

Cocoa innovator Koa secures \$3.5 million investment from climate adaptation and smallholder farmer funds

The Landscape Resilience Fund (LRF) and IDH Farmfit Fund have announced a \$3.5 million investment (EUR 3.13 million) in Koa, a sustainable cocoa fruit company. This investment will support Koa to set up a new processing facility in Ghana, increasing production capacity more than tenfold by 2024 and creating additional income for up to 10,000 cocoa farmers.

The overwhelming majority of cocoa farmers are trapped in crippling poverty which is being exacerbated by a lack of access to affordable finance and increasing extreme weather driven by climate change. As a young social enterprise committed to sustainability and creating shared value, Koa's fresh look at the cocoa pulp as a source of value has immense potential to boost the incomes and resilience of smallholder cocoa farmers in Ghana.

Commenting on the investment, Francis Appiagyei-Poku, Finance Director of Koa Impact Ghana said: "The investment from the IDH Farmfit Fund and the Landscape Resilience Fund allows us to extend our positive impact to new cocoa growing regions in Ghana. Making use of the previously lost cocoa pulp, we can increase and diversify smallholder farmers' income. This investment in a new factory will create additional income for up to 10,000 cocoa farmers. Furthermore, the new production plant will create 250 jobs and new vocational opportunities for communities in rural Ghana."

Globally, there are over 270 million smallholder farmers who lack access to affordable finance to invest in their farms, increase productivity, and transition towards climate resilient agriculture¹. To meet this challenge, the Landscape Resilience Fund and the IDH Farmfit Fund are working to increase farmers' income and improve their resilience in the face of climate change.

¹ https://www.rafilearning.org/sites/default/files/inflection_point_april_2016.pdf?token=OS8hc14U

Sadiq Ashietu joined Koa farmers this year. Thanks to the income increase, she is now able to pay her labourers on time. She is also able to support her children better in school and opened her own shop. Sadiq said: “Regarding our cocoa, we noticed less theft cases since we harvest, break and send them to Koa for processing as we get them delivered home for further processing. Now we have much more control over our beans than before.”

Sarah Afful, a cocoa farmer from the community Assin Ayigbo working with Koa, feels the disruption of seasonal patterns. “I experience unusually heavy or lack of rainfall and that negatively affects my cocoa yield.” Using more of a cocoa farm’s potential in an efficient and sustainable way is therefore key to strengthen resilience.

Koa has unlocked a new decentralised value chain around the previously unused cocoa pulp which boosts farmer income and improves climate resilience in two ways. Firstly, it provides a meaningful increase in the income of cocoa farmers, paying them on the spot while transparently recording transactions. The whole process reduces food waste by 40%, thus, enhancing the land use of cocoa farms and reducing their carbon footprint.

In this process, the cocoa pods are opened on the farm, the fruit pulp is extracted using mobile solar units in the nearby communities and then pasteurised in a local factory creating jobs in these rural communities. This novel ingredient can be used for a variety of innovative creations in the food industry from juice, chocolate, pastries, icecreams to savoury products.

Secondly, by training farmers in sustainable agricultural practices and post-harvest processing, Koa is able to reduce the environmental impact of cocoa farming.

Barbara Visser, COO of the IDH Farmfit Fund, said: “Koa's innovation makes it possible for farmers to increase their (living) income significantly by selling their waste product, without having to make additional investment costs at their farms. Koa furthermore aims to create gender equal employment opportunities in rural communities and targets to reach 40% women farmers, which are in line with core objectives of the IDH Farmfit Fund. We are very pleased that today’s investment will support Koa in responsible value creation in the cocoa supply chain. These kind of disruptive and innovative solutions are key to catalyse the system change that is needed to improve the lives of these cocoa farmers.”

Commenting on the investment, Urs Dieterich, Managing Director of the

Landscape Resilience Fund said: “Increasing investment in adaptation will empower communities to better adapt to extreme weather events driven by climate change. That’s what today's investment is all about — supporting an inspiring, socially and environmentally grounded business to reach even greater heights and have even more climate impact. But climate adaptation is chronically underfinanced. We must go further, faster, to ensure climate adaptation is a core pillar of our response to the climate crisis.”

Ends

For more information please contact:

Judy Zwinkels, Director Communications & Engagement, IDH – The Sustainable Trade Initiative, Zwinkels@idhtrade.org, +31681332995

Jonathan Jones, Senior Communications Specialist, Landscape Resilience Fund, j.jones@southpole.com, +27789919140

Notes to the editor**About Koa**

The Swiss-Ghanaian start-up Koa makes use of the pulp of the cocoa fruit, thus reducing food waste and providing cocoa smallholders with an additional income. Today, 71 employees in Ghana and Switzerland dedicate themselves to the growth of Koa to boost value creation in the cocoa-growing regions and to develop innovative and pioneering processes. With their natural cocoa fruit products, Koa brings a previously unknown taste to the market with new possibilities for the gastronomy and F&B industry.

www.koa-impact.com

About the IDH Farmfit Fund

The IDH Farmfit Fund takes the highest risk positions in farmer related transactions, thereby reducing the farmer risk currently borne by borrowers and lenders. By doing so, IDH Farmfit Fund catalyses commercial capital to coinvest in this sector. These investments will increase the availability of affordable, long-term financing to smallholder farmers leading to significant improvements in their livelihoods and incomes.

The IDH Farmfit Fund is part of IDH. IDH - The Sustainable Trade Initiative restores flourishing markets with better jobs, better incomes and a better environment. IDH achieves this by creating public-private partnerships, and by using data to design, test and invest in more sustainable ways of doing business. IDH's work is made possible because of the funding and trust of multiple European governments and private foundations. For more information, go to www.idhsustainabletrade.com or follow [@IDHTrade](https://twitter.com/IDHTrade) on Twitter and [LinkedIn](https://www.linkedin.com/company/idh).

About the Landscape Resilience Fund

The Landscape Resilience Fund (LRF) is an impact-driven, independent foundation that mobilises private climate finance for smallholders in vulnerable landscapes. The LRF was co-developed by South Pole and the World Wide Fund for Nature (WWF) to create a scalable way to support meaningful climate adaptation in at-risk landscapes. The foundation provides investment, soft loans, and technical training to highly innovative climate-smart SMEs and projects to give them better access to private return-seeking investors. In addition to supporting adaptation-focused SMEs, the LRF also supports broader landscape approach and multi-stakeholder partnerships in selected vulnerable landscapes. The LRF is managed by South Pole. The WWF acts as an advisor and service provider for project preparation, landscape development and implementation as well as for environmental and social safeguards. www.landscaperesiliencefund.org