

Livelihoods Ecosystem Advancement Programme

Introduction

The Fairtrade Foundation is seeking a Fund Manager to manage a USD 2 million finance facility to support access to finance for cocoa farmers in Cote D'Ivoire. The finance facility is a core workstream of a wider programme supporting 5,200 Ivorian cocoa farmers to reach a living income.

Programme Overview

Despite past industry efforts to improve cocoa farmer livelihoods in West Africa, the unfortunate reality is that smallholder farmer poverty has not been eradicated. Cocoa in the region is grown on small family farms with little access to electricity, clean water, reliable roads or quality schools. These challenges are compounded by the negative effects of climate change and persistent market failures. The lack of connection to formal financial systems, chronic underinvestment in farms and productive trees, underdeveloped co-operative management practices, unsustainable prices and lack of alternative income sources to offset market volatility have also hampered progress. Fairtrade is trying to address these issues, improve farmers' incomes and support them to invest in and grow their businesses.

Fairtrade, ECOOKIM (a union of cocoa, coffee and cashew farmer groups across Côte d'Ivoire) and Mars have co-created the LEAP programme, a five-year initiative launched in September 2022. Our ambition is to support more than 70 percent of participating 5,200 farmers to achieve a living income by 2030. We intend to use findings of the programme to develop a blueprint for scaling innovations across the Mars supply chain and on to the wider cocoa sector.

Together, we are working across three priority areas:

1. Strengthening co-operatives to be more efficient and strategic with their resources, and support their members with a with a range of tailored services to help them to grow more cocoa and earn higher incomes.
2. Diversifying farmer incomes through piloting viable new products and services with farmers and co-operatives. This includes developing both cocoa-related projects and non cocoa-related projects, such as becoming an agricultural input provider, or moving up the value chain towards cocoa processing at the farmer level. These income-generation ideas include immediate opportunities and longer- term projects that mean both men and women can make money outside of cocoa farming.
3. Expanding access to financial services such as loans and mobile banking so that farmers can invest in their farms and futures. This will involve exploring a variety of new partnership arrangements and access to finance. This includes three-part financing solutions and the development of a \$2 million microfinance facility to help buy down the risk of investment for partners and demonstrate how formal financial institutions can invest in smallholder farmers.

Key to the programme approach is being farmer-centric. Farmers know best what works on their farms, and so the programme deliberately ensures that farmers are key decision-makers on the project design and approach. Bespoke solutions for farmers. LEAP aims to tailor interventions for

different farmer groups according to their resources, risk appetite and organisation of their business, as well as other aspects such as gender, climate and household members. A focus on learning. The programme is deliberately experimental and is designed to fail-fast and pivot when an approach is not working. It invests in high quality Monitoring, Evaluation and Learning data and an adaptive management approach.

The LEAP Facility

The LEAP facility is a versatile \$2 million facility with the aim of increasing access to finance for cocoa producers and cooperatives. The fund was designed with the following characteristics:

- it is addressing needs of the producers and their Cooperatives
- it supports producers in reaching a Living Income
- it is at least capital preserving
- it is scalable and can attract additional funding

The LEAP facility is composed of a number of complementary components:

1. Harvest financing
2. Advances for inputs
3. Advances social expenditures
4. Income diversification – short term seasonal loans
5. Income diversification – medium to long term loans

Leap Facility Governance



The recommended governance structure of the fund is represented in the chart above and it includes the following roles and responsibilities for the successful implementation of the fund:

- **LEAP Steering Committee:**

- Has strategic oversight of the LEAP facility
- Annual review and potential renewals are recommended

• **LEAP Project Management:**

- Assures coordination between LEAP Facility management and LEAP workstreams
- Publishes RFPs for financial service providers

• **LEAP Facility Investment Committee**

- Supervises LEAP Facility management team
- Makes strategic investment decisions
- Approves disbursements above a certain threshold
- Regular monthly meetings

• **LEAP Facility Management team**

- Conducts everyday management of LEAP Facility
- Reviews requests for financing and proposals from service providers to make recommendations to the LEAP Facility Investment Committee
- Conducts due diligence on Cooperatives and financial service providers
- Takes decisions and independent actions within defined thresholds, as approved by the LEAP Facility Investment Committee

• **LEAP Access to Finance Workstream Team**

- Supports Cooperatives, LEAP Income Diversification and LEAP Cooperative Strengthening workstreams to apply for financing related to their respective activities, including preparation of proposals for the LEAP Facility
- Manages all activities of the LEAP Access to Finance workstream which are not related to the LEAP Facility

• **Financial Service Providers:**

- Receive funding and guarantees from the LEAP Facility
- Provide liquidity to Cooperatives and Producers
- Submit separate request for proposals for each financing solution

• **Cooperatives:**

Request financing from LEAP Facility and financial service providers (with support from the Access to Finance workstream team)

- Receive liquidity from LEAP Facility and financial service providers
- Provide liquidity to Producers

• **Producers**

- Receive liquidity from Cooperatives and financial service providers

LEAP Facility Fund Manager

The Fund Manager will have a proven track record of successful implementation and management of impact investment or micro finance funds and would have the primary responsibility of successfully deploying and managing the fund.

Managing the Fund Management Committee and reporting to the LEAP investment committee and to the LEAP senior technical lead, responsibilities of the fund manager would include:

- Fund and operational management set up including legal and governance structures for deployment, with a design and set-up phase of 2 months
- Conducts everyday management of LEAP Facility
- Alongside the facility management team, reviews requests for financing and proposals from service providers to make recommendations to the LEAP Facility Investment Committee
- Conducts due diligence on Cooperatives and financial service providers and creates and manages an effective risk management tool for the fund
- Compiles quarterly financial and narrative reports on the fund and its performance.
- Alongside the LEAP facility management team, takes decisions and independent actions. within defined thresholds, as approved by the LEAP Facility Investment Committee.
- Alongside LEAP MEL team, set up and manage a database including data on: financial returns, trends, achievements and other useful key information for the programme.
- Manages the Facility Management Team.
- Is a member of and reports to, the LEAP Facility Investment Committee.
- Sets up the fund for deployment and manages its legal and governance matters including the development of grievance mechanisms for all the different fund components.
- Manages relationships with other programme and commercial partners in relation to the fund
- Manages the financial flow between the different components of the facility making sure the use of the funds is optimised and in line with LEAP's objectives
- Works hand in hand with senior management and workstream leads to ensure coordination with other LEAP's workstreams.

Requirements

- The firm needs to have proven track record of managing a fund or a challenge fund where ESG aspects are prioritised.
- At least 8 years of experience in a financial management position.
- Fluent in English and French at a professional level.
- Track record of successful fund management.
- Experience in managing micro credit in a rural agricultural setting.
- Able to operate in the LEAP and CDI context from a regulatory and legal perspective.
- Experience or understanding of the Ivorian cocoa value chain would be an advantage.
- Previous experience in Ivory Coast, collaborating with local partners and financial institutions.
- Experience in social investments or inclusive businesses investments would be an advantage.

The fund manager will be initially appointed for a period of two years, renewable upon performance and successful completion of the initial appointment. A design and set-up phase of 2 months is

encouraged, with first investments due to go out by May 2024, mindful of the cocoa season in October 2024.

The contract will be based on two phases of implementation:

1. Fund and operational management set up including legal and governance structures for deployment.
2. Fund deployment and management.

Application process

1. Expression of interest

An initial expression of interest of maximum two pages can be submitted to leap.procurement@fairtradeafrica.net outlining your organisation and your reasons for applying by 12/01/2024

2. Proposal

A full proposal should be submitted to leap.procurement@fairtradeafrica.net by the 19/01/2024 following the below structure

Recommended Proposal Structure:

We request applicants use the following structure to express their interest and outline their approach.

- 1) Overview (max 2 pages)
- 2) Relevant experience (max 5 pages)
- 3) Fund management approach (max 5 pages)
- 4) Team (provide CVs)
- 5) Typical running costs including management fees (max 5 pages)

If you have case studies of work that you have conducted and want to share as annexes this would be useful to help understand your approach and previous work.

Evaluation criteria:

<u>Description</u>	<u>Weighting</u>
<u>Organisational experience</u>	<u>15%</u>
<u>Team credentials</u>	<u>15%</u>
<u>Fund management approach</u>	<u>30%</u>
<u>Value for money</u>	<u>40%</u>

Deadlines for submissions

Initial expression of interest by 12/01/2023, but we encourage early application to ensure full information is shared well ahead of the proposal deadline.

Deadline for submission of proposals 19/01/2024



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Further information and documentation on the facility can be obtained on submission of expression of interest.

Expressions of Interest and Full Proposals should be emailed to leap.procurement@fairtradeafrica.net by the 19/01/2024