



# IKI Brown Bag Lunch

Scaling Deforestation - free Cocoa and Coffee  
through an Innovative Financing Approach

IKI Office

Online, 20.02.2024

# Welcome

IKI Brown Bag Lunch: Scaling Deforestation - free Cocoa and Coffee through an Innovative Financing Approach

- Netiquette:
  - Please log in with full name + name of organisation
  - Please switch off all microphones
  - Q & A icon for content-related questions
  - Chat icon for technical questions
- Seminar schedule







**REGENERATION**  
POWERED BY PALLADIUM & SYSTEMIQ

# The Rebuild Facility

Scaling deforestation-free cocoa and coffee through an innovative financing approach

February 20, 2024

Supported by:



based on a decision of the German Bundestag



# Presentation Outline

---



**Shasi Wagle**  
*Team Leader*  
*Rebuild Facility*




**Nana Yaa Agyepong**  
*Snr. Associate –*  
*Communications and*  
*External Relations*  
*Rebuild Facility*

-  **About the Rebuild Facility**
-  **Returnable Grant Operating Model**
-  **Risk Mitigation and Safeguarding**
-  **Results and Impact**
-  **Case Stories**
-  **Lessons Learned from Project Implementation**
-  **Top up and Growth Opportunities**
-  **Q & A**

# What is the Rebuild Facility?

 **10M Euro programme with 8M Euro returnable grant fund** providing interest-free working capital financing to market access players (MAPs) to purchase specialty coffee and cocoa from producers.

 **Launched in late 2020** with funding from the German Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV) Rebuild Facility has successfully implemented **20 projects**.

## Targeted Impacts:

1

Protect smallholder livelihoods

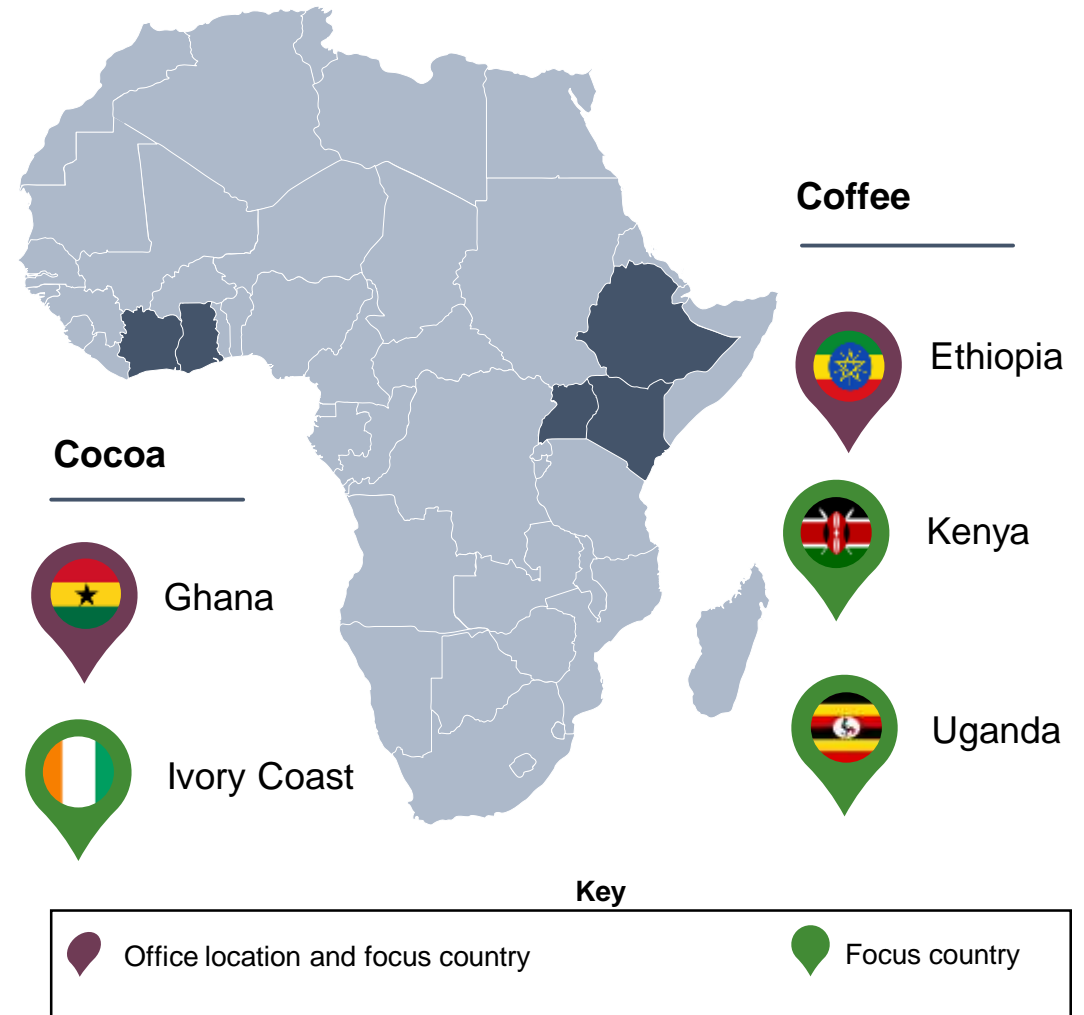
2

Conserve tropical forests

3

Strengthen the private sector

## Programme countries and commodities



# Rebuild Facility operates within Regeneration, enabling sustainable commodities financing across the tropical belt.

*Regeneration is a platform created by SYSTEMIQ and Palladium International.*



**REGENERATION**  
POWERED BY PALLADIUM & SYSTEMIQ



Provides **interest-free working capital and technical assistance** to market access players to secure market and incomes for producers of **specialty coffee and cocoa**.



Provides **technical assistance and investment for regenerative businesses** in the land use sector to address **climate change, benefit people and protect biodiversity**.



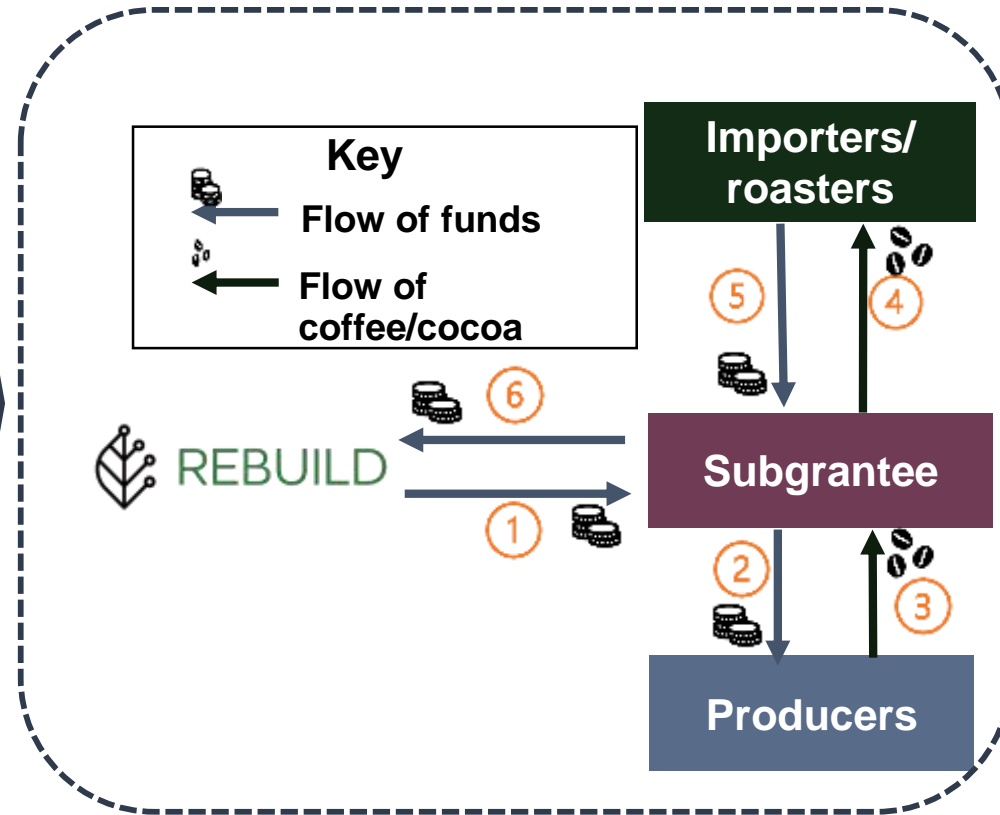
Supports **small and medium-sized local African companies** involved in land restoration activities towards **restoring 100million hectares of land by 2030**.



Scaling up action towards **integrating landscape restoration and sustainable value chain creation, since Sept 2023**.

# Operating Model – returnable grant deployment

- ① Funds disbursed
- ② Funds used to purchase specialty coffee/cocoa
- ③ Coffee/cocoa is supplied to Subgrantee
- ④ Coffee/cocoa sold to importers/roasters
- ⑤ Upstream actors pay subgrantee
- ⑥ Rebuild funds repaid



- Rebuild funding covers the working capital needs and is repayable.
- The processes are designed to cover wide range of markets and financing products.
- Process tested and validated with all types of MAPs.

Rebuild Facility Financing Criteria	
Env. Impact	Creditworthiness
Livelihood Impact	Safeguarding
Economic Impact	Scalability
Additionality & VfM	Social Inclusion
Past Performance	Feasibility & Leadership
COVID-19 Impact	

# Assessing and Mitigating Safeguarding Risks

---

## 1. Applicants' capacity and willingness to meet compliance standards.

- Applicants should demonstrate commitment to child protection and safeguarding measures.
- MAPs with allegations of severe breaches and no control and remediation plan excluded.
- MAPs in Ghana and Cote d'Ivoire should be associated with International Cocoa Initiative.

## 2. IFC Performance Standards and BMUV Safeguarding guidelines.

- Safeguarding policies and procedures are assessed as part of the DDA; MAPs lacking such mechanisms are supported to develop or improve.
- Potential risks identified and mitigation measures put in place and agreed on with Subgrantees.
- Grant Agreement clauses on safeguarding are passed on to Subgrantees, as part of the Subgrant Agreement.

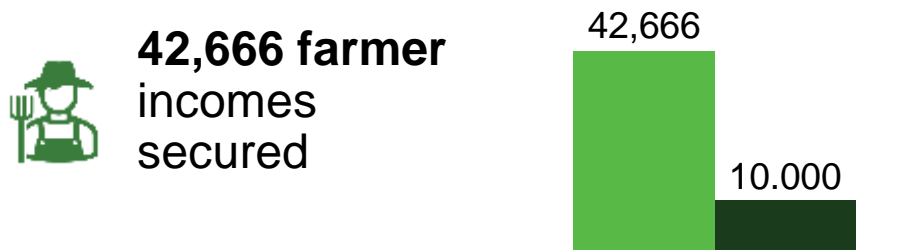
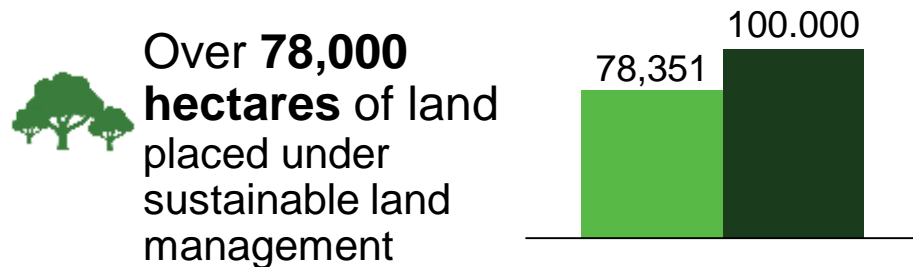
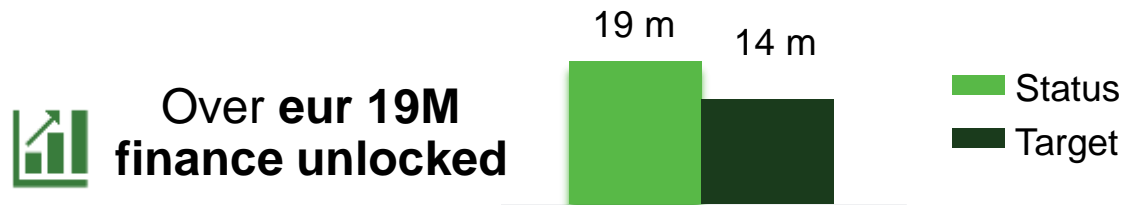
## 3. Regular Monitoring and Checks to ensure compliance.

- IKI Whistleblowing process communicated to employees of subgrantees.
- Risk mitigation actions are checked on regular basis.
- Spot checks (Off-site, on-site, and surprise) are conducted.
- Subgrantees are constantly sensitized on safeguarding requirements during the implementation phase.
- Subgrantees are required to report safeguarding breaches as per BMUV requirements.



# Results and Impact delivered to date\*

## Results delivered by completed projects



## Grantee achievements



Attracted new farmers to SLM practices.

Attracted other financiers post Rebuild-DD and financing.



Avoided deforestation across various landscapes.

Restored and reforested land in vulnerable landscapes.



Supported diversification of income of farmers.

Internal capacity-building across various subgrantees.

\* As of 15 February 2024

# Impact stories: Agri Evolve (Uganda)

---

## Context and challenge:

- Social enterprise Agri Evolve works with 15,000 farmers in the Rwenzori area to promote the improved quality and production of premium and specialty Arabica Coffee under agroforestry.
- Rwenzori is the highest and permanent source of the Nile. But land degradation due to deforestation and soil exploitation threatens biodiversity and has caused reduced yields and a disruption to farmer livelihoods.

## Round 1 funding:

- Offtake of certified coffee from **7,544** Rainforest Alliance-certified **coffee farmers** (4384 male, 3069 female).
- **2,543 hectares** of land placed under agroforestry, and 100,000 trees planted.

## Additional impact:

- The returnable grant enabled Agri Evolve to secure 2,000,000 EUR from other financing facilities.
- Agri Evolve was able to expand its business operation to 85 full time employees because of the financing.

**Round 2 funding**<sup>1</sup>: Ongoing, projected impact: **12,500 hectares, 5,000 more livelihoods.**

<sup>1</sup> Smaller companies are progressed to higher grant tickets following successful completion of Round 1, once they develop institutional capacity to manage larger funding.



# Impact stories: Adom Cocoa (Ghana)

---

## Context and challenge:

- Farmer-owned licensed cocoa buying company Adom Cocoa aims to increase farmer incomes and their share of the final cocoa price, through a profit-sharing model.
- Adom Cocoa farmers are Fairtrade-certified and adopt agroforestry in a landscape threatened by deforestation.

## Round 1 funding:

- **398 metric tonnes** of Fairtrade certified cocoa beans from the Asunafo Cooperative Cocoa Farmers and Marketing Union.
- New Sustainable Land Management strategy and helped **restore 200 Ha of the degraded forest**.
- Improving **1,948 farmers' livelihoods**; and
- **50,000 trees planted** to promote agroforestry on **6,159 hectares** of farmlands.

## Additional impact:

- Improved investor-readiness due to due diligence process helped Adom Cocoa access EUR 500,000 financing from Didwa.
- Due to credit history provided by Rebuild Facility's funding, Adom Cocoa has been considered for Ghana COCOBOD funding of EUR 1.2 million.

**Round 2 funding:** Ongoing, projected impact: **6,704 hectares, 2,148 more livelihoods.**



# Key learnings and Rebuild Facility responses

---

## Key Lessons

- Rebuild's returnable grants model has been instrumental to Tier 3 MAPs build business model and capacity to access higher funding tickets in the future. The due diligence and risk management process is tedious, but it has the biggest payout subgrantee after Rebuild exit.
- Closely tracking of commodity movements and funding use helps minimise the potential non-repayment events.
- Medium/ long term financing solutions help in streamlining SLM practices, whereas one-time/short term financing helps to introduce SLM practices
- Tier 3 MAPs also need additional support in business strategy, market linkage, institutional governance, and technical assistance
- Subgrantees with high impact potential but show signs of internal capacity concerns must be started with smaller funding amounts, additional due diligence checks, and offtaker agreements where possible.

## Application/ Action

- Actively seek for new funding-concessional and or blended finance
- Continue building practical covenants to increase the attractiveness for new funders/financers
- Consider subsequent round of funding with successful MAPs and help them secure external finance beyond Rebuild funding.
- Launch Rebuild TA and connect MAPs with other TA programmes under Regeneration such as AFR-100.



# Pursuing top up/ growth opportunities for the Rebuild Facility

---

## Rebuild top-up

Pursuing and securing additional funding to complement our existing scope. In most cases, this will mean:

- **Supply chains:** cocoa and coffee
- **Geographies:** Ghana, CDI, Ethiopia, Kenya and Uganda (individually or combined)
- **Investees:** MAPs (tier 2 & 3)
- **Types of capital and structure:** WC loans and/ or TA grants

## What we have done so far

- Created **standard pitch deck**
- Created **long-list** of potential funders
- Defined that we will do both **proactive outreach and respond to calls for applications**

## Next steps

1. Proactive outreach:
  - **Prioritise opportunities** based on A) purpose alignment and B) alignment of investment history with our scope.
  - Map out **strong connections/ sponsors.**
  - Plan **and kick-off outreaches.**
  - **Train team** for opportunistic engagement for funding.
2. Responding to calls for applications:
  - Identify initial **high-potential opportunities.**
  - **Engage** to learn and develop relationship (ideally through sponsors).
  - **Start applying** to better understand success factors.

# Discussion session

---





REGENERATION  
ACCELERATING NATURAL SOLUTIONS

# Thank You

For more on the Rebuild Facility, please visit [www.regeneration.io](http://www.regeneration.io)

# THANK YOU FOR YOUR ATTENTION



[international-climate-initiative.com](https://international-climate-initiative.com)



[@iki\\_germany](https://twitter.com/iki_germany)



[iki-office@z-u-g.org](mailto:iki-office@z-u-g.org)