemented primarily through Clarmondial’s ESG policy, due diligence processes, and ongoing monitoring. Borrowers are screened before each disbursement, with weak proposals filtered out early. Clarmondial has made significant progress in addressing audit recommendations. For instance, the screening tool has been updated to better reflect child labor risks. E&S risk assessments are now annexed to all investment proposals, and quarterly calls include standing discussions on safeguards (notably grievance). Internal capacity has also improved, with targeted staff recruitment and training.

Summary of Conclusions

The midterm evaluation confirms the strategic soundness and operational relevance of the Fund, underscoring its ability to translate global social and environmental goals and national development priorities into targeted investment decisions. Its blended finance structure fills a critical financing gap in sustainable agriculture, particularly in pre-harvest and early-stage lending—segments underserved by traditional financiers. By balancing impact objectives with financial returns, the Fund enhances its appeal to investors and maintains strong relevance across multiple dimensions.. .

Operationally, the Fund has demonstrated a high degree of internal efficiency and resilience. Clarmondial's lean structure, adaptive management, and robust borrower engagement systems have enabled technically sound and timely delivery, despite external fundraising and market headwinds. The renewable loan model and relationship-based approach have reduced transaction costs and enabled iterative improvements in ESG practices across loan cycles.

However, the Fund's limited capital base (with only 6.96% of co financing target met) has constrained its ability to scale. This has resulted in underperformance against some portfolio-level outcome and output targets, particularly those dependent on capital, such as the volume of funding deployed, number of borrowers, and most GEF core indicators. These scale limitations stem not from weak operational capacity but from external and structural barriers within the impact investment landscape. The staged disbursement model of GEF funds appears to have further slowed early growth and reinforced investor caution. However, as the Fund matures, a stronger trajectory of results can reasonably be expected in the second half of the project period.

Within its existing footprint, the Fund has shown that its theory of change holds: where capital has been deployed, meaningful environmental and social outcomes are emerging. Borrowers are improving ESG compliance, expanding outreach to smallholders, and supporting better gender equity. Nevertheless, the scale and systemic nature of these impacts remain constrained by the Fund's size, short operational timeframe, and the inherent limitations of commercial lending relationships.

The Fund's sustainability is not yet guaranteed. The most pressing internal risk is the Fund's limited size and slow fundraising pace, which limits its attractiveness to institutional investors, creates vulnerability to future shocks, and could compromise its ability to reach financial self-sufficiency. Nonetheless, its layered risk protections, investor interest, and innovative structures—such as the proposed ACCT Sub-Fund—demonstrate a pathway to scale and sustainability. The Fund has also successfully navigated difficult conditions, such as the COVID-19 pandemic, which has demonstrated its resilience.

The Fund has made meaningful progress on social and environmental safeguards. Mechanisms such as the RBE framework offer promising avenues to address these constraints, though further progress will likely depend on borrower-led initiatives and access to technical assistance.

The few safeguard gaps hindering full compliance with CI-GEF requirements, particularly ESS9, as identified by the 2024 audit, have for the most part been resolved.

Finally, the Fund's M&E systems are functionally robust but would benefit from refinement. Some misalignment between multi-year indicators and one-year loan cycles reduces the feasibility of tracking certain metrics. Manual data management remains effective at current scale but will likely require automation as the Fund grows. Investor feedback highlights a desire for greater transparency, which remains challenging due to regulatory constraints.

Lessons learned

The evaluation highlights the importance of designing financial instruments with milestones that reflect their expected growth trajectory. The absence of interim benchmarks in the FSF's results framework limited the ability to assess whether progress toward long-term goals was on track. Incorporating such benchmarks could improve oversight and performance management.

The evaluation also confirms that combining financial support with targeted technical assistance enhances borrower performance and strengthens ESG outcomes.

Moreover, the findings emphasize the need to align stakeholder expectations with the commercial and regulatory realities of a Fund. Constraints on transparency and borrower engagement reflect the Fund's structure and operating context, which differ significantly from those of grant-funded development projects.

Finally, while quantitative gender targets were effective in driving initial action, they proved insufficient to assess transformative change. A more comprehensive approach—including qualitative insights—is needed to evaluate shifts in gender norms and empowerment outcomes.

Recommendations

The evaluation identifies several recommendations, which are organized by the responsible actors – Clarmondial or CI – in the main text. These recommendations are based on the analysis of findings and conclusions:

1) **Continue strengthening the Gender Strategy Beyond Numerical Targets** by encouraging borrowers to set gender objectives toward more responsive gender outcomes.
2) **Develop a Roadmap for M&E System Modernization** to prepare for the Fund's continued growth through a transition to a more automated monitoring platform.
3) **Realign Outcome Indicators with Lending Model** by adapting the indicators under Outcome 1.4.1, currently based on three-year periods, to better reflect the Fund's one-year lending cycle.
4) **Strengthen Fundraising Capacity** by considering the recruitment of a dedicated fundraising professional when resources allow.
5) **Enhance Transparency and Streamline Investor Communication** by striking a better balance between cautious disclosure and transparency in investor communications.
6) **Promote Borrower Engagement with Farmers** by strengthening guidance for borrowers regarding direct engagement with farmers, particularly prior to the implementation of sustainability programs.
7) **Publicly Disseminate the Fund's Positive Results and Impacts on Behalf of Clarmondial** given Clarmondial's promotional restrictions under Luxembourg law. CI could play a more active role in communicating the Fund's mission and achievements.
8) **Review GEF Disbursement and Leverage Modalities** by engaging with the GEF Secretariat to explore potential adjustments for the remainder of the project period.
9) **Formalize firewalls and information barriers** by establishing clear procedural and operational firewalls between CI's GEF Agency function, CI Ventures and Clarmondial to mitigate potential conflicts of interest.

B. Stakeholder Engagement

Project impact

Finding 19: The project has contributed positively to improved rural livelihoods and environmental outcomes, including global environmental benefits, although the overall impact remains limited due to the Fund's current size and scope.

The Fund's **contributions to rural livelihoods and environmental sustainability** are **noticeable but still emerging**, reflecting the relatively modest scale of its operations to date. For example, the Fund has engaged with 95,181 smallholder farmers, 16% of whom are women. Additionally, 226,727 hectares of land are under improved environmental practices, with 150,962 hectares restored. Further details can be found in Table 7 in the Effectiveness subsection.

As the **Fund expands and deploys more capital**, its **potential for generating meaningful** impact correspondingly increases. **Impact** is also **deepened through long-term relationships with borrowers**, where repeated engagement often correlates with improved environmental and social outcomes.

The nature and degree of **impact vary significantly among borrowers**, shaped by their **unique contexts and stages of development**. Nonetheless, several notable positive livelihood and environmental outcomes have been observed. Some borrowers provide training on sustainable agricultural practices to enhance farm productivity, resource efficiency, and resilience to environmental shocks. Additionally, some borrowers offer financial bonuses to the farmers they work with, incentivizing environmentally friendly practices while increasing farmers' incomes. In certain agricultural landscapes, biodiversity improvements have been documented, such as the reappearance of frog species in plantations where they were previously considered locally extinct. Furthermore, the Fund has supported efforts to reduce deforestation and forest degradation linked to agricultural expansion.

The farmers interviewed during the FGDs clearly expressed that the **good agricultural practices taught by the borrower in Cote d'Ivoire, combined with the use of improved seeds and fertilizers, have yielded positive results**, including increased yields per hectare, better market access, higher incomes, better living conditions, and improved environmental protection, among others. The project has also begun to positively impact community wellbeing, exemplified by the creation of a solidarity fund, which provides credit to its members.

Some of the **good practices observed in the field** include**:**

- **Pruning of cocoa trees:** Initially met with skepticism, this practice was eventually adopted by farmers after they saw that those who implemented it achieved significantly better yields.
- **Exclusive use of organic fertilizer:** Farmers are no longer allowed to use chemical fertilizers—both to meet organic certification requirements and in line with the partnership between the cooperatives and the borrower.
- **Tree planting within cocoa farms (agroforestry):** This promotes biodiversity and contributes to environmental sustainability.
- **Composting:** Farmers are encouraged to compost organic waste, which improves soil health, reduces the need for chemical inputs, and enhances the overall sustainability of farming practices.

However, for **loans that are not renewed**, the **impact is less clear**, as the relevant borrowers do no longer report to the Fund.

Importantly, the **borrower selection** process prioritizes companies already engaged in ESG practices or at least willing to adopt them, which tend to have **larger and more positive environmental and social footprints**.

The Fund has also secured **technical assistance** programs to help borrowers and farmers improve ESG aspects, which further **contributes to impact**.

It should be recognized, however, that many **borrowers benefit from financing and technical support from multiple partners and development actors**. This complexity makes it **challenging to isolate the Fund's unique contribution**to improved livelihoods and environmental outcomes. Rather, the Fund often acts as a complementary source of finance, enabling a range of actors—both impact-focused and emerging—to scale their reach and deepen their outcomes.

Moreover, while Clarmondial has established a monitoring and evaluation framework to track financial performance and ESG compliance across borrowers as well as project progress, there is **no dedicated or systematic mechanism specifically focused on assessing environmental impact** at the **community level**. As a result, farmers interviewed reported that the environmental benefits of ESG practices **remain anecdotal**, with no formal feedback or data shared to demonstrate these impacts.

<u>Finding 20: The Fund has supported incremental improvements in borrowers' ESG compliance and practices, building on varying levels of pre-existing ESG engagement, with most borrowers likely to maintain these practices after FSF funding ends</u>

The Fund's financing supports borrowers at different stages of ESG maturity. Many of them build upon existing ESG frameworks, continuing and strengthening their commitments. Some are relatively new to ESG principles but show genuine willingness to develop their ESG practices. As a result, the nature and extent of changes vary depending on each borrower's context.

Given the business-oriented nature of the Fund's loans—which are relatively small and typically time-bound to one year (though renewable), imposing **strict ESG targets is not feasible, unlike in a grant context**. Instead, the **Fund focuses on fostering continuous, incremental improvements** within a commercial relationship. Nonetheless, as the fund is renewable, borrowers can build on achieved results in previous rounds and increase their impact and reach higher level targets as they become more mature.

Some respondents have shared **examples of improved ESG practices**. However, **attributing these improvements solely to the Fund** is again **challenging**, as borrowers often receive parallel support from other financiers and technical partners.

Nonetheless, the Fund has notably contributed to **enhancements in borrowers' M&E and ESG reporting systems**, especially around specific KPIs. A majority of respondents highlighted improvements in reporting greenhouse gas emissions (including Scope 3 emissions), which they had not previously tracked but now find highly relevant. They also expressed interest in better understanding these calculations. Such improvements are valued as they enable better internal management and more effective reporting to stakeholders.

All borrower respondents indicated they **intend to continue implementing ESG practices beyond the FSF funding period**, recognizing these as both good business practices and key to enhancing their credibility. However, a few respondents outside the borrower group noted that th**is commitment should be interpreted with caution**, as borrower responses may be influenced by the nature of the commercial relationship. While **continuation seems likely—particularly in light of emerging EU sustainability regulations**—there is no guarantee that ESG practices will be sustained once FSF support ends.

<u>Finding 21: The sustainability of ESG practices at the farmer level is shaped by a combination of motivation among farmers and cooperatives, and by the availability of technical and financial support.</u>

During the field visit, **farmers** engaged in sustainable practices through FSF-supported borrower expressed a **strong commitment to continuing these practices**, citing **tangible benefits** such as higher yields, improved income, and better environmental outcomes. In particular, **women** participating in the two FGDs shared that the adoption of sustainable techniques had **enabled them to improve their families' living conditions** and contribute more actively to household livelihoods. As one woman stated, "Thanks to [name of the borrower], I can walk with my head held high." **Cooperatives** also expressed a **growing awareness** of the importance of **environmental protection**.

Field data also highlight the **role of operational support structures in maintaining these practices**. In the case of the borrower in Côte d'Ivoire, sustainability managers are embedded within cooperatives and provide ongoing training and technical assistance. Field agents, referred to as "brigadiers," assist with tasks such as tree planting and cocoa pruning. These services are currently offered free of charge to farmers and are highly valued.

At the same time, some producers reported a lack of sufficient equipment—such as protective boots—for implementing certain recommended agricultural practices.

In addition, farmers and cooperatives described the **input supply mechanisms** supporting ESG implementation. Sustainable inputs, such as bio-fertilizers, are made available through cooperatives but are not provided free of charge. Farmers typically access them on credit and repay after harvest. Although this model ensures availability and cost recovery—since cooperatives themselves do not receive the inputs for free—some producers noted that the **cost may limit full adoption of environmentally friendly practices**.

Beyond the project impact

<u>Finding 22: The Fund shows early signs of catalyzing replication and mainstreaming, though systemic market change remains limited at this stage.</u>

There are **early signs of influence** beyond the Fund's immediate scope.

One of the Fund's key innovations has been the **pioneering of pre-harvest working capital financing, enabled through partial first-loss guarantees**. The fact that this model is now being adopted by additional companies—primarily with support from private capital—illustrates the Fund's catalytic role. For example, a value chain partner initially approached by the FSF to provide a first-loss guarantee for a borrower later pursued a similar structure independently. This anecdote highlights the Fund's potential to raise awareness and stimulate replication of innovative financial approaches, even if indirectly.

Another area of influence relates to ESG reporting practices and financial structuring awareness. Several borrowers noted that FSF's **requirement to report on environmental indicators**—such as Scope 1, 2, and 3 greenhouse gas emissions—**encouraged them to improve their internal monitoring systems**. This not only supports FSF compliance but also enhances their ability to meet the expectations of other investors and regulatory frameworks, suggesting broader utility and potential mainstreaming of ESG reporting practices.

That said, given the Fund's limited capital base, short operational timeframe, its **contribution to systemic market change or broad replication remains emergent rather than transformative**. Most observed effects are currently confined to the borrower level, rather than translating into widespread shifts across the sector or financial markets.

Stakeholder engagement

<u>Finding 31: Stakeholder engagement under the FSF was generally satisfactory and aligned with the SEP, demonstrating consistent communication and collaboration with key actors despite resource limitations. However, some farmers reported a perception of limited participation during early phases of engagement.</u>

Clarmondial has played a **central role in engaging with borrowers, investors, and VCPs**. From data collected through consultations, typically, Clarmondial interacts with 5 to 7 potential investors each week. In the last quarter of 2024 alone, it engaged with 54 companies, including prospective borrowers and VCPs. Current fund investors receive quarterly financial reports and an annual impact report, alongside ad hoc updates as needed.

Borrowers are similarly engaged at least quarterly through call, in addition to on-site visits and electronic communication.

Engagement with other key stakeholders—such as national governments, multilateral and bilateral agencies, NGOs, local governments and communities, certification bodies, academia, and media—is conducted mainly via conferences and webinars aimed at exploring collaboration opportunities. For example, in the last quarter of 2024, Clarmondial engaged with organizations such as the GCF, Solidaridad, Access 21 Innovation, FAO, the World Bank Group, and the Indonesia Impact Alliance to name a few.

At the **field level**, **stakeholder engagement practices** implemented by borrowers have shown **some limitations,** based on insights gathered during the field visit. Although there is a structured awareness-raising phase prior to the implementation of sustainability programs, **some farmers** consulted during fieldwork expressed **feeling insufficiently involved in initial discussions**. In particular, there were reports of ESG requirements being introduced only after formal agreements had been signed. Field consultations also indicated that individual farmers—especially women—are not consistently consulted or directly involved in discussions on the strategic orientations. Communication typically flows between borrower representatives and cooperative leadership, with the expectation that information will be relayed to members. This indirect approach limits opportunities for farmers to share their perspectives, needs, or implementation challenges, which could otherwise inform and improve activities on the ground.

The level of engagement is satisfactory, especially considering **the limited funding available** for human resources, which constrains the Fund's ability to engage with a greater number of stakeholders.

C. Gender Equality

Gender

<u>Finding 28: Gender equality considerations were meaningfully integrated into project design, thanks to specific Clarmondial efforts, with clear quantitative targets. However, the approach remains largely numerical and may underestimate the structural and normative barriers women face in rural agricultural systems.</u>

In compliance with the CI-GEF's ESMF, a **GMP was developed during the PPG phase**. The GMP drew on consultations with both men and women across different stakeholders groups (government/public sector, local communities, NGOs, private sector, others) to identify gender-specific barriers to participation in rural agriculture. These findings were subsequently integrated into the ESG policy framework. According to the ProDoc, the Fund aims to generate tangible economic benefits for over 700,000 farmers in rural areas, with a commitment to reach at least 350,000 women. The GMP outlines how the Fund will strengthen women's involvement in agricultural value chains by facilitating access to credit for borrowers who actively promote women's participation, capacity-building, and employment opportunities.

In the results framework, **key outputs and outcomes with gender dimensions** were explicitly revised to be gender-sensitive. For example, Output 1.3.1. includes Indicator 1, which tracks the number of male and female farmers engaged in transactions with Fund-supported borrowers, with a target of 700,000 farmers—50% of whom are expected to be women. Likewise, Output 1.4.1. Indicator 2 targets a 20% increase in female employees over a three-year period, or a comparable numeric increase aligned with gender parity objectives. Indicator 3 under the same output tracks increases in women's participation in training activities, aiming for a 10% annual increase or progress toward parity.

These indicators reflect a **strong intent to integrate gender equality into results measurement**. However, while aiming for a **50% gender balance in transactions** appears aligned with labour force distribution (e.g., women make up nearly 50% of the agricultural workforce in sub-Saharan Africa[1][1]), it is important to note that women face structural constraints—limited access to productive resources like land, water, quality inputs, and finance. The 2024 FAO study on gender gap in agricultural labour productivity[2][2] estimates an **average gender productivity gap of 35% in favour of male-managed plots**, largely due to these disparities. Additionally, **social and cultural norms** in some project countries (e.g., Burkina Faso) may present further **challenges** to women's full participation.

It is also worth noting that while the results framework includes quantitative gender indicators related to participation and employment, it **does not include qualitative gender indicators**. As a result, aspects such as changes in gender norms, perceptions of empowerment, and women's influence in household or community decision-making are not directly captured. This **limits the ability to assess the depth and transformative nature** of gender-related outcomes beyond numerical participation.

The ProDoc also emphasizes **gender-responsive monitoring**. Women's engagement—as both farmers and employees—is tracked annually over the life of the project. Borrowers are expected to show clear progress on gender outcomes through the development or enhancement of gender action plans and ESG performance indicators. These metrics are incorporated into the broader project monitoring system and form part of loan evaluation processes. Moreover, this gender-disaggregated monitoring helps to address an important data gap: the scarcity of reliable and consistent gender-disaggregated data in agriculture, particularly in emerging economies.

Finding 29: Gender equality was integrated into the implementation phase of the project, and improvements were made over the four years of implementation. However, the effectiveness of execution varied, with progress constrained by different social and cultural norms in borrower countries.

The GMP was operationalized through key implementation mechanisms, notably by **requiring borrowers to commit to gender outcomes** via gender action plans and ESG performance indicators, which were embedded in loan agreements. Over time, some positive trends emerged in employment and leadership opportunities for women within borrower organizations. However, **gender outcomes varied** across areas of implementation and were **influenced by contextual challenges**.

Quantitative data illustrate the **following trends**:

- Engagement with women farmers remained below the Fund's target of 50%. The percentage of transactions involving women farmers fluctuated: 24% in 2021, dropping to 14% in 2022 and 2023, and slightly rising to 16% in 2024.
- Women's employment as a share of total employees improved significantly from 2021 to 2023, rising from 35.15% to 53.28%. However, this declined to 49.12% in 2024.
- Women in management also increased in absolute terms—from 21 in 2021 to 57 in 2024. When adjusted for the number of borrowers, the ratio of women managers per borrower rose from 5.25 in 2021 to 8 in 2023, before falling to 6.33 in 2024.

The **observed decline in some gender indicators in 2024** can be partly **attributed to the inclusion of new borrowers** from countries with more entrenched gender norms. For example, while women in Burkina Faso are active in smallholder farming, they may not be officially reported as farmers due to household structures that register men as primary producers. Burkina Faso was added to the portfolio in 2023, illustrating how expansion into new geographies can affect gender metrics.

To address these contextual challenges and improve gender-sensitive implementation, Clarmondial introduced a **Reach-Benefit-Empower (RBE) framework in 2024.** This framework requires that each investment proposal detail how women are reached, benefit, or are empowered through the transaction. It aims to provide qualitative insights to complement quantitative data and inform borrower engagement and the need for TA design.

Finding 30: The FSF has made promising progress in enhancing women's leadership and participation, particularly through borrower-led initiatives. However, although Clarmondial proactively identified technical assistance grant funding, its overall impact on transforming negative gender norms remains limited for now.

Evidence from borrower practices, stakeholder interviews, and strategic documentation points to a growing commitment to gender inclusion across the portfolio. Still, the **extent and depth of this transformation vary** considerably depending on the **borrower's capacity**, the **sector of intervention**, and the **cultural context** in which activities are implemented.

Several borrowers have made tangible efforts to support women's leadership and empowerment. For instance, in Uganda, one borrower established a structure of village associations composed of small household groups to serve as the foundation for their gender programme. Activities aimed at improving intra-household collaboration, such as encouraging spouses to jointly plan agricultural activities and make financial decisions together were organized. In Burkina Faso, another borrower delivered targeted leadership training to women, helping to build their confidence and decision-making capacity.

During the field visit in Côte d'Ivoire, women reported feeling more confident in contributing to discussions within their cooperatives, particularly after participating in capacity-building sessions. Although their participation in decision-making bodies within cooperatives and their representation in leadership roles remains limited. Cooperative leaders also confirmed that the governance bodies are predominantly male, reflecting broader social norms and barriers that hinder women's access to decision-making roles in rural communities.

While these initiatives represent **important steps forward**, they **remain relatively isolated** within the project and are **not yet indicative of a consistent, portfolio-wide shift**. One of the **structural limitations, in addition to the fact that the fund provides working capital and not technical assistance grants, is the FSF's indirect implementation mo**del: because the Fund operates through intermediaries, it is often **two or more steps removed from the final beneficiaries**. This distance makes it difficult for the FSF to directly influence household or community-level gender norms, and **limits its ability** to monitor and **support norm transformation** in practice.

To strengthen gender outcomes and clarify expectations, the FSF introduced the REB framework in 2024 that will be part of the investment proposals. This framework aims to assess the extent to which borrowers are willing to commit to advancing it through their investments.

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[1] World Bank. (2021). *Women, Agriculture, and Work in Africa.* https://www.worldbank.org/en/programs/africa-myths-and-facts/publication/women-agriculture-and-work-in-africa
[2] FAO. (2024). *Gender gap in agricultural labour productivity: A cross-country comparison.* https://openknowledge.fao.org/items/37340e1f-902b-4013-9f48-9e64461cbc2f

D. Knowledge Management

Knowledge management

<u>Finding 13: Clarmondial has effectively implemented its knowledge management plan within the constraints imposed by strict regulatory environments.</u>

According to the ProDoc, knowledge management activities for the Fund primarily involve **sharing information via the Fund's website**, while strictly adhering to legal and regulatory restrictions. These restrictions prohibit public discussion of the Fund's investment strategy and performance, as such communication could be interpreted as marketing to non-qualified investors—an activity that is illegal in jurisdictions including Switzerland, Luxembourg, and the USA. In addition to website updates, knowledge sharing takes place through **participation in conferences and other events**. The Fund also maintains communication channels for **grievance reporting**, which is addressed separately in this report.

Overall, the knowledge management plan has been **implemented as intended**, and the majority of respondents have highlighted Clarmondial's active presence at relevant industry events.

Due to stringent regulatory constraints, Clarmondial exercises great caution in what information about the Fund is publicly shared, including on social media and during external events. Nevertheless, as noted in the 2024 PIR, Clarmondial consistently posts compliant updates on its website. These updates cover objective milestones such as the publication of the annual impact report, new loan disbursements in countries like Peru, and technical assistance activities in Burkina Faso. Beyond website communication, Clarmondial also engages in other knowledge management practices, such as sharing market insights on the cocoa sector and participating in webinars and dialogues with key stakeholders like OP2B and the World Business Council for Sustainable Development (WBCSD). Between July 2023 and July 2024, Clarmondial actively contributed to over ten relevant events—both in-person and virtual—including major global forums like the World Economic Forum, Global Impact Investing Network, UNFCCC COP in Dubai, New York Climate Week, and London Climate Week, as well as regional and sector-specific meetings such as the UNDP Sahel Meeting and the Swiss Cocoa Association. Additionally, Clarmondial provided input for a Fund summary prepared by the Climate Policy Initiative, which was presented at the G20 meeting in Brazil in July 2024.

There have been no communications, or publications on results and impacts to publicly showcase what progress has been by CI about the Fund to date.

III. Core Indicators

Indicator 3 Area of land and ecosystems under restoration

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
100000	183655	150962	

Indicator 3.1 Area of degraded agricultural lands under restoration

Disaggregation Type	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
Cropland	100,000.00	183,655.00	150,962.00	

Indicator 3.2 Area of forest and forest land under restoration

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 3.3 Area of natural grass and woodland under restoration

Disaggregation Type	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 3.4 Area of wetlands (including estuaries, mangroves) under restoration

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 4 Area of landscapes under improved practices (hectares; excluding protected areas)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
2000000	2039500	377680	

Indicator 4.1 Area of landscapes under improved management to benefit biodiversity (hectares, qualitative assessment, non-certified)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 4.2 Area of landscapes under third-party certification incorporating biodiversity considerations

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Type/Name of Third Party Certification

Indicator 4.3 Area of landscapes under sustainable land management in production systems

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
2,000,000.00	2,039,500.00	377,680.00	

Indicator 4.4 Area of High Conservation Value or other forest loss avoided

Disaggregation Type	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 4.5 Terrestrial OECMs supported

Name of the OECMs	WDPA-ID	Total Ha (Expected at PIF)	Total Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)

Documents (Document(s) that justifies the HCVF)

Title

Indicator 6 Greenhouse Gas Emissions Mitigated

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO_2e (direct)	1000000	6584626	215939	
Expected metric tons of CO_2e (indirect)				

Indicator 6.1 Carbon Sequestered or Emissions Avoided in the AFOLU (Agriculture, Forestry and Other Land Use) sector

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO_2e (direct)	1,000,000	6,584,626	215,939	
Expected metric tons of CO_2e (indirect)				
Anticipated start year of accounting	2020	2021	2021	
Duration of accounting	8	20	20	

Indicator 6.2 Emissions Avoided Outside AFOLU (Agriculture, Forestry and Other Land Use) Sector

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO_2e (direct)				
Expected metric tons of CO_2e (indirect)				
Anticipated start year of accounting				
Duration of accounting				

Indicator 6.3 Energy Saved (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Total Target Benefit	Energy (MJ) (At PIF)	Energy (MJ) (At CEO Endorsement)	Energy (MJ) (Achieved at MTR)	Energy (MJ) (Achieved at TE)
Target Energy Saved (MJ)				

Indicator 6.4 Increase in Installed Renewable Energy Capacity per Technology (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Technology	Capacity (MW) (Expected at PIF)	Capacity (MW) (Expected at CEO Endorsement)	Capacity (MW) (Achieved at MTR)	Capacity (MW) (Achieved at TE)

Indicator 11 People benefiting from GEF-financed investments

	Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)
Female	350,000	350,000	16,545	
Male	350,000	350,000	81,315	
Total	**700,000**	**700,000**	97,860	**0**

IV: Co Financing

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Anticipated at CEO($)	Materialized at MTR($)
Donor Agency	USAID + DFC	Guarantee	Investment mobilized	37,500,000.00	37,500,000.00
Other	Private and public sector investors	Other	Investment mobilized	728,750,000.00	9,300,000.00
Private Sector	Private Sector investors (subscribed prior to CEO endorsment)	Other	Investment mobilized	7,000,000.00	7,000,000.00
Total Co-financing				**773,250,000.00**	**53,800,000.00**

Comments

Finding 11: Despite strong efforts, fundraising progress at midterm remains limited, constraining overall capital growth and slowing progress on impact indicators (GEF core indicators). As of June 2025, a total of USD 53,800,000 USD in co-financing had been materialized against a target of 773,250,000￼. To date, the Fund has achieved 6.96% of its co-financing target. This limited capital base has directly affected performance on key indicators, particularly the volume of funding deployed to borrowers, the number of borrowers and the GEF Core Indicators, which are inherently tied to the scale of investments made. As these GEF indicators measure impact outcomes (e.g. hectares under sustainable management, GHG reductions), the limited capital deployment has meant that progress toward these outcomes has also lagged. The majority of respondents largely agreed that Clarmondial's fundraising efforts have been proactive. The team has actively engaged their networks, participated in high-level forums, and built relationships with prospective investors. However, they operate within a particularly challenging segment of the market: impact investing in agriculture-focused debt instruments. Many respondents emphasized the need for patience, expressing confidence in the Fund's long-term growth trajectory. A few respondents have put forward the opinion that although Clarmondial's lean team increases its efficiency, it also affects negatively the members' capacity to reach-out for fund raising. Note that at least two existing investors, a German reinsurance company and a Swiss endowment, have indicated interest to increase their investment in the Fund, subject to growth in Fund size. These private investors are restricted from holding more than a certain percentage of the Fund. The most recent investor that subscribed, a large Nordic family office, also indicated an interest to invest more capital over time. Finding 12: Clarmondial has developed a comprehensive Fundraising Plan that reflects its understanding of the challenges in capital raising and its proactive efforts to address these. While Clarmondial has an extensive investment pipeline in cocoa and coffee landscapes, the FSF faces diversification limits that require maintaining a balanced allocation across sectors and commodities, which prevents fully addressing these opportunities. To overcome this, Clarmondial is in the process of developing a dedicated sub-fund, the Accountable Cocoa and Coffee Tranche (ACCT), focused on these commodities. The ACCT has been proposed and is of particular interest to the Green Climate Fund (GCF). Clarmondial is in negotiations with the GCF so that it could provide a substantial investment of USD 50 million alongside USD 5 million in technical assistance grants. The ACCT also presents an opportunity for engagement with DFC, which cannot invest in the FSF's main share class due to regulatory constraints but may be able to participate in the ACCT if it reaches sufficient scale. Over the next 6–12 months, Clarmondial will continue prioritizing engagement with the GCF, DFC and other DFIs capable of committing larger amounts, and strategic corporates with supply chain interests aligned with the FSF. Simultaneously, Clarmondial will continue outreaching to institutional investors such as insurance companies and private banks that require a minimum fund size between USD 50–100 million. Additionally, family offices, endowments, and private foundations will be kept informed of progress to attract investment when appropriate. Specifically regarding the GCF opportunity, the remaining steps include finalizing the funding proposal package, securing GCF Board approval, and subsequently completing the necessary documentation (e.g., updating the FSF prospectus) and contracting. The first disbursement could take place in June or July 2026.

V: ENVIRONMENTAL AND SOCIAL SAFEGUARDS

Overall Project/Program Risk Classification

PIF	CEO Endorsement/Approval	MTR	TE
	Low	Low	

Measures to address identified risks and impacts

Project Dimension	Rating	Justification
Env	S	Alt

ironmental and Social Safeguards		hough there are some weaknesses in areas such as AGM, the o

		verall environmental and social safeguards reflect a Srat

		ing.
Environmental and Social Safeguards/Gender	S	Gender equality was integrated into the design with c

		l e a r q u a n t i t a t i v e t a r g e t s , b u t t h e a p p r o a c h r e m a i n s l a r	

		gely numerical and does not fully address the structural b	

		arriers women face. This limits the ability to assess the de	

		pth of gender-related outcomes beyond mere participati

		on.
Environmental and Social Safeguards/Stakeholdere	S	Stakeholder engagement was generally effective, wit

ngagement		h consistent communication and collaboration with key ac

		tors.
Environmental and Social Safeguards/Accountabi	MS	The Fund's AGM is operational but its effectivenes

lity and Grievance Mechanism		sis limited by low awareness among stakeholders, particu

		larlyfarmers.
EnvironmentalandSocialSafeguards/Ot	S	ClarmondialhasimplementedE&Ssafegua

hers (Flow-down)		rds through its ESG Policy, due diligence, strong monitori

		ng, and more recently the introduction of a revised scree

		ningform, anESSAssessmentandsafeguardsdiscussions	

		(notably grievances) into quarterly calls with borrower	

		s (following the 2024 audit), thereby ensuring compliance w	

		ith the ESS9 GEF criterion. The only remaining gap is the ei	

		nclusionofaspecificreferencetochildlaborintheESGPo	

		li c y .

Note about the rating: Highly satisfactory (HS), Satisfactory (S), Moderately satisfactory (MS), Moderately unsatisfactory (MU), Unsatisfactory (U), Highly unsatisfactory (HU), Unable to assess (UA)

Accountability and grievance mechanism

Finding 32: Clarmondial has established and integrated an accountability and grievance mechanism (AGM) within the Fund's investment framework. While the mechanism is operational and incorporates good practices, its accessibility and effectiveness remain limited in practice.

Clarmondial has **implemented an AGM** designed to address potential conflicts arising from the Fund's investments. This mechanism, **embedded in loan agreements** between the Fund and its borrowers, enables Clarmondial to identify, investigate, and respond to grievances from various stakeholders, including borrowers' employees, farmers, and local communities. The mechanism covers issues such as business practices, use of funds, and interactions between farmers and borrowers, including financial and non-financial concerns like discrimination or non-payment. It also includes a requirement that borrowers maintain AGM information including contact information at relevant sites, notably sites where smallholder farmers produce is delivered.

Clarmondial actively **verifies the borrowers' E&E processes prior to investment, during desktop and on-site due diligende** and this informs Clarmondial's assessment of a borrower's E&S risk rating and thus suitability for investment. This assessments includeds borrowers' ability to maintain appropriate grievance-related practices, such as awareness-raising with posters and stakeholder consultations. Clarmondial also monitors this regularly, including through quarterly assessments of the borrower, including on budget distribution and grievances. After the loan is repaid, after ca. 9-12 months, the information is updated and informs loan renewal.

Despite this comprehensive setup, **no qualifying grievances** have been officially recorded or escalated to Clarmondial to date. Three messages were received by Clarmondial and shared with CI. Upon reviewing them, Clarmondial confirmed with CI that these were deemed ineligible since they were unrelated to the Fund's operations.

During both the **audit and evaluation field visits**, a majority of **farmers were unaware** of the Fund's formal AGM. In practice, they tend to report issues through established local channels. Concerns arising at the start or during the season are typically raised with lead farmers or through cooperatives, who then escalate them to the Fund's borrower.

According to Clarmondial and DDA International Consulting—the firm that conducted the audit—this preference for using the borrower's grievance process reflects common local practices. The structure relies on local leadership to ensure concerns are communicated and addressed through familiar and accessible pathways. While this system appears to function adequately at the field level, the findings from the audit and evaluation visits nonetheless point to a persistent gap in awareness of the Fund-level AGM among farmers.

Clarmondial noted that no additional measures have been taken after the 2024 audit to raise farmer awareness about the Fund's AGM. As the Fund finances intermediaries who transact with farmers, Clarmondial considers it more relevant that the borrowers' own grievance mechanisms and AGMs function effectively. Given the nature of agricultural supply chains—where farmers are geographically dispersed, may not regularly visit collection points or facilities, and may not work with the borrower every season—it is unclear how awareness of the Fund-level AGM could be meaningfully improved. As such, the emphasis remains on ensuring borrower-level mechanisms are accessible and responsive.

Others

Finding 33: The effective flow-down and implementation of E&S safeguards at the borrower level were improved following the 2024 audit, in order to better align with CI-GEF requirements.

At the launch of the Fund, Clarmondial developed an **ESG Policy to align with the CI-GEF ESMF**. The policy included an exclusion list, ESG performance indicators, and references to the GEF Minimum Standards. In **2022**, the **ESG Policy was revised** to incorporate new requirements under the EU SFDR and to update Annex I on impact metrics and assessment factors. This update was prompted by Clarmondial's observation that borrowers had limited capacity to independently estimate GHG emissions using standard emissions factors. While Clarmondial had been training borrowers on these calculations, it ultimately opted to collect activity-level data directly and apply the emissions factors itself. A **further revision** of the ESG Policy was completed in **2025**, based directly on recommendations from the 2024 ESG audit.

The 2024 audit confirmed that at investment origination, investment specialists **conduct E&S due diligence** through interviews, site visits, and document reviews. This informs the loan selection, monitoring and eventually renewal, noting that each loan has a typical term of 9-12 months before it is renewed. Due diligence including on E&S occurs before each disbursement including renewals. Borrowers **must confirm alignment with the exclusion list**, and the investment proposal includes **an overview of their ESG capacity**.

However, the audit identified that the **FSF's Environmental and Social Management System did not fully meet CI-GEF's ESS9 requirements** for financial intermediaries. The following **shortcomings** were highlighted, and **Clarmondial's responses** are noted in parallel:

1. **Child labor risks** were not explicitly included in the exclusion list, as requested by CI_GEF in 2023[1][3], but Clarmondial confirmed that they **would add text on child labor specifically in the next revision** of the ESG Policy. This update will be bundled with future policy revisions to avoid requesting multiple approvals from the board.

2. **Monitoring** lacked formal systems: While monitoring during the loan cycle was mainly carried out through **quarterly calls and review of key materials**, including budgets, quarterly performance, and grievances, there was **no formal system or standardized template** for reporting such issues borrowers although borrowers were **contractually required to notify the Fund of significant E&S events during the loan cycle**. There was no Environmental and Social Management Plans (ESMPs) required from any borrowers, and site-specific mitigation measures identified during due diligence were not integrated into loan agreements or ongoing monitoring. In this context, one recommendation of the audit was that Clarmondial implement **E&S issues (notably grievances) as a standing agenda item** on the quarterly monitoring calls, and Clarmondial has implemented this.

3. **There was no assignment** of E&S risk categories to investments. Now, **a completed ESS Assessment and deal risk assessment** is systematically attached to each investment proposal.

4. It was noted that the Fund's short-term financing model—typically based on one-year cycles—may contribute to**borrowers perceiving the relationship as temporary** and therefore **less conducive to implementing operational changes for safeguard compliance**. Similarly, investment specialists were observed to show hesitation in pushing for comprehensive safeguards measures during initial loan cycles. While the financing model remains (as part of the Fund's design), Clarmondial clarified that **the E&S approach is assessed at the start of each loan**, and if a borrower is found to lack adequate E&S processes, Clarmondial simply does not recommend proceeding with the loan.

5. **The internal expertise on E&S Safeguards** could be expanded. Clarmondial has strengthened its internal capacity through the recruitment of a staff member with expertise in E&S safeguards. Additionally, in 2024, all investment officers received targeted training on E&S safeguards and participated in CI-GEF's ESS training.

6. **Borrower-facing safeguard resources and tools** could be developed. While Clarmondial acknowledges the importance of building borrower capacity on safeguard issues, the development of tools and training resources has been deferred due to limited internal resources. Clarmondial has indicated that this component could be revisited once a TA facility becomes available, and on an as-needed basis

While these recent changes have not yet led to a measurable change in how E&S requirements are implemented by borrowers, they have helped **strengthen Clarmondial's internal tracking of E&S risks**—for instance, through formalized tracking of grievances during quarterly monitoring calls**.** The audit also noted that similar funds often rely on TA to bridge safeguard compliance gaps while maintaining flexible, short-term finance.

Notably, some **borrower-led practices** demonstrate **stronger E&S implementation**. In Côte d'Ivoire, for instance, the borrower has taken concrete steps to support environmental and social sustainability at the farmer and cooperative levels. A sustainability officer has been assigned full-time to work directly with cooperatives and farmers, overseeing training and monitoring activities. In addition, the borrower has deployed field technicians to assist with on-the-ground follow-up and recruited "brigadiers" (lead farmers) from among the farmers to carry out tasks such as cocoa tree pruning and other agronomic activities. All these services are provided to cooperatives and farmers free of charge.

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[1] In 2023, a **risk screening checklist** was introduced following a CI-GEF supervision mission. This has been implemented since the request. CI-GEF also requested that child labor was included specifically in the ESG Policy and risk screening checklist, noting that Clarmondial already considered this point as it was captured under the Fund ESG Policy's existing reference to the IFC performance standards.

VI. ANNEX

Uploaded Document

Document Category	Title
M and E Document	20250905_FSF_10322_MTR Report_Baastel