1. Introduction
The following report provides an update on the activities which the Trust Fund has supported since the report of November 2011.

During the past twelve months, MIGA’s Japan Trust Fund has supported three projects in Africa:

- Buchanan Renewables Fuel (BRF), a bio-fuels project in Liberia, where the Trust Fund study on the charcoal sector was completed in early 2012;
- Africa Juice, a fruit farm and processing plant in Ethiopia, where the Trust Fund engagement with the out growers union continues;
- National Cement in Ethiopia where the Trust Fund engagement to develop a social and environmental management system (SEMS) continues.

2. Progress

Vatenfall’s investment in Buchanan Renewables Fuels (BRF) Wood chipping project, Liberia – Completed

MIGA provided a political risk guarantee in January 2011 to Vatenfall, a Swedish energy company. The project uses defunct rubber trees to produce wood chips for export to Europe to burn for fuel. Charcoal producers also use the same rubber trees and, as the projects impacts on charcoal producers and consumers can be significant, yet not possible to predict before the operation starts, the TF hired an expert to work with BRF to analyze potential impacts in detail. Recommendations following the experts’ field work were for BRF to work with charcoal producers to increase their efficiency in charcoal production, and to work with them to develop alternative livelihoods strategies, including agriculture.

As per our strategy of knowledge transfer to other stakeholders, a workshop, co-hosted by Japan Trust Fund/MIGA and the Forestry Development Authority (FDA), was held in February, 2012 in order to share the findings of the Trust Fund work and to focus on the challenges and opportunities of the charcoal sector. Among the approximately 50 participants attending the workshop were representatives from key government agencies including the Ministry of Agriculture, Rural and Renewable Energy Agency, Environmental Protection Agency, and others. The industry was represented by the National Charcoal Union of Liberia (NACUL) and representatives of UNDP, USAID, the private sector, and non-governmental organizations (NGOs), including NGO Coalition and Conservation International also attended. This was the first time the charcoal sector had been discussed at such a high level event. In the ensuing discussions, participants discussed some of the specific challenges facing the sector, including the availability of wood for charcoalers and accessibility to farms and plantations, workers’ conditions, and the soaring food and fuel costs that are contributing to increased production costs. Given the informal nature of the sector, there is also limited capacity to regulate the sector and to collect accurate data on the supply chain.

Looking ahead, participants identified three areas where further work is needed: identification of data gaps; improving efficiency and capacity building; and development of a regulatory framework for the charcoal sector. FDA agreed to take the lead on moving the agenda forward to address the many challenges facing the sector, but all agreed that the
active participation of other stakeholders including NACUL, other government agencies, the private sector, multilaterals, and other donors will be essential to achieving results.

Overall, the workshop was deemed a great success and participants thanked MIGA for bringing the charcoal sector to the forefront of the discussions. The Japanese flag was displayed at the workshop to demonstrate the support of the Japanese Government and MIGA explained in the opening remarks that the workshop was made possible through the support of the Japanese Government.

Africa Juice, capacity building and formation of an out-grower fair trade body, Ethiopia – Under implementation

MIGA provided a political risk guarantee in March 2010 to Africa Juice BV, a Dutch company. The Africa Juice project consists of plantations of passion fruit, papaya and oranges, along with a fruit juice production plant in the central area of Ethiopia. The company is consciously engaged with the small holder fruit farmers who operate on land close to their farm and purchases fruit from these small holders on a regular basis. The company is cognizant of the lack of opportunity for these small holders and therefore suggested to MIGA that they would like to use TF assistance to help the farmers develop a Union based on fair trade principles. The benefits to the farmers of being members of such a union would be: increased access to markets; access to inputs at wholesale prices; access to credit and ability to command fair prices, etc. MIGA supported this idea and contracted an expert to work with Africa Juice and the out-growers in order to design and develop the farmers union. The engagement started in January 2011 and is long term, expected to be completed by the end of 2012. To date, the expert has completed the implementation report which lays out an action plan. Initial training has been provided to small farmers on fair trade requirements; organizational development and international best practices of out-growers programs. A savings association has been established whereby 15 farmers are now saving money each month which will be used for future activities of the union. As a result of the best practices program, members are now achieving increased yields which are resulting in higher incomes. This is stimulating more farmers’ interest in joining the union and it is expected that by the end of 2012, 100 to 165 ha of out growers plots will have been established.

In the coming months, the Trade Union will be established and functioning. It will take on the role of providing technical assistance to its members, quality control and traceability. It will require a manager, an accountant and a marketing expert as well as 1 technical staff for every 30 to 50 hectares of land. Once this is functioning well a workshop will be held in Ethiopia to share the knowledge gained to other interested parties, including private sector, farmers, NGO’s, government, etc. As in Liberia, the Japanese flag will be displayed at the workshop to acknowledge the support of the Japanese Government.
National Cement, development of Social and Environmental Management System (SEMS), Ethiopia – Under implementation

MIGA provided a political risk guarantee in June 2012 to SGI Ethiopia Cement Ltd, an American company for its investments in National Cement (NC) in Ethiopia. NC currently operates a 500 ton-per-day clinker plant in Dire Dawa and is in the process of constructing a new 3,000 tpd clinker plant on a 40.1 ha site in Ija Aneni rural Kebele, approximately 1.5 km south of Dire Dawa town. The new construction commenced in March 2010, and is close to completion with commissioning expected in 2012. The objective of the TF assignment is for an expert to develop a Social and Environmental Management System (SEMS) manual and identify management plans, policies, procedures, etc., that will need to be prepared to fully implement the SEMS, with additional guidance as to next steps towards ISO 14001 certification. The system will be relevant for both the old and the new cement plants. The expert will collaborate closely with NC management including an introductory presentation and specific details of what is involved in an SEMS, what it does, what specific services NC can expect and what will be required of NC in order to provide a functional deliverable.

The initial consultancy will take place between October and December, 2012, with potential follow on work throughout 2013. Once the SEMS is functioning, a workshop will be held in Ethiopia to share the knowledge gained to other interested parties, including private sector, farmers, NGO’s, government, etc.

3. Next Steps
There are a number of other projects that are seeking Trust Fund assistance.

- Ethiopia vegetable and fruit farm to develop a Social and Environmental Management Plan
- Sierra Leone cargo handling – to support the development of a Social and Environmental Management System
- Zambia fish farm – to support the development of an out growers scheme

MIGA continues to see demand for support to projects in regions other than Africa and is therefore interested in seeking support from both the Japanese government and other donors to expand the Trust Fund’s geographic scope. MIGA discloses information on the work completed by the Trust Fund on its website.