

COMMUNICATION ON ENGAGEMENT (COE)



PART 1

Period covered by this Communication on Engagement: July 2021 – June 2023

Subject: Statement of Continued Support

Date: 01 July 2023

Dear UN Global Compact stakeholders,

I hereby express the continued support of the organization, Stichting Cordaid in The Netherlands, for the UN Global Compact Initiative, and renew our commitment to the initiative and its principles in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this Communication of Engagement, we describe the actions that our organization has taken to support the UN Global Compact and its Principles as suggested for an organization like ours. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Yours sincerely,



For Cordaid
Ylse van der Schoot
Chief Operations Officer



PART II: Description of Actions

Corporate responsibility is core to Cordaid's business and manifests through our organisation's conduct of our work. Our core values guide us to limit the negative impacts of our interventions, to do no harm, and to respect human rights. For more detail, please see our [Corporate Responsibility Policy](#). Topics on Corporate Responsibility are covered in this report. These include social topics such as human rights, labour, environment and integrity.

A. Sustainable Livelihoods

Cordaid improves sustainable livelihoods, plus food and nutrition security by strengthening food systems. A part of that is the support to smallholder farmers to produce sufficient and nutritious food. In fragile contexts we invest in inclusive economic growth, by supporting small and medium enterprises to grow and create employment opportunities. We increase the technical and business capacities of young men and women, displaced persons and refugees. This is to improve their employability and increase the sustainable success of their businesses. Furthermore, we contribute to more profitable and inclusive (agricultural) value chains. Together with private sector partners and financial service providers we support small producers and entrepreneurs in accessing finance and markets, and, thus, increasing their income. Led by the **UN Guiding Principles on Business and Human Rights** and other treaties and standards, Cordaid supports companies and their suppliers to become responsible corporate actors by ensuring decent work, living wages and environmental protection. We also hold governments to account for their role in the field of responsible business, be it legislation, policy development or other stimulating measures.

Strengthening African Rural Smallholders

In sub-Saharan Africa, smallholder farmers are the backbone in the fight against hunger and poverty. Yet, market systems work against them and push them into poverty. Strengthening African Rural Smallholders (STARS) is a recently concluded five-year program (2017-2021) of Cordaid in partnership with the Mastercard Foundation. It improved access to finance and markets for farmers in Burkina Faso, Ethiopia, Rwanda, and Senegal. This impact was achieved through a set of interventions: ranging from the design and implementation of business development services, improving market access and input supply for farmers, technical training and finally, the design of loan-products that are tailor-made for farmers. The program impacted more than 330,000 farmers and worked with 22 microfinance institutions (MFIs). With our Agri-Credit Assessment Tool (A-CAT), MFIs get better insights into the farmer's cycle of agricultural activities, the loan amount needed to finance inputs and other costs, as well as the expected income (using estimated crop yields). Based on this cash flow, MFIs can determine the ideal loan size for a particular farmer and predict the capacity to repay the loan. One of the other highlights of STARS was the ability to develop loans that fit the specific needs of female farmers. STARS worked with MFIs to promote remote working, through digital access which overcame mobility challenges experienced by women. It provided trainings to women in business administration. But most importantly, STARS managed to engage with the underlying prejudices MFI staff had against women. With good results, because 54% of the loans went to female clients.



Business recovery from the COVID-19 pandemic

An important challenge for producers and entrepreneurs during 2021 was the COVID-19 pandemic. Micro and small businesses in northern Uganda, a region that is still recovering from the devastating effects of conflict, were also affected. Due to insufficient financial muscle to overcome closure of markets and movement restrictions, entrepreneurs were forced to lay off staff, reduce the business-scale or even close businesses that were their sole source of livelihood.

300 young entrepreneurs from Uganda's Nebbi and Lira districts that have benefitted from recovery grants under the COVID-19 Agribusiness Recovery project. The project has been implemented with support from Youth Business International (YBI) and Standard Chartered Foundation.

B. Impact Investing

Impact investing is indispensable and complementary to our grant-based work. It enhances people's ability to earn a decent income by investing in sustainable and decent employment or entrepreneurship activities. By providing loans at favourable terms, Cordaid's investing approach fosters resilience of local small and medium-sized enterprises (SMEs), thus enabling them to grow and provide decent jobs in the local market. In fragile settings we often are the first lenders, thus playing a catalyst role for other investors to become active.

In many countries where we work, the private sector consists primarily of informal microenterprises, operating alongside a limited number of large firms. SMEs, which can be important contributors to equitable economic growth and job creation, are often few. We continue to address this 'missing middle' by supporting SMEs and microfinance institutions (MFIs) with business development services and access to finance.

Capital 4 Development Asia Fund

In India and Indonesia, we operate a special Capital 4 Development Asia Fund. It has a special focus on women owned and led businesses, as female entrepreneurs are still underrepresented in both countries. Up to December 2021, we have supported 27 SMEs in both countries with a total investment of €20 million. Of these investments, 62% were in companies owned and/or led by women.

PlusPlus: crowdfunding for agri-food enterprises

In many countries, the agricultural sector is the main source of income, employment and food security. Therefore, investing in this sector makes a difference. But local commercial banks shy away from financing small agri-food enterprises as they are considered high risk, leaving them without the necessary finance to grow their business. PlusPlus is a new online crowdfunding platform on which these enterprises can source funding from investors in Europe.

FairClimateFund: Investing in a Fair Climate

Industrialised countries are responsible for most CO₂-emissions, whereas the greatest impact of climate change occurs in countries who contributed least to the pollution. Carbon offset schemes allow individuals and companies to invest in climate projects around the world to balance their own carbon footprints. Our FairClimateFund (FCF) initiates projects that reduce CO₂-emissions and provide a better future for people who are most vulnerable to the effects of climate change. We do this by investing in



climate projects in fragile settings with a focus on cleaner cooking solutions and nature-based solutions, such as planting trees.

PART III Measurement of outcome

In 2021¹, Cordaid spent €22 million on **sustainable livelihoods** programs. Key results included:

- 114,000 households with improved food security.
- 1,100 new jobs created.
- 1,200 unemployed youth successfully supported into (self)employment.
- 2,900 farmers applying good agricultural practices.
- 3,000 households with more diversified livelihoods (income generation).
- 593,000 people with control over food systems.

These results were made possible by the support of the Netherlands Enterprise Agency (RVO), Mastercard Foundation, Danish International Development Agency (DANIDA) and the Dutch Postcode Lottery.

For more than 25 years, **Cordaid Investment Management (CIM)** has been a pioneer in underserved markets, providing access to finance to entrepreneurs left out by traditional financing schemes. With €77.1 million assets under management in 2022, we reached nearly 2,5 micro-entrepreneurs through MFIs, 748 jobs were created and supported by small-medium enterprises. CIM is active in 17 countries in Africa, Asia, and Latin America.

More than 50% of CIM's portfolio is in fragile countries, where there is a high need for investment in private sector development. For more than 55% of our clients, we act as a catalyst for financial inclusion by being the first international lender. Our investments help entrepreneurs to build a positive financial track record and receive additional funding from other lenders, which in time enables growth and job creation.

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The platform PlusPlus crowdfunding for agri-food enterprises was launched in August 2020 by Cordaid, Solidaridad, Lendahand and Truvalu. Until December 2021, we raised €748,000 in loans from 411 investors, used by 18 micro-enterprises to buy equipment and source raw materials from small farmers. As a result, these loans contributed to higher incomes for 9,970 farmer families.

¹ Figures for 2022 have not yet been published.



In 2021, **FairClimateFund** received a record number of requests from organisations and individuals for offsetting their carbon footprint. Around 800 organisations and individuals contributed an amount of €1.4 million in carbon credit income. This allowed us to invest until 2021 in more than 80,000 clean cookstoves and biogas units and to plant 287,800 trees, leading to a total CO2 reduction of 730,000 tonnes.

Below, two of the many examples that illustrate Cordaid's work and directly connect with Global Compact related issues, that also demonstrate our projects in partnership with local partners and that include corporate sustainability. In addition, it also shows our support to and equal partnership in developing and implementing innovative initiatives and work streams.

1. BIRDS, BEES AND BUSINESS: RESTORING NATURE WITH OPPORTUNITIES FOR WOMEN

There is a growing international market for shea butter, which is used in food products and cosmetics. This demand creates opportunities for West African women. They traditionally earn cash by processing shea nuts into shea butter. Most sell their shea locally, but there is a potential for women to increase their income on the international market. For this to happen, it is crucial that shea trees continue to produce enough nuts.

But the shea landscape is changing. The region is severely suffering from desertification. The soil is less fertile and increasingly eroded because farmers are burning trees and shrubs so they can use the land for livestock and agriculture. The landscape has also deteriorated because of the felling of trees for fuelwood and construction materials. In addition, insects are killed using chemical pesticides. But insects are key, both as food for migratory birds and as the main pollinators of flowering plants like shea trees. As a result, local people see their harvests dwindling. Not just the yields from farm crops but also those of shea nuts.

Creating benefits for humans and nature

To tackle this problem, Cordaid joined the forces of the FairClimateFund and Vogelbescherming – the Dutch society for the Protection of Birds – in the Birds, Bees and Business programme. The partnership is funded by the Dutch Postcode Lottery and works with local partners on nature restoration and market opportunities for 29,000 women in Burkina Faso. The programme has three components:

- **Birds** – We plant new trees and develop a mosaic landscape with crops, shea trees and other tree species where birds love to forage.
- **Bees** – We stimulate biodiversity, which attracts more insects, which are important as food for the birds and for pollination.
- **Business** – We help the women to improve the quality of the shea butter, making their product more attractive to shea purchasing companies.

Key results are:

- 215,000 new trees planted.
- 3,500 people trained in restoration techniques.
- 1,600 beekeepers (735 women) supported to improve beekeeping and honey harvesting.
- 2,200 smallholder farmers with improved access to finance.



2. INTRODUCING SALT TOLERANT CROPS IN BANGLADESH

Due to salinisation (the increase of salt concentration in the soil), less land is available for agriculture worldwide. This has different causes, such as flooding by the sea, and as a result crops no longer grow. With the programme COASTS, farmers introduce salt-tolerant crops, so that waste land becomes productive again.

Salinisation is a big problem in Bangladesh, especially in coastal areas where climate change is causing the flooding of agricultural land. Until now, farmers have mainly tried to combat salt concentrations in the soil. Cordaid does not fight the salt in the soil but rather makes use of it. We do this by improving irrigation and introducing variants of known crops that do grow on saline soil. In this way, degraded soil becomes productive again offering new opportunities for farmers.

Improving the livelihoods of farmers

The COASTS programme is funded by the Netherlands Enterprise Agency (RVO). It is a public private partnership in which we work together with seed company Lal Teer Seed, the Bangladesh Agricultural University and the Soil Resource Development Institute of the Bangladeshi Ministry of Agriculture. The programme started in July 2020 and will run until June 2024. Our goal is to support 10,000 farmers, of which are 50% women, to transform 5,000 hectares of fallow land into productive agricultural land by introducing saline agricultural farming practices.

Some first results of the activities implemented include:

- Baseline study and market assessment completed.
- 2,000 salinity affected farmers households selected.
- 80 demonstration farms selected, and local lead farmers trained on saline agriculture technologies.
- 10 salt-tolerant vegetables seed varieties validated and demonstrated.
- 1,900 smallholder farmers trained and started getting their first harvest from salt affected land.