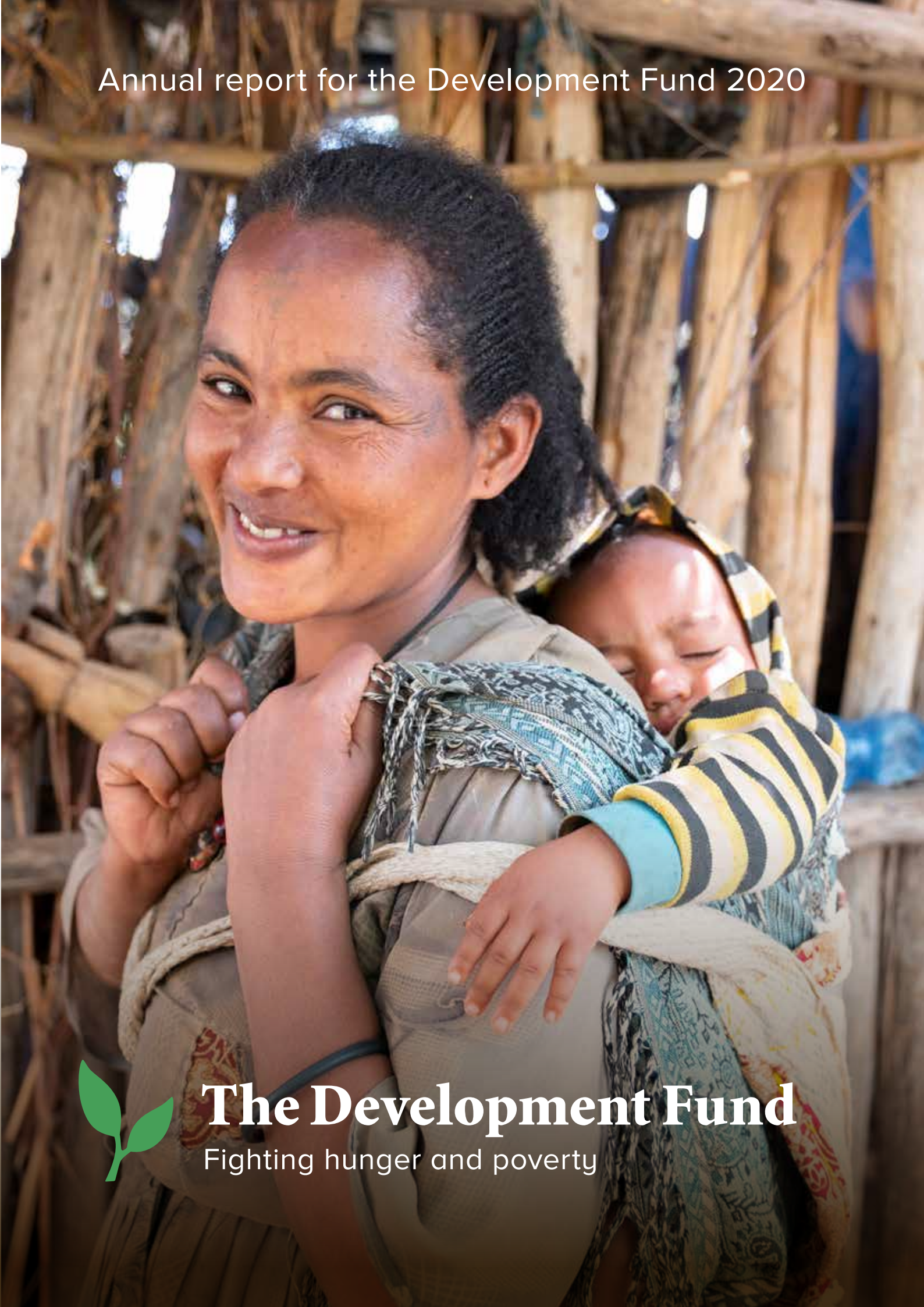


Annual report for the Development Fund 2020



The Development Fund

Fighting hunger and poverty

A year of renewal

In 2019, researchers, politicians and others have warned that the world's poorest farmers need increased support to withstand the ever-increasing threats of climate change. At the Development Fund, we have increased our efforts and launched a number of new initiatives.

Last year was full of many events causing lasting impressions. Personally, the most memorable was the extreme contrast that I saw between the desperation of the climate refugees I met in southern Ethiopia and the proud smallholder farmers I visited in Malawi. In Ethiopia, at an informal camp on an escarpment, thousands of desperate smallholder farmers were crammed together after they lost their crops to floods and their livestock to drought. A single mother, Suboy, also lived there with her ten children in a poorly built wooden shack, with no access to food, no work, school or any health care. In Malawi, the smallholder farmer Phillip explained how he and his wife had started a new life in the last five years with support from the Development Fund. They have now a large herd of goats and use the manure from the goats as fertilizers. This has increased their food production significantly. They also started a small furniture business. The children were healthier than ever, attending school, while Phillip and his wife finally experienced the dignity of a decent life.

These meetings strengthen my belief that change is possible, while they also show the gravity of the situation we are facing. It is possible to adapt to climate change, but the individual consequences of not succeeding to adapt can have catastrophic consequences.

My first full year as Executive Director was both hectic and exciting. The entire organization, from the board and head office to the country offices, united behind our goal to redouble efforts to meet the enormous and pressing needs of the world's smallholder farmers.

We also managed to bring the entire staff together, from Ethiopia, Malawi, Nepal, Norway and Somalia, for the very first time. We spent one week together outside Ethiopia's capital Addis Ababa, together building community and mapping the direction ahead for our organization. This was particularly important, because in 2020 we will have our new strategy ready with new goals and a plan for the areas in which we want to make a difference in the next ten years.

In June 2019, an important political breakthrough came when seven governmental ministers launched the long-awaited action plan "Food, people and the environment - the Government plan for *sustainable food systems* in Norwegian foreign and development policy 2019-2023". The concept of 'sustainable food systems' is new, but it is entirely in the spirit of the Development Fund. It refers to farmers being ensured a fair share of the income generated on the food's journey from farm to fork, that food production must be socially responsible and that environmental development is an important part of the process. The current global food systems do not work well. The number of people starving is increasing, even though the world is producing enough healthy food. The Norwegian Minister for Development Aid, Dag-Inge Ulstein, and the Minister for Agriculture, Olaug Bollestad, emphasized that one of the most important things we can do to reduce global hunger and poverty is to increase support for marginalized small-



holder farmers. This was confirmed by a series of international reports presented in 2019, including from the UN. Of course, at the Development Fund we agree with these assessments.

The most striking aspect about the work of the Development Fund is how little it takes to improve the life of a smallholder farmer: give simple advice on how to increase food production and adapt it to the climate, ensure better access to high quality seeds through local community seed banks and micro-credit, help build simple irrigation systems and flood

protection, and support local organizations so they can develop their communities. These simple and inexpensive steps are extremely effective and can make all the difference between a life of misery and a life of dignity. Therefore, they should be offered to all struggling smallholder farmers. Then we would see a significant decline in hunger, malnutrition and extreme poverty. We will continue to work toward these goals in the years ahead.

*Jan Thomas Odegard,
Executive Director of the Development Fund*



Jan Thomas visits lead farmer Esther and her husband Collings in Malawi. The couple are in the documentary film *The Resilient* (see pages 6 and 7). Here Esther is given a USB stick including the film, before it is shown in the local church.

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Cover: Tsehoynesh Zeru carries 10-month-old Abrihaley on her back. She and her husband manage a small farm in Tigray, Ethiopia. They have learned sustainable farming methods and have been able to increase yields and improve their family's finances.

Highlights of the year



Lead farmer Anastazia Chakula from Malawi has adapted farming methods to the climate, and immediately helps others in the village. This has given positive results.

New evaluation praises our work in Malawi

The lead farmer approach works. Crop yields have increased considerably, while increased crop diversity has resulted in better nutrition and a more diversified diet. Food security has improved significantly. Many farmers have received goats and other livestock, contributing to better nutrition and rising incomes. The lead farmer method is based on a holistic approach. Several farmers gain access to credit and can invest in the farm. The women are able to reduce their workload with new agriculture techniques, and say that they are now more recognized and respected. The evaluation was done by Regine Andersen at the Fritjof Nansen Institute, an independent foundation engaged in research on international environmental, energy and resource management politics.

Launch of development investor



These advertisements were visible across Norway in the autumn of 2019.

In 2019, the Development Fund launched a completely new and groundbreaking fundraising concept, the development investor. The development investor is based on investment in human capacity. We launched five funds with full transparency. Development investors can follow their investments every step of the way, receiving quarterly reports including all important information.

Coffee farmers visit Norway

The Development Fund works with small-scale coffee producers in Guatemala. In April, coffee was on the agenda, as representatives from coffee producers and a coffee cooperative visited Norway upon our invitation. One of them was the Josefa Cardona, a small-scale coffee producer and an indigenous woman. She is the leader of a local coffee cooperative in the highlands of Guatemala. The coffee they produce is of the very highest quality and will soon be certified Fair Trade coffee.

Coffee is one of the cash crops most affected by climate change. Rising temperatures cause more frequent and severe droughts, more pest damage and a higher rate of disease. How can we – the world's coffee producers and coffee drinkers – adapt to a changing climate? Josefa discussed this with the Norwegian Minister for Development Aid, Dag-Inge Ulstein, at a large event in Oslo. The debate was also raised in a number of different media outlets during the visit to Norway.



Josefa discusses climate and coffee with, among others, the Minister for Development Aid at Kulturhuset in Oslo.

One Organization Week

For the very first time, we had a joint strategy meeting with everyone in the organization. Employees from Ethiopia, Malawi, Nepal, Norway and Somalia spent an entire week together on the outskirts of Addis Ababa to get to know each other, learn from each other and discuss future joint initiatives. Here we laid the foundation for the Development Fund's 2021-2030 strategy. It is important for us that all employees participate in the development of the organization, and that decisions are not made only at the head office in Oslo.



The entire organization together for the very first time!

The Development Fund's partnership model increases knowledge and inspires

An important part of the work of the Development Fund is to strengthen our partners. In Ethiopia, we have involved various organizations with different and complementary areas of expertise in a larger programme concerning climate adaptation and village development. There, partners with ties to the local communities work closely with other partners who have expertise in certain areas, such as gender and equality, biodiversity or climate-smart agriculture. In this model, the partners learn from each other and are also inspired by others, as documented in the programme's feedback and evaluation. The evaluation praises the partnership model for contributing to better results and a greater impact on the target group.

Premiere of documentary film The Resilient

The highly anticipated and topical documentary film *The Resilient* had its premiere. The film follows the drought-stricken Norwegian farmer Einar Kiserud on his eye-opening journey to Malawi. There, on a visit with the Development Fund's lead farmers, he meets people with whom he has a surprising amount in common, and learns about climate adaptation. Read more on the next page.



Facsimile from NRK: Jan Thomas Odegard, live from the premiere of *The Resilient*

Strengthening civil society



The Development Fund, partnering with other Norwegian organizations, held conferences on the role of civil society in Nepal and Guatemala. Our partner organizations and the Norwegian embassies also participated in the conferences. These types of meetings facilitate synergies and cooperation, and contribute to strengthening the voice of civil society.

The Resilient

The summer of 2018 was disastrous for many Norwegian farmers. The drought was a wake-up call, evidence that the climate crisis will also affect Norway. This was the starting point of the powerful documentary *The Resilient*.



Collings, Einar and Esther are united against climate change.

For the past two years, the Development Fund has worked with Norwegian and Malawian farmers to show how food production, both locally and globally, is affected by a changing climate. Exchanging experiences and learning from each other have been important aspects of the project.

Farmers meet across borders

In the documentary film ‘*The Resilient*’, the Norwegian farmer Einar meets the Malawian smallholder farmers

Esther and Collings, who have lived with the consequences of climate change for more than a decade. They work hard to adapt their farm to be able to produce enough food for themselves and their families, despite an increasingly unpredictable climate.

Esther is one of the Development Fund’s lead farmers. With new methods of climate adaptation, she has managed to increase food production on the farm.

Village premiere



Full house at the premiere party in Spydeberg.

On 22 August 2019, the stage was set for a party at Fjellheim community centre in Spydeberg in Østfold, Norway. The red carpet had been rolled out and the anticipation was palpable. In collaboration with the Spydeberg Farmers' Association, the Development Fund had sent out the invitations for a grand premiere for the new documentary.

"I participated in the film to show how important, but also how difficult, the life of a farmer can be due to climate change," said Spydeberg farmer Einar Kiserud to the local newspaper Smaalenenes Avis.

"The climate crisis is worst for farmers in developing countries. That's where it hits the hardest," he said.

When more than 200 people arrived for the showing, the organizers had to bring in extra chairs to provide seating for everyone. The audience responded enthusiastically, describing the film as both "eye-opening" and "alarming". Many people stayed on after the event to talk to the filmmakers and the actors.

Several media were present, and the local television station NRK Østlandet broadcast live from the event. "One of the most important things we want to show with this film is how climate change is affecting us here and now," said producer Julia Dahr. She participated in a panel discussion after the screening, along with the main character in the film, Kiserud, and Jan Thomas Odegard, Executive Director of the Development Fund.

Success in Malawi

Two weeks later, *The Resilient* had a similar premiere in the Malawian village of Kacheche, where a large portion of the film was shot. This is the home of Esther and Collings. The event took place in the local church, which is also seen in the last part of the film. The venue

was at least as packed as it had been in Spydeberg, with a range of guests including traditional leaders, local authorities, not to mention the main characters themselves, Esther and Collings.

Jan Thomas Odegard from the Development Fund was also present.

"The film clearly shows the challenges we face, but also how we can invest in smart solutions that ensure that people are better equipped in the face of climate change and extreme weather. It's also a personal and a touching story, showing the changes that can come from encounters between people across national borders," says Odegard. "It was a great experience to be able to show this film to Esther and Collings in their local community."

The film made a strong impression on those present in Kacheche, and there was a lively discussion after the screening. The feedback was similar to that of the participants from Spydeberg. This showed the power of its important message: the climate crisis is here, now, and it affects us all, although in different ways. The solution to these challenges can be found as we work together. The Resilient was broadcast on NRK in September 2019. The Development Fund continues to organize screenings of the film in collaboration with Norges Bondelag, Norges Bygdekvinneforbund and Norges Bygdeungdomslag. See utviklingsfondet.no/ The Resilient for more information.



Jan Thomas Odegard welcomes people to the premiere in Malawi.

The Resilient is an independent documentary film made by Differ Media, which has long worked on themes such as climate, food production and sustainable development. The film has received support from Norad, Fritt Ord, the Development Fund and Økologisk Norge.

*Anna Karlsson,
Information consultant at
the Development Fund*



Strength in diversity

One of the most important ways of increasing food security is the diversification of agriculture. The cultivation of a range of food plants is necessary, and many of those plants have, in turn, several different variations. Each plant variety has individual characteristics. They often have different flavours and colours. Some varieties cope with drought better than other varieties of the same food plant, while others are more resistant to pests and diseases.



Biodiversity is the basis for future food security.

The varieties are often adapted to local conditions. This diversity is one of the most valuable resources for farmers.

Community seed banks provide security

Securing this diversity has long been a central part of the work of the Development Fund. More than 30 years ago, in 1989, we helped establish a local

community seed bank in Tigray, Ethiopia.

A community seed bank is similar to a regular bank, where the deposits are seeds instead of money. It stores and lends seeds to the members of the bank. Members borrow seeds at the beginning of the season. In many cases, the seed loan is repaid in seed, with interest, when the next crop is harvested. In this way, the community seed bank gradually acquires larger quantities of seeds, and can expand both its

membership base and its reach. The community seed banks also play an important role in conserving the traditional plant varieties in the area, and in this way they protect genetic diversity.

The community seed bank in Tigray proved to be an important measure to ensure seed availability for farmers. Quality seeds also contributed to an increase in crop yields and helped increase food security and income streams for farmers.

Long term thinking is important

The positive experiences from Tigray laid the foundation for further work on conservation and sustainable use of plant genetic resources. Since then, we have been involved in developing several projects in collaboration with our local partners in Asia, Central America and Africa. Through these projects, we have supported the establishment of collections of traditional varieties of corn, rice, wheat, teff, beans and other foods in community seed banks. We have been involved in developing new varieties that can better withstand climate change. Traditional varieties that were on the verge of being lost, have been rehabilitated and have regained their beneficial qualities. The varieties lose their properties if they are not used. Through community seed banks, thousands of farmers have gained access to locally adapted quality seeds, and many have experienced a significant increase in yields. This work has also been important in slowing down loss of diversity.

These successful results have been achieved through our long-term commitment, long-term partnerships with local organizations and networking. We have also combined this work with advocacy at both national and international levels. The sustainability of these measures depends on the political framework supporting farmers' rights in managing genetic resources.

Some of the biggest challenges concerning these programmes is that they are time-consuming and costly. In a world where the needs are far greater than the means available to address them, it is easy to give priority to measures that provide good short term results. In addition, we have not documented the effect of these measures well enough, which

would have allowed us to show how they contribute to better food security and increased capacity for adaptation by farmers.

Evaluation provides insight

These were some of the reasons why, in 2018, we launched a comprehensive evaluation of the impact of our biodiversity projects in Nepal and Ethiopia. We wanted to show the results and impact beyond what we have managed to document ourselves, and by doing so make the link between conservation and sustainable use of genetic resources and poverty reduction visible. It was also important to document our experiences, both positive and negative, to learn and improve in the future.

The evaluation shows that we have achieved quite a lot, and that our work has had a far greater impact than we had imagined. The success story of the year shows impressive results in Nepal. Perhaps the most important factor of this success was that the investment had a sufficiently long-term perspective. The lesson of the year is the visible contrast between long-term and short-term investments. In this case, the project ended before we had achieved a sufficient degree of local capacity, weakening the impact and sustainability of our efforts. The most important lesson is that biological diversity in agriculture leads to major positive changes for farmers, and that we must allow ourselves to spend both time and resources on this work. We are also strengthened in our belief that the conservation of plant genetic resources is a crucial tool in tackling climate change and fighting poverty.

1 Regine Andersen "The impact of Development Fund's and LI-BIRD's community-based agrobiodiversity programme in south Asia- with emphasis on Nepal" (2019) Fritjof Nansens Institute

2 Regine Andersen «The impact of DF's and EOSA's community-based agrobiodiversity management (CBAM) programme in Ethiopia" (2019) Fritjof Nansens Institute

*Elin Cecilie Ranum,
Head of programme department*



Success of the year

Lasting development

Community seed banks are cornerstones of the Development Fund's work for increased biological diversity. In Nepal, they have contributed to increased food security and a better life for many smallholder farmers. Perhaps most importantly, changes have proven to last even after support for the projects has ceased.



Seeds are stored in community seed banks. They are then lent out or sold to farmers who need them. In the areas in which we work, it is often difficult to obtain high quality seeds. A community seed bank nearby can make it much easier for people to get the seeds

they need. But that is not the sole function of the community seed banks. They become an arena for a number of activities that contribute to better living conditions for farmers and local communities.



Seeds are removed from one of the community seed banks in Nepal.

The Development Fund's programme for increased biodiversity in Bangladesh, India, Nepal and Sri Lanka aimed to improve people's livelihoods in communities in South Asia, through various community seed bank activities.

The target group was smallholder farmers, especially disadvantaged farmers, with special emphasis on women. An evaluation, conducted two years after the end of the support period, focused on the community seed banks in Nepal. It reports that the programme's investments continue to show results. There is clear and positive evidence of sustainability in several areas. The evaluation gives several examples of ways in which the programme has transformed the lives of community seed bank members, benefiting both local and surrounding communities and farmers.

Farmers have participated in participatory plant breeding to develop local adapted varieties so they can better withstand the effects of climate change and other challenges. In this way, their own wishes and needs have helped guide the selection of which varieties to grow. In some cases, they have also developed local varieties that provide large yields with high nutritional value. Another important aspect is that farmers have been able to increase their knowledge. Training in sustainable agriculture has resulted in increased yields, which again as resulted in increased availability of foods, increased income and given them new and different ways to make a living. Some community seed banks also provide microcredit, which generates income related to the community seed bank.

During the programme period, more than one thousand crop varieties are conserved and made available to farmers in Nepal. For many of the

participating farmers, this has also significantly improved their livelihoods. Through the programme, they have been able to reduce production costs while achieving greater returns. With these income streams, they have been able to provide for their families' needs and, among other things, ensure quality schooling for their children. In addition, they have cultivated more varied foods for themselves, contributing to better nutrition. The evaluation shows that this impact is long lasting, and even increasing two years after the project was discontinued. This is a clear proof of success.

Members also emphasize that the community seed banks have contributed to a strengthening the sense of unity and increased self-confidence. In particular, women state that the participation in the project have increased their self-confidence and power. This is partly due to increased income, of which they have stronger control and training, as well as the possibility to participate in meetings and other forms of collective actions.

We have gained important experience and lessons learned on community seed banks, and will use this actively to improve our work as to reach more farmers and multiply the effects of our work. Sometimes, in order to find the right path forward, it is important to look back.



Nepal is one of the world's most vulnerable countries to the effects of climate change. Improved sustainable management of natural resources, along with increased knowledge and preparedness are crucial for meeting future challenges.

*Siv Helén Strömland,
Programme Coordinator for Nepal*



Lesson of the year

Sustainable development takes time

Ethiopia depends highly on agriculture and has a rich culture and tradition of conserving and cultivating a wide diversity of different food plants and plant varieties. This diversity is an important part of Ethiopian culture, and Ethiopian farmers have always upheld the traditions. However, climate change, degradation of nature and pollution have led to a decrease in plant genetic diversity.



Ethiopia is a country rich in geographical and biological diversity.

Development Fund has contributed to strengthening plant genetic diversity in various projects, as a part of work to improve food security.

Seed banks in new areas

Ethiopia comprises eleven regions. In 2014, the Development Fund expanded our work to one of the southern regions, Southern Nations and Nationalities People's Region. Our goal was to build the capacity of local farming communities so they will be able to sustainably manage and develop the diversity of plants. In collaboration with local organizations and authorities, we supported the establishment of several community seed banks. During the course of two years, it seemed clear that the investment was successful.

Local farmers were actively involved in the operation of the community seed banks, while authorities supported the project. In 2016, when the Development Fund was about to develop a new programme on climate and food security in Ethiopia, we chose to phase out the work with these seed banks to strengthen our work in other regions. We did this in the belief that the local farmers and the authorities would continue to ensure that the community seed banks continued to run smoothly.

Seed banks show important differences

In retrospect, however, it was clear that we had been too optimistic. We had thought the project was sustainable, and that the results would continue independently on a long-term basis. However, a thorough evaluation showed significant differences between the seed bank in southern Ethiopia and the community seed bank in the Oromia region. We have supported the community seed bank in Oromia since 2011.

The community seed bank in Ejere in Oromia is a great success. The community seed bank in Ejere has a collection of 142 varieties of 15 crop species. The collections are grown systematically on diversity blocks located behind the community seedbank. The farmers choose the ones they want to use and develop further, and cultivate new seeds for sale and distribution, with the help of the seed bank. Through this method of participatory variety selection, nine new varieties were developed through this community seed bank. These varieties are considered to be nutritious, taste better, yield relatively high with organic methods, and meet the needs and preferences of the farmers.

Phased out too early

Despite the short project period, the seed bank in southern Ethiopia had a collection of 30 different varieties from 12 plant species. The community seed bank has managed to conserve and maintain the diversity in the fields of its members. The farmers associated with the seed bank managed the diversification of their own plots of land. But there were also major shortcomings. The storage capacity was weak, and the process of development and conservation of new varieties did not work well. The existing varieties were only used to produce new seeds, while other characteristics were not conserved and developed further. In the long run, this could weaken the seed bank and its capacity to sustainably manage plant genetic diversity.

These results show that we were not able to sufficiently build strong proficiency among the members of the seed banks prior to withdrawing. The evaluation concluded that the limited period of support was the main reason of the weaknesses of the community seed bank. Members of the community seed bank and representatives of the local authorities expressed pointed criticism regarding the Development Fund's project phase-out after such a short time. A representative from the local agricultural office believed that this was one of the most promising projects in the area, a potential model project that could have been expanded to other areas. The motivation of the farmers and the authorities, as well as political action plans and supporting laws, contributed to its original promise. Therefore, it was difficult to understand why it was phased out after such a short time, they said.

Opportunity to learn from evaluation

This evaluation has been an important lesson for us, especially the feedback from farmers and local authorities. In many ways, it has confirmed the beliefs we have always stood by as an organization, that successful and lasting results require a long-term approach and presence. Even if we achieve good results after a short time, it is not certain they will last. The need for professional follow-up and advice will remain, and it is crucial to build needed technical competence to protect plant genetic diversity. Sustainable development takes time!

*Selamawit Tekle,
Advisor in the programme department*



A story about sharing and survival



From left: Samaritans (3 years), Xukun, Abdizani (3 months), Hoodo (5 years), Xasan and Yakye (8 years). The family sees a brighter future ahead after they were able to reliably access water.

Somalia, April 2019: I'm in the courtyard of the couple Xasan and Xukun. This gripping encounter makes me anxious about the future, but it also gives me hope. When their village was flooded by drought-stricken refugees, they shared everything they had with others. Climate change is brutal and unfair. Fortunately, there are many solutions.

The couple survives on farming and livestock, and their four children range from three months to eight years old. The children run around, excited to receive visitors from afar. We discuss climate change and changes in weather patterns here in their home region. The Development Fund has built a large pond close to their village, so they now have access to water year-round. This is a great improvement for a local community that has previously been at the mercy of the rainy season. The rain used to predictably come at fixed times, but that is no longer the case. The area has been plagued by severe drought for the past three years.

Xukun says the drought was particularly severe in 2016. At that time, many people fled nearby areas due



to acute water and food shortages. She says the family was well prepared for the drought, as they had been able to set aside food and water reserves. When the refugees arrived, the couple willingly shared with those in need. She says the season became difficult, with everyone trying to survive on less and less. Finally, there was nothing left either for her family or for the refugees. Then we were all in the same boat, she says.

I ask her why she shared everything. Was she not afraid of starving or that her children would starve? Xukun looks at me strangely. She does not understand the question. The idea of having resources without sharing with others in need, is completely foreign. I am embarrassed to have asked the question and change the subject, asking about her children. The two oldest go to school, and the two youngest will do so as well when they are old enough. The couple is proud of that. Not everyone has the opportunity to send all their children to school. In this area, it is common to have to give priority to some of the children. Then it is always the boys who are sent to school, while the girls must instead help out at home.

The pond provides security for our family, the couple says. In the past, they had to buy water from the city at great expense every time they ran out of water between rainy seasons. Now this money can be invested in the family. They have built a better house with a metal roof, have access to varied and nutritious food, and the children can go to school. It provides hope for the future.

Climate adaptation in practice is about making the local population aware of what is happening, how they are affected by the changes and about providing the tools they need to adapt. Sometimes, very small changes are all that are required. Constructions that

collect and store rainwater over time, climate-adapted farming methods and improved seeds for cultivating food in harsh conditions help reduce the need for emergency aid when disasters occur. As a rule, the local population knows the challenges they're facing, and are able to do what is necessary with a bit of support from organizations such as the Development Fund.

This means investing in effective solutions that enable unaided survival for more people, also in times of climate change.

In 2011, a quarter of a million people died of starvation in Somalia. Half of these were children. Today, one in nine people are suffering from hunger worldwide. In recent years, the number of people suffering from hunger has increased, after a long period of decline. Climate change is one of the main causes, according to the UN. There is no doubt the world is facing a serious threat. Action is urgently required.

There is no other sector that is as weather-dependent as is agriculture. Farmers around the world are the first to notice climate change, and it affects them most severely. It is necessary to increase focus on crops of the future. Climate adaptation in agriculture needs far greater attention. Stories like this one, and many, many more from the work of the Development Fund, show that it is successful. Simple solutions can have great effect.

*Siri O. Kvalo,
Senior Communication Advisor*



Development investor, participate in our work!

In 2019, we realized there was a need for a new donor solution that enabled our donors to participate more actively in our work. Our intent was not only to offer people a way of supporting us, but also to give them the opportunity to learn more about the different ways the Development Fund strengthens rural communities, and in doing so fights hunger and poverty. We therefore began developing a completely new concept, and are the first organization to try this method.

*What if we let you decide which country to invest in,
and we connect your investments directly to projects? Then we send you
reports showing exactly how your money is being spent.*



Lush and green with access to water: an irrigation system in Tigray, Ethiopia has enabled multiple harvests per year.



Belaelom Geremariam has created a better life. It pays to invest in people.

This was a large and ambitious project for a small Norwegian organization. We had to plan thoroughly and help the entire organization, including branch offices, to think in new ways. In September 2019, we launched the Development Investor. In our investment funds, your money grows, and the returns go to making a better and more sustainable world. Imagine a fund where the value increases by 200%, where all returns benefit smallholder farmers in poor countries.

Innovation and thinking out of the box are always risky. Several times, new and unexpected issues appeared. We worked on new solutions to these unforeseen challenges and were able to grasp new opportunities when they came our way. It has all along been important to communicate to Norwegians, who are used to buying a symbolic “goat” as a Christmas donation, generously opening their wallets when disasters happen, that we have something completely new here.

We are confident that we have created a new and engaging way to contribute to development, and we promise you that we will work every day to ensure that your investments are put to use in the best and most efficient projects.

Thank you for supporting us!

The Development Fund is completely dependent on our support networks to be able to reach out to individuals. Hunger and poverty can seem distant from our everyday life in Norway. But an example from Ethiopia shows just how important it is to invest in people: farmer Gereziher Girmay from Tigray in Ethiopia, had significant challenges in providing food for his family of eight. Climate change has affected this area, creating unpredictability in the food supply for families surviving by subsistence farming. Droughts often last longer, while the rainy season is becoming increasingly difficult to predict. In this district, the Development Fund has built an irrigation system that ensures a stable water supply to a large area. This irrigation system allows Girmay, and many others, to multiply crop yields. In addition, they can live off the earnings from surplus sold at the market. Their livelihoods have been secured, the children have enough to eat and they can attend school. Families are no longer forced to leave their farms to face an uncertain future in one of Ethiopia’s many cities.

More people invest in effective solutions

Every year, the Development Fund receives significant donations from companies and organizations intent on making a difference. We are proud that an increasing number of people would like to partner with the Development Fund, both financially and professionally. A big thank you to our main partners Fred. Olsen Social Engagement Group, on behalf of Bon Heur ASA and Grotmol Solutions, as well as our close partners in the organizations Centre Party, Norwegian Farmers’ Union, Norwegian society of rural women and Norwegian Rural Youth. Smaller companies and organizations also support us, and we hope to announce more new partners in 2020. Together, we are investing in sustainable solutions for the future.

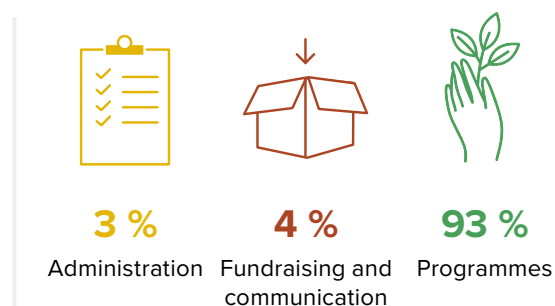
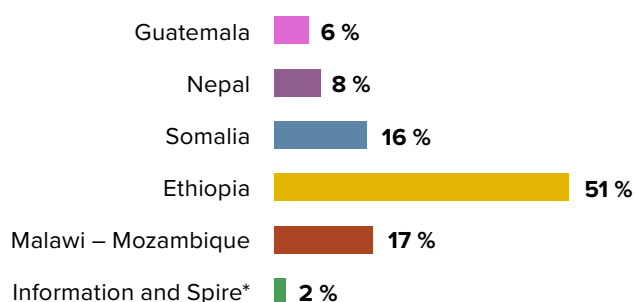
The development fund is growing!

In the coming year, the marketing and communications department will engage even more people to work for climate adaptation and food security, to help more people rise from poverty and reach their full potential. We depend on communication and visibility in public arenas to foster more awareness of our goals. Please like and share our posts in social media. Together we can make a difference, fight hunger and change lives!

*Ann Askim,
Head of Fundraising
and Communication*



Follow the money



Activity financial report

NOK per 31.12.2019

per 31.12.2018

Available funds

Donations

i) Government grants	110 547 938	90 080 044
ii) Other Norwegian grants	5 561 458	5 021 209
iii) Grants from international donors	12 711 609	3 459 275
<u>Total grants</u>	<u>128 821 005</u>	<u>98 560 528</u>
Funds from private donors	7 841 072	5 017 363
Interests earned	60 226	32 580
<u>Total income</u>	<u>136 722 303</u>	<u>103 610 471</u>

Use of funds

Cost for acquisition of funds:

Cost of fundraising	3 428 099	1 686 687
Acquisition of funds, other expenditure	1 502 863	1 116 541
Communication expenses	951 138	828 411
<u>Total cost of procurement of funds:</u>	<u>5 882 100</u>	<u>3 631 639</u>

Programme activities, expenditure:

Malawi - Mozambique country programme	21 959 521	23 891 396
Ethiopia country programme	64 763 364	41 472 877
Somalia country programme	20 350 045	11 445 204
Nepal country programme	9 845 999	9 560 683
Guatemala country programme	7 897 540	8 071 570
Evaluation and risk reduction	398 137	811 305
Information	2 269 225	1 551 995
Spire	514 324	552 860

Total cost of programs

127 998 154	97 357 891
<u>3 961 412</u>	<u>3 569 053</u>

Administration expenses

<u>Total costs</u>	<u>137 841 667</u>	<u>104 558 582</u>
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Profit/loss of the year

-1 119 364	-948 111
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To equity with external restrictions	(64 363)	
From equity with self-imposed restriction	700 520	833 899
From other equity	483 207	114 213
<u>Sum to/from equity</u>	<u>1 119 364</u>	<u>948 111</u>

Greetings from the chairman of the board 2020

In 2020, no one should be living without access to ample, safe and healthy food. But this is not the case. According to the UN, more than 820 million people have insecure or limited access to food. After a promising decline a few years ago, the number of hungry people has again increased. In many areas of the world, climate change and soil degradation make it more demanding to produce food. In addition, not all food is produced sustainably.

The work of the Development Fund is about food, people and the environment. We work to ensure that plenty of safe food is available to everyone, at an affordable price. We work to ensure that all people are able to experience food security, today and in the future. We focus on the production of food being done in a way that preserves the quality, diversity and productivity of the environment and of ecosystems. We focus on holistic local food systems, with a priority on social and economic development for women and young people.

The livelihoods of a large part of the world's population are based on food production for families and some sales to local markets. In the countries in which the Development Fund works, a large proportion of the population depends on small-scale food production. They are smallholder farmers, mostly women, in low income countries. They live in nations lacking large emergency food reserves, with insufficient finances to establish them. When crops fail, the road to hunger and famine is short. When the climate changes, the soil deteriorates and water resources are scarce, and it becomes difficult to produce enough food.

The Development Fund's methods for climate-adapted agriculture provide increased food security and a safer and better life for hundreds of thousands of people. Our methods work, we contribute to smallholder farmers in southern regions, improving food production and reducing the number of people living in hunger.

In 2020, the Covid-19 pandemic has demonstrated that vulnerable communities can be even more severely affected. We believe that the ability of local communities to cope with most crises, including this one, is strengthened by an increasingly robust food

production. The work of the Development Fund contributes to the resilience of local communities and families when they are suddenly faced with unexpected crises.

In 2019, we began to revise the Development Fund's strategy. We will set new and ambitious goals for development and growth in a ten-year perspective. We are also working on measures to strengthen our finances. Although the level of activity rose in 2019, the results were a larger than budgeted deficit. Significant reasons for this were the cost and risk of developing new income streams in fierce competition with many other large aid organizations. But we must take risks, we must try and possibly fail. The needs for aid can be perceived as limitless, but when we see that our efforts make a difference, we are inspired. The contributions from individuals, companies and organizations, as well as project funds from the Norwegian authorities, are the reason we can achieve such significant results.

Thank you for being part of the world's most important work, eradicating hunger and poverty. We sincerely hope that our supporters, both old and new, will continue to help in the years to come. When needs may seem too vast to measure, we must remember that the core of our work is helping families gain a better and more dignified life, and making sure that fewer people are hungry at the end of the day.

*Arne Bardalen,
Chairman of the board*





The Development Fund

Fighting hunger and poverty

In our investment funds,
you are the investor and
farmers living in poverty
receive the returns.

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