

Annual report 2020



The Development Fund

Fighting hunger and poverty

A challenging pandemic year

The year 2020 was a challenge for many, including the Development Fund, but most critically it was a challenge for the smallholder farmers of the world.

At the start of 2020, we had big plans for the year. In addition to regular operations, we were going to complete our new organizational strategy for the next decade, secure basic funding for the next five years and make sure the government kept its promise, to increase Norwegian investments in agriculture and climate adaptation in development work.

Instead, as in the rest of the world, everything was put on hold starting in March. We had to navigate uncharted waters and find out how we could continue to deliver as an organization. How would the crisis affect smallholder farmers and the communities we support? What would happen to our local partners and our 50 employees at our regional offices and in Oslo? And would our supporters cease to make contributions? There was a high degree of uncertainty and the organization went into crisis mode.

It quickly became clear that the shutdown, and not the virus itself, was hitting hardest. This was especially the case for poor smallholder farmers in developing countries. Many could not harvest their crops or travel to the markets with their wares. As many agricultural advisers could no longer travel, many smallholder farmer lost the support and knowledge they usually offer. Many lost access to seeds or other critical items. It soon became clear to us that the pandemic would also cause famine. Soon we launched the Covid-19 Monitor ('Koronamonitor') in order to convey what was happening in our project countries to the media, Norwegian authorities and to anyone else.

When all our employees were safe in their home offices, we agreed with the Norwegian authorities to adapt our efforts. The smallholder farmers received increased support to create kitchen gardens near their houses and breed small livestock, such as chickens and rabbits. Counselling and training of farmers was done in small groups or across the mobile phone network where that was possible. Local seed banks opened their warehouses to the farmers,

so they could continue to sow. Where the situation was most critical, we contributed with emergency aid. An enormous effort was made by our local partners and employees to ensure support for the most vulnerable.

In early autumn, the situation looked brighter. Most of the project activities were back on track and no employees fell ill. The vast majority of supporters maintained their contributions. We agreed on our new strategy and completed several applications for multi-year funding. Together with other organizations, we ensured that the development aid budget and Norwegian support for food security were maintained, even though the government's new investments in agriculture for development were put on hold. One exception was a new major investment in Malawi, where the Development Fund and several others will now support climate-adapted agriculture for 180,000 farmers.



In October, we saw several positive developments. Smallholder farmers that we support were reporting that their adaptation to climate change was also making them more resistant to the effects of the pandemic. Although everyday life had become more difficult, few experienced hunger, in contrast to many others.

Then the major, international Ceres2030 report arrived. With great credibility, it showed that the most effective and affordable thing we can do to stop hunger and malnutrition (UN sustainability goal 2) and deal with the climate crisis, is to invest fully in the world's 500 million smallholder farmers. It was a strong confirmation that the Development Fund has chosen the right approach. This is also the solution to

increased hunger during the pandemic.

As the new year arrived, we saw the results of our extraordinary efforts in 2020, as we were awarded solid, long-term funding by the Norwegian authorities. In a critical and very demanding pandemic year, we landed well on our feet, thanks to all our great supporters and fantastic efforts from our employees and partners. Now we can move forward and work for a more climate-adapted, food-secure, sustainable, fair and inclusive world. It's needed!

*Jan Thomas Odegard,
Executive Director*



A woman and her child wears face masks as preventive measure against the COVID-19 coronavirus, in her shop in Lilongwe, Malawi.

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Ups and downs of 2020

We usually focus on the most important highs of the year in this section of the annual report. But 2020 was an exception, where many things happened, positive and negative. Instead, we are choosing to present the year's most important events, both ups and downs.

Major investment in Malawi

The Transform programme in Malawi was officially launched in September. This is a collaborative effort by the Development Fund, Norwegian Church Aid and NMBU, and will contribute to increased food security and income for 180,000 farmers and their families. This work will be very important to small-holder farmers such as Janet Mwale and her two-year-old daughter.



War in Ethiopia

In November 2020, war broke out in the Tigray region of Ethiopia. As a result, all our project activities in the area were cancelled.



Your climate future

In September, we launched DinKlimaframtid.no, a website that shows how food production in your local area is affected by global warming. The consequences in Norway are compared with the consequences for Malawi. On the website, Norwegian and Malawian farmers also share their experiences of what they have done on their farms to adapt to climate change.



Shutdown

Norway and several of our programme countries closed down. Scheduled trips and partner meetings were cancelled and replaced by telephones and video meetings. We understood that we were facing a new way of working. A photo shows the empty streets in Huehuetenango in Guatemala during the lockdown in the spring of 2020.



Coffee campaign

One year after a small group of smallholder coffee farmers from Guatemala visited Norway for the first time, it was clear that they could celebrate success. Josefa was one of the visiting farmers. The Norwegian coffee company Kjeldsberg Kaffe AS imported a shipping container of coffee from our farmers and paid over 50 dollars more per sack than the going rate on the domestic market. The coffee was for sale in all Rema 1000 supermarkets in the autumn of 2020.



Performance measurement

At the beginning of March, employees from our country offices came to Oslo to attend a week-long seminar to strengthen our work with performance management and performance measurement.



New long-term agreements

We spent a good part of the year developing applications for new collaborative agreements with Norad. Three five-year applications were submitted.

The largest application was for funding of our field-work. Over the next five years, we will work with some of the most marginalized communities in Ethiopia, Guatemala, Malawi, Mozambique, Nepal and Somalia, so that they can be better equipped to meet climate change. Important goals for this programme, developed with local partners in all countries, are increased food security and better living conditions. One application was for five years, disseminating information on how climate change affects food production, both in Norway and in the countries in which we work. It is a continuation of the work we have done in the last three years, which has resulted in the documentary Uår and the new website www.dinklimaframtid.no. We will partner with Norges Bondelag, Norges Bygdekvinne- og Ungdomslag, Norges Bygde- og Småbrukarlag.

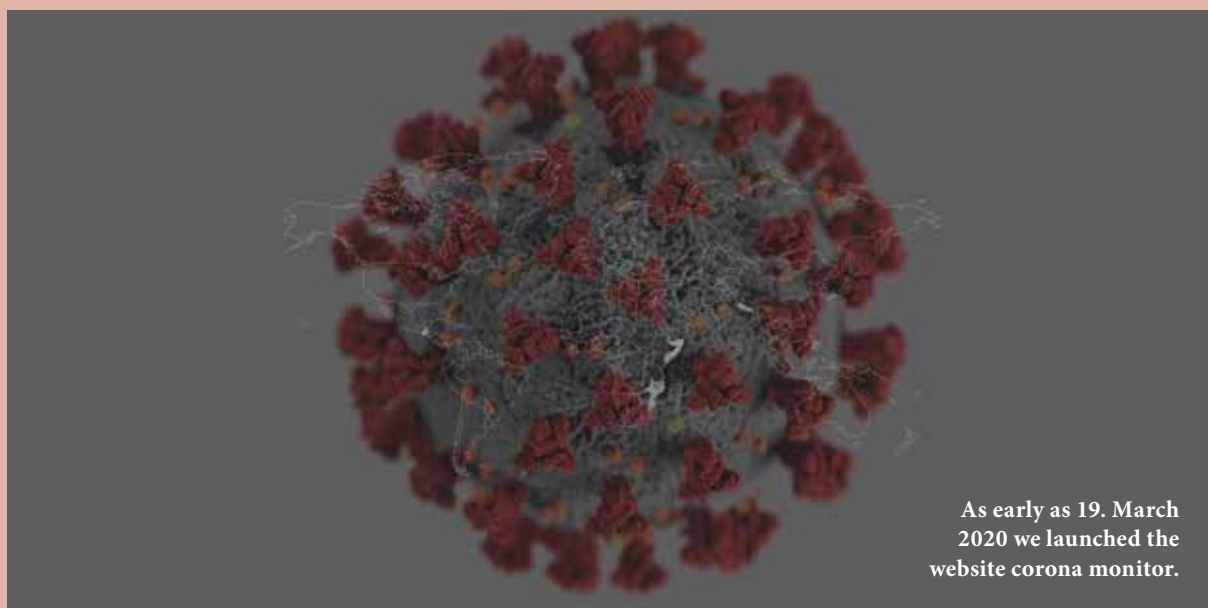
We also applied for funding for a new phase of our forest management project in Ethiopia. We will continue our efforts to strengthen the access rights of forest-dependent communities to forest resources and support their efforts to fight deforestation in Ethiopia's largest forested area.

Digital success

In 2020, we made an extra investment in digital content to provide information about our work to target groups. We have noticed this investment very well in the website traffic on our platforms. Compared to 2019, we had an increase in readership of almost 100% on the websites in 2020!

Covid-19 monitor

2020 was a challenging year for the Development Fund, but most of all for the small scale farmers of the world.



As early as 19. March 2020 we launched the website corona monitor.

In March 2020, Norway shut down. Strict pandemic control measures were introduced, creating major challenges for Norwegians. At the same time, it became clear to us in the Development Fund that the challenges facing the poorest countries would potentially be even more dramatic.

On March 19, we therefore launched the Covid-19 monitor, with an updated overview of developments globally and with daily updates from the countries in which we work. This initiative became the first Covid-19 monitoring website in Norway. We followed the situation closely and received daily updates from the grassroots of our global network. These updates were passed on to the Norwegian people through many media outlets.

The global pandemic crisis has now threatened 50 years of progress towards reduced poverty and hunger. The UN announced that the world may face the worst food crisis in over 50 years.

This was reported by our Somalia office in early April 2020:

The government of the self-proclaimed Republic of Somaliland has decided to shut down most functions in society in an attempt to prevent the spread of the virus. Issmael Shebal, at the Development Fund's Somalia office, describes a society that is poorly prepared.

"The minister of health tells the BBC that the government is doing its best to deal with the pandemic. Efforts are being made to inform the population, but so far little has changed in local markets or in most people's behaviour," says Issmael.

The poorest people are forced to choose between two evils. Should they stay home and starve or risk becoming infected to maintain a portion of their livelihood?

"We have no other livelihood than this and the government does not support us if we stay at home," says a woman in the market.

One year later, there are still dire circumstances in most countries where the Development Fund works. There was a strong second wave of the pandemic this spring. Nepal has been particularly hard hit. The situation is still dramatic.



A family mourns the death of a relative who became one of the many victims of Covid-19 in Nepal.

The Covid-19 Fund

Food is a basic need and sufficient food supply is a human right. In crises, robust and adaptable food supply systems that ensure food preparedness are absolutely crucial.

Simultaneously to the launch of the Covid-19 monitor, we started a pandemic fund to raise money for measures that could secure the food supply in the countries in which we work. The fund was created to ensure that farmers maintain their local food production in the midst of the crisis, so as not to create an additional crisis.

The money from the Covid-19 fund ('korona-fondet') has been used on a number of different initiatives in the countries where we are present. Some of the things that have been done are: distribution of food and hygiene products (preferably in collaboration with local authorities); initiatives to inform about the latest guidelines regarding disease control and prevention; distribution of seeds and cuttings to ensure food production; implementation of pest control to secure crops.

One of the people who received seeds when during the crisis was Dan Bahadur Gharti. He makes a living cultivating vegetables, and he described a desperate situation.

"When the virus started spreading and the country shut down, I was suddenly faced with an impossible

dilemma. On the one hand, I was afraid that my family would fall ill, but on the other hand, I was genuinely worried that we would starve to death if we did not get seeds. Without seeds, I could not start planting in time.



Distribution of seeds in Nepal

All our vegetables from last season had long since been sold or eaten, and the field was empty. I thought I was going to die," says Bahadur.

The places that Bahadur had previously acquired seeds had shut down, like so much of the rest of society. Seeds from the local seed banks became invaluable in keeping up food production. It was also Bahadur's rescue.

"Fortunately, I got in touch with the Development Fund's partner. They gave me seeds to get started with sowing. I am eternally grateful," says Bahadur.

*Cecilie Rikter-Ydse,
marketing consultant*



2020, year of crisis

The people for whom we are working are often living in a state of crisis. When the pandemic hit, it became one of the many crises they were forced to handle in 2020.



Locals protecting themselves as best they can in the open food markets of Guatemala.

The work of the Development Fund is, first and foremost, about supporting people in rural areas so they are better equipped to face crises. For over 40 years, we have gained valuable experience and developed methods that work. As the crises change, and their effects also change, our work is constantly evolving. To strengthen our efforts, we are always looking to increase our knowledge and understanding of how crises affect our target groups and their local communities.

When Norway and the rest of the world shut down, we lost most of the tools that we use to understand the challenges facing our target group, and understand which methods really work. Field visits and

extensive dialogue with the target group and our partners have helped us understand the effect of our work. These are activities that provide insight, what could have been done better, the needs of our target groups and our partners, and not least, what resources and efforts have been invested. This is how we understand the challenges they face and the battles they fight, day in, day out. Until now, it's been unthinkable to organize aid and to show solidarity without these meetings.

Like so many others, we had to completely change our plans when Norway and the rest of the world closed down. Several of our programme advisors were getting ready to leave for field work when the flights

were cancelled. Some were getting ready to run a seminar with partners. It was supposed to have been over several days, with a schedule of planning new applications to Norad and analysing the results of our work in recent years.

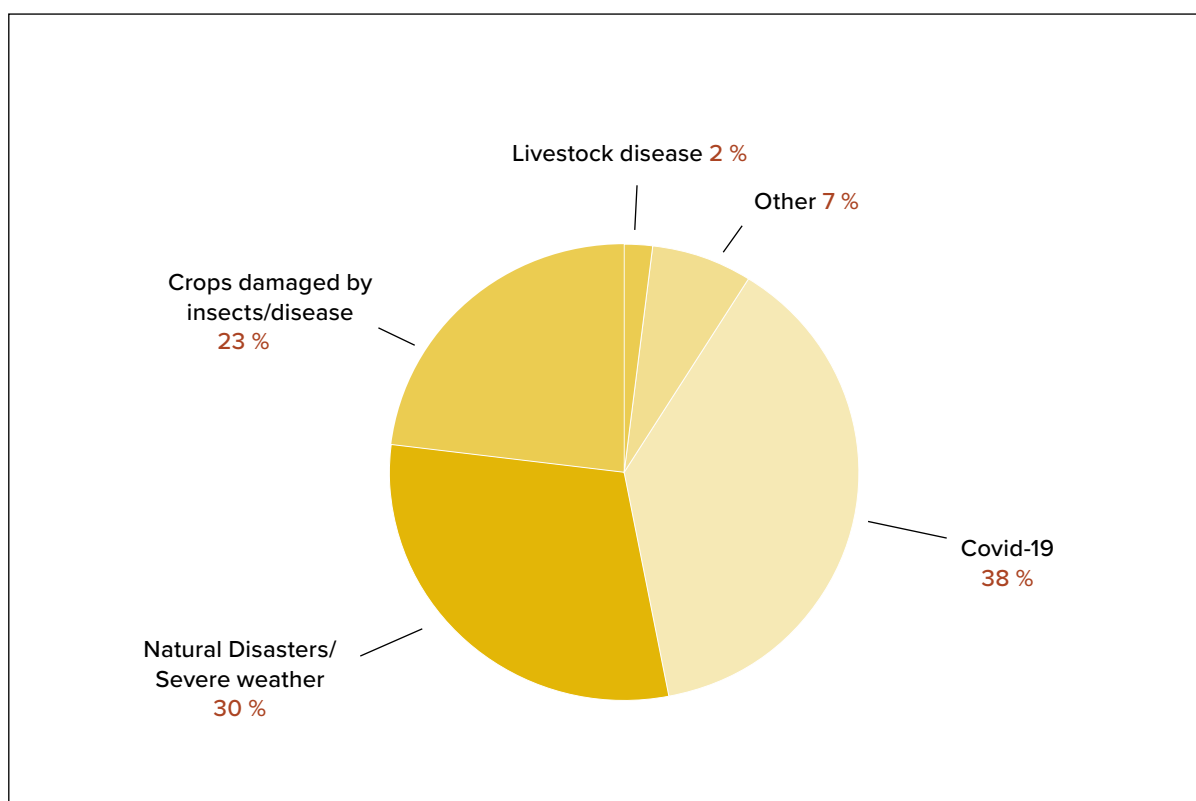
We missed good discussions with farmers, in their fields, about how the different varieties of maize can withstand drought and high winds. We also missed conversations with energetic women who tell us how savings and loan groups help increase their self-esteem. We didn't meet the proud pastoralists (nomadic herders) reporting on how their camels were less often falling ill after local animal health workers had received training in vaccination. All this was replaced by a good combination of Teams meetings, phone calls with various levels of audibility and e-mail communication.

For several of our partners, and our own employees at the regional offices, the home office situation was far more challenging than for those of us who are stationed in Norway. Some people had to make use of their cars to get acceptable coverage for Teams

meetings, while others barely had access to the internet for several weeks running due to curfews.

From our vantage point, the pandemic was also a reminder that our target group sees a continuous succession of unforeseen events that require rapid adjustment. To meet the challenges, we quickly realized that we had to change planned project activities. We had to prioritize measures that reduced the negative consequences of shutdown and reduced the risk of spreading the virus. Thanks to a well-developed network of local seed banks, farmers in adjacent areas were also given access to seeds and could maintain food production. Several of our partners are locally based and use local supporters who often are from, or live in, the communities in which we work. That meant that follow-up work could continue, even though large portions of society were paralysed by curfews. In Guatemala, the partners organized the training in small groups, while activating young people with smartphones. In this way, the younger people could watch videos and share other types of information with the older segment of the target group.

Crises that impacted societies in which the Development Fund worked in 2020





The village of Carro-Malko in Somalia creating an overview of how they experienced the different crisis of 2020.



A group of small scale farmers in Nepal gather to share their experiences in 2020.

Our work model – based on long-term partnerships, mutual trust, common goals and local connections – proved to be the key factor that enabled the continuation of most of our programmes, despite the shutdown. This has meant that partners have been able to approach us with proposals for changes and innovative measures, and has allowed us the needed flexibility, approving changes on an ongoing basis. Throughout the year, we have kept in close contact with our partners and received regular updates on the situation. We have had frequent online meetings and have not only maintained, but also strengthened the ties with our partners.

However, Teams meetings cannot replace the important physical meetings we have with our target groups. To gain a better understanding of how the pandemic has impacted people and the communities where we work, we started an innovative effort that maps the effect of the pandemic and what the responses were. We also wanted to understand if,

and how, our programmes had a positive impact on the local population's ability to cope in crisis. In the following pages, we show how farmers and people in rural areas experienced 2020. This last year, 2020, was also the final year of a four-year cooperation agreement with Norad. We would like to show how our work has contributed to our target groups being able to recover. These are the results we are going to build on when we enter a new agreement, where the goal is to support even more people, so that they can cope with new crises. Even though the pandemic affected everyone, 2020 was also yet another year of natural disasters and extreme weather. Many people lost their crops due to locust swarms or floods.

One of the smallholder farmers we work with in Somalia could report that she has lived in Beer Village for 50 years, but she has never experienced anything as devastating as the locust swarms of 2020.

"Everything was destroyed," she says. "Our farm looks like a desert, and it only took a few days."

Millions of locusts arrived in massive swarms. It was too much to cope with, both for her and for the local authorities.

In this context, the pandemic was not the only crisis, but yet another factor that amplified the consequences of climate change, which is one of the biggest challenges facing people in rural areas.



The house of a woman in Mozambique destroyed by storms.

*Elin Cecilie Ranum,
Head of program department*



Covid-19: a different crisis

We have conducted thorough surveys in local communities in all the countries in which we work. Here are some insights into how some of the most marginalized communities in the world have experienced 2020.

Natural disasters, extreme weather, swarms of locusts and crop disease are crises that have primarily had an economic effect on the local communities where the Development Fund works. This is dramatic for people who already live in poverty.

The greatest effect of the Covid-19 pandemic on people's lives has been economic as well. In the local communities where we work, people's ability to earn an income has been severely limited by closed markets, curfews, fewer available ad hoc jobs, supply shortages, increased transportation prices and fear of infection. The smallholder farmers have not been able to sell their agricultural products in local markets, have not been able to buy necessary supplies, nor have they been able to get to nearby settlements, where they normally buy and sell their goods. There have been major mobility restrictions, combined with control measures such as limitations on the number of passengers per minibus, which has increased transportation prices significantly.

The Covid-19 pandemic has also brought major concerns concerning the education, welfare and future of children. Schools have been closed for long periods. Home school is not an option for many of the children in our target groups. The parents are often uneducated and can therefore offer no help with school assignments and homework. Very few people have access to the internet at home. Many households have no electricity. We have heard reports from various communities about an increase in teen pregnancies and early marriages. More youths have started bad habits like drinking, smoking and drugs. We clearly see the negative effects of a lack of education among children and young people in the countries where we work.

We have also seen the weakening social bonds caused by the pandemic, by restrictions in social gatherings, fear, insecurity and isolation in the home for long periods of time. This causes stress and has increased the level of conflict in several communities. In one of the villages of Nepal, Begumpa, the locals describe how they are affected by the pandemic:

“During other crises, people came and we received emergency aid. There was emergency aid for earthquakes and floods, but for Covid-19 no one came. People were afraid of each other. Even though the earthquake caused us pain, we had each other. We could talk to people. Our families visited, but not this time.”

In Somalia, local communities said that a major cause of hunger and distress over the past year has been the fact that people haven't dared to help each other as they usually do – with seeds, food and money.

They also mention the effect of the Covid-19 pandemic on people's health, but those concerns are largely overshadowed by the economy and the lack of social support systems.

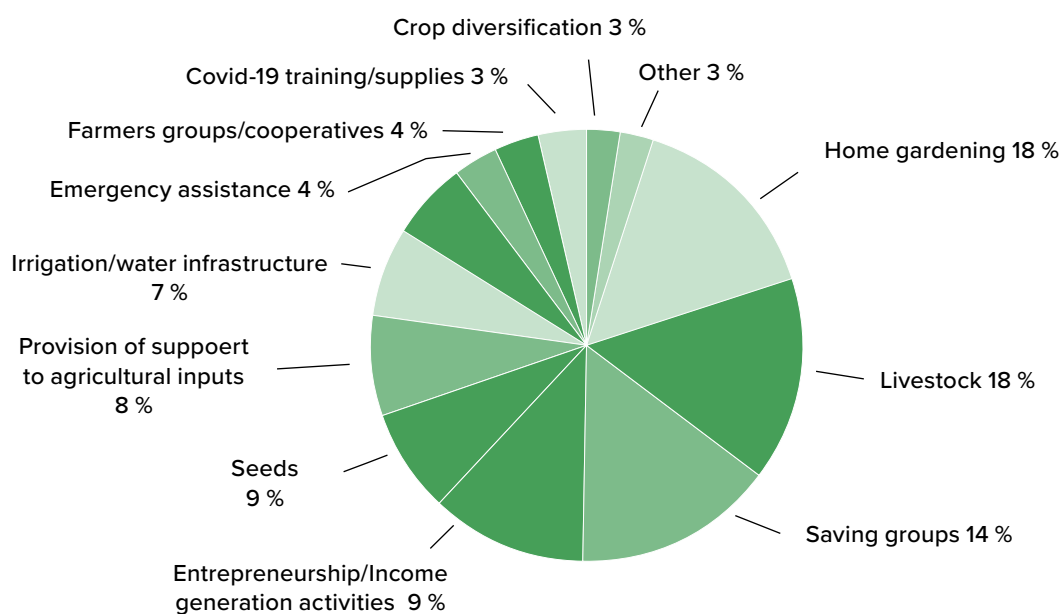
Strategies for coping with crises

For many of our target groups, 2020 was a year of successive crises. The various local populations have developed various different strategies for dealing with the crises. The most important has been new credit, both in the form of money and goods. This should cause concern, as it can have unfortunate long-term consequences for people already living in poverty. We will follow these developments closely in the future, and the situation will most likely affect our programmes in the years to come.

Also, people have worked harder, either with the work they were doing already or finding new sources

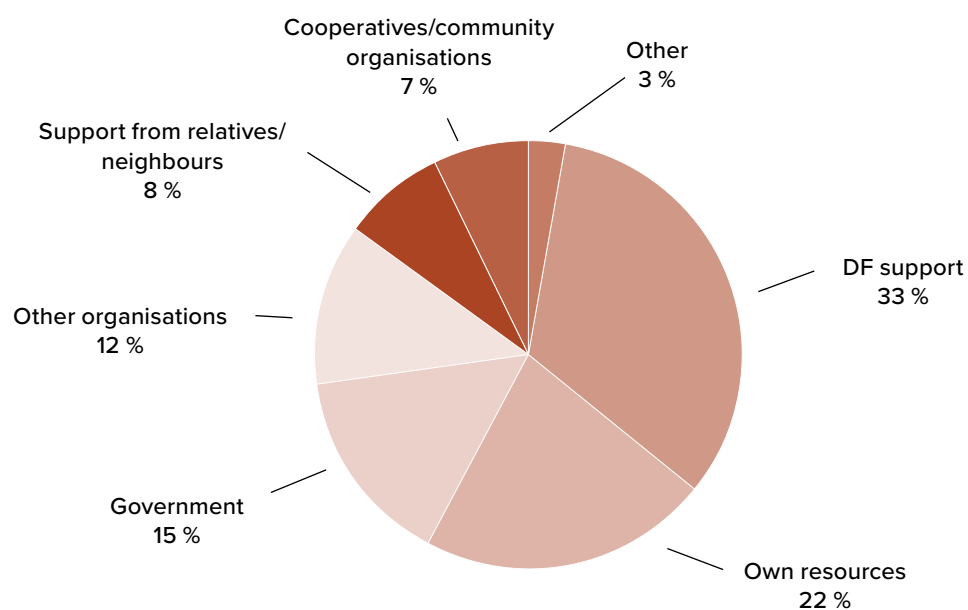
The support of the Development Fund to household strategies

by relative importance.



The source of households' crisis support

by relative importance.





Local communities in Somalia share experiences.

of income. They have been innovative and parsed their resources as best they can. People have risen earlier in the morning, sold wood and other items they have crafted themselves, and they have made an effort to find more ad hoc jobs. Unfortunately, some families have also had to send their children and young people out to work, often with relatives and other acquaintances.

Neighbours and relatives have helped each other to some extent, but to a lesser extent than otherwise, due to fears of infection.

The pandemic-caused shortage of goods has meant that more people use local products as traditional medicine. People have also reduced their food intake. Some have reduced their number of meals per day from three to two.

How the Development Fund has supported communities

The local communities have reported that they are strengthened because of the support of the Development Fund and the cooperation agreement we have with Norad. They communities have improved their strategies to meet the crises they have faced in 2020. The most important aspect has been the support for developing food production. Examples include support for vegetable gardens, livestock, animal health (such as vaccination), the acquisition of seeds and other items, and the construction of irrigation systems.

Image caption: In 2020, the Development Fund supported 53,899 households to improve agricultural production while 16,754 households received support in keeping livestock. In addition, 2077 people utilized seed from seed banks, while 163 sources of water were created or refurbished. The number of households receiving access to irrigation systems was 14,535, while 49,587 people were trained in the diversification of food production, all of them reporting that they use the training they have received in climate-adapted agriculture. From 2017 to 2020, the number of different villages that have established plans for and implemented local measures for climate adaptation is 206.

One of the communities in Ethiopia reported that access to vaccines for livestock was the most important support they received. Disease among livestock was a major problem that led to decreased herd numbers, and vaccines improved the situation. One of the participants says: "We need to thank the Development Fund, because if we had not received the vaccines at the time that we did, it could have been much worse. Our local community could have lost even more livestock and the consequences would have been that people would not have had enough food."

The Development Fund's support and development of loan and savings groups has also been very important to local communities in 2020. Cooperatives were able to offer supplies for agriculture and livestock on credit. Instead of paying high interest rates with private lenders, people have been able to borrow at lower rates in their own loan and savings groups. If livestock die or seeds are lost, the farmers have better opportunities to regain their assets through good credit schemes.

Thanks to the Development Fund's support, 35,616 households became members of savings and loan organizations in 2020, while 3,725 small businesses were established.

The importance of these measures in support of households can be seen in the diagram below. The local communities reported that the Development Fund's support has been the most important resource for meeting crises in 2020. In addition, they have used their own resources, received assistance from the authorities, while some have also received support from other aid organizations, from relatives or neighbours and from cooperatives and local organizations. The communities where we work are currently in an extremely difficult situation. They have depleted their own resources to face all the crises of 2020, and they are now experiencing the burden of increased debt. A group of women in Afar, Ethiopia, reported the following:

"2020 was a bad year that brought us complicated challenges. Covid-19, swarms of locusts and conflict have caused the local community to lose resources. This has led to food insecurity and a more unstable life. From 2021 and onwards, people here need more support to rebuild their lives after all these crises."

In conclusion, 2020 has been a tough year for our target groups. The crises have come one after the other. The good news is that we see very good and distinct results from our work. But the need will continue to be great in the years to come.

Anette Kirkebo,
consultant on documentation
of results





In September 2020, we launched a groundbreaking new website, www.dinklimaframtid.no, 'Your climate future'. It gives people a unique opportunity to see how food production is affected by climate changes where they live.



Scan the QR code for
www.dinklimaframtid.no



You can enter your postcode on the pages, and see your area's information concerning the climate future, with different scenarios for climate change and global warming. You can see the current situation, projections for a 2-4 degree temperature increase and a projection of an increase of over 4 degrees. A simple and clear presentation is shown, so we can see the consequences climate change will have on Norwegian agriculture and compare it with the consequences for an African country, Malawi.

Major challenges in the future

Climate change is threatening our food security, but this is not getting enough attention. That's why we created this website. Climate change is happening here and now, and we must act urgently, both here in Norway, but not least in developing countries, such as Malawi. The smallholder farmers are at the frontline of climate change.

In Norway, we must help the agricultural sector to better cope with extreme weather events. We can benefit from a warmer and longer growing season, but that depends on changes in our operating methods and what we choose to produce. For farmers in Malawi, the situation is significantly more difficult. Rising temperatures and more extreme weather patterns have catastrophic consequences on impoverished



people who depend on the production of their own food. There are extreme differences between Norway and Malawi, but perhaps we can learn more from each other than we think?

The best available knowledge

We have gathered the latest information on the site and presented it in an easy-to-understand way. We have read through countless reports and have done thorough research. All the sources we have used are also presented on the page, so you can find lots of material if you want go deeper into the subject matter. This work presents the best available knowledge in the field, and gives the readers a unique opportunity to understand more clearly what the climate future looks like.

Solutions from the north and from the south

At dinklimafremtid.no it's also possible to read interviews with farmers who are working on climate adaptation of their farms, both in Norway and in Malawi. There are already many good solutions for climate adaptation that need to be promoted. One of the featured farmers is Einar Kiserud, the owner of a dairy farm in Spydeberg in Østfold. He was hit hard by the drought in 2018 and subsequently traveled to Malawi to learn more about climate change and climate adaptation. There he met Esther and Collings, whose farm is in northern Malawi. It was an eye-opening journey that resulted in the documentary

film *The Resilient*. The hard-hitting documentary was shown on NRK in September 2019 and is still available for streaming on NRK's web pages. "We were completely unprepared," says Einar. "We had heard that there would be more extreme weather events, it would get wetter and warmer, not drier. We don't have an irrigation system on our farm. There hasn't been a need for it. On farms in our area where they had irrigation systems, they hadn't been used for decades."

"It was a difficult time," he says. "Many times I decided I wanted to quit as a farmer. Although the forecasts are for more rain in the future, they also say that the extremes will be even more extreme. So when we get a dry summer, the increase in temperatures makes it more extreme."

Einar has adopted new strategies to cope with climate change and to mitigate risk should there be another severe drought.

"The most important message that Esther, Collings and I can convey is that climate change makes it more difficult to produce food. People need food everywhere in the world. Therefore, we have to do something about climate change. It's that simple," he says.

Siri O. Kvalø,
Senior Communications Advisor



Development investor, come along for the journey!

Last year was our first full year with the new donor concept of ‘development investor.’ We have given quarterly reports on the progress of selected projects in each country where we are present. Our development investors have been able to follow investments from start to finish, for a threshing machine in Somalia, women’s groups in Ethiopia and water tanks for coffee farmers in Guatemala, among other investments.



We support proud small scale farmers like Thandiwe Nkhoma from Malawi.

Our first year has offered both opportunities and challenges, but most of all, it's shown growth. We've seen growth in the number of new donors, funds for our work and in synergies and collaboration within the organization. We have become more visible. Maybe you've even met us at a street corner? In 2020, we began recruiting development investors in the streets of Oslo. We have promised to be transparent with our develop-

ment investors, even when things do not go as planned. We hadn't expected a pandemic, but it turned out that this was a good opportunity for us to live up to our promise. Our development investors have followed the work in the field through shutdowns, lockdowns and extraordinary measures. They have learned that development work, especially in crises, is seldom uncomplicated, but it's always crucial.

Thank you for supporting us!

The Development Fund is completely dependent on our supporters to be able to reach out to people. Hunger and poverty can seem distant from our everyday life in Norway. An example from Guatemala shows how important it is to invest in people, and how reliant we are in Norway on the food production of other countries. The Development Fund works in Guatemala with the coffee producer Josefa Eveliq Hernández, among many others. She is the first woman in her local community to lead her own coffee cooperative.

They work for many things, including helping smallholder farmers in Los Cuchumatanes to improve their finances, their basic rights and the quality of the coffee they sell. In 2019, Josefa took part as a member of a delegation that was invited to Norway, including to Kjeldsberg Kaffebrenneri, as a result of the Development Fund's work.

«This is the first time I have travelled outside Guatemala. There are lots of impressions, being able to visit Norway and see a certified coffee distillery. It's fun that people are showing interest in our coffee,» said Josefa Hernández during the visit.

Certification meant a lot for Josefa and her cooperative. They were able to, among other things, invest more in plants that are better to use due to their hardiness in times of climate change. They also earned more opportunities, such as being able to sell directly to buyers in Norway.

In 2020, this materialized when Kjeldsberg Kaffe, as part of its seasonal coffee offering from Guatemala, bought a significant amount of coffee from the cooperative for distribution through the Rema 1000 stores throughout Norway. This was done in collaboration with the Development Fund, and in the autumn of 2020, Norwegians could find the coffee from this cooperative on the supermarket shelves.

This is an example of sustainable development, solidarity and market access in practice!

Increased investments in good solutions

Every year, the Development Fund receives significant amounts of contributions from companies and organizations that are interested in making a difference. It's a source of pride that forming a partnership with the Development Fund has become more desirable, both financially and professionally. A big



Josefa is proud to be a coffee producer.

Our coffee, with the caption: High quality coffee from the Development Fund's partners in Guatemala, ready for the Norwegian coffee market!



thank you goes to our main partners, Fred Olsen Social Engagement Group, to Bon Heur ASA and Grotmol Solutions, as well as to our partnering organizations Senterpartiet, Norges Bondelag, Norges Bygdekvinne og Norges Bygdeungdomslag. Small businesses and organizations also support us, and next year we will focus on developing concepts that will make it easier for more companies to show that they are serious about investing in the world's best fund.

Ambitious growth strategy for the Development Fund

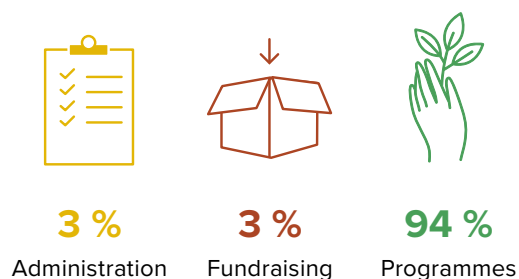
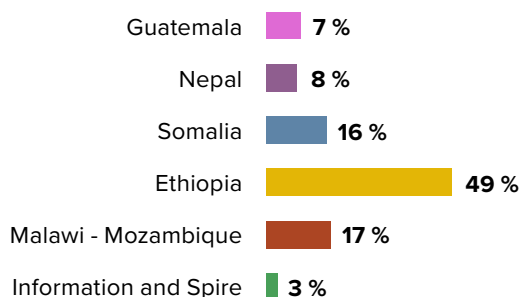
In 2020, the marketing and communications department has focused on building the systems for future growth, as well as on making the work for food security and adaptation to climate change visible. Our work is so important, especially in a world where food security is threatened by a pandemic.

We are still dependent on being visible in the public arena to be able to generate more response to the issues we are working for. Please like and share our posts on social media and feel free to join us when we organize a webinar or a seminar. Together we can make a big difference, fighting hunger and changing lives!

*Ann Askim,
Head of Marketing and
Communications*



Follow the money



Activity financial report

Regnskap per 31.12.2020

per 31.12.2019

Available funds

Donations

i) Government grants	105 344 818	110 547 938
ii) Other Norwegian grants	0	5 561 458
iii) Grants from international donors	11 509 361	12 711 609
Funds from private donors	6 502 880	7 841 072
Interests earned	29 609	60 226
<u>Total income</u>	<u>123 386 668</u>	<u>136 722 303</u>

Use of funds

Cost for acquisition of funds:

Cost of fundraising	2 709 532	3 428 099
Acquisition of funds, other expenditure	923 211	1 502 863
Communication expenses	0	951 138
<u>Total cost of procurement of funds:</u>	<u>3 632 743</u>	<u>5 882 100</u>

Cost for acquisition of funds:

Malawi - Mozambique country programme	19 179 214	21 959 521
Ethiopia country programme	56 114 557	64 763 364
Somalia country programme	18 402 834	20 350 045
Nepal country programme	9 206 626	9 845 999
Guatemala country programme	7 938 452	7 897 540
Evaluation and risk reduction	298 300	398 137
Information	2 927 509	2 269 225
Spire	458 093	514 324

<u>Total cost of programs</u>	<u>114 525 585</u>	<u>127 998 154</u>
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Administration expenses

	<u>3 449 436</u>	<u>3 961 412</u>
<u>Total costs</u>	<u>121 607 764</u>	<u>137 841 667</u>
<u>Profit/loss of the year</u>	<u>1 778 905</u>	<u>-1 119 364</u>

To equity with external restrictions	64 363	(64 363)
From equity with self-imposed restriction	-959 590	700 520
From other equity	-883 678	483 207
<u>Sum to/from equity</u>	<u>-1 778 905</u>	<u>1 119 364</u>

Greetings from the chairman

Two of the greatest challenges of our time have been adaptation to climate change and the need to increase food production, even before the onset of the pandemic. Now we see that children have lost the only proper meal of the day they could count on, the school lunch. Once again, increasing poverty levels have meant that the number of starving and malnourished people has risen. These negative developments have been exacerbated by conflict, climate change and the pandemic.

The pandemic has also given rise to concerns regarding food security in affluent countries. Based on consumers' tendency toward hoarding supplies, we understand that even unfounded, or weakly founded, anxiety regarding disruptions in food supply makes people uneasy. People understand that wealth does not protect against hunger if food is absent from the market. Several affluent countries have changed food security policies and are placing more emphasis on food self-sufficiency.

The Development Fund's new strategy is based on the need for intensified efforts to eradicate hunger and poverty by 2030. Our goals emphasize the bigger picture. We will contribute to improved food security and nutrition, increased income and more varied revenue streams, and to strengthen societal organizations in rural areas. As it is now, the trends are heading in the wrong direction. Over the next decade, the Development Fund will contribute to reversing this decline. Our ambition is to double the effect of our work by 2030.

The development of our methods, new knowledge and collaboration are keys to achieving our goals for growth. Yet, increased ambitions also require funding. The strategy of the Board therefore places great emphasis on strengthening the financial basis of the Development Fund, including significantly increasing fundraising.

In my six years as the Development Fund's Chairman of the Board, I have seen an organization in growth and development. The Board, the employees and partners have worked purposefully to make the Development Fund a more robust aid organization. We have emphasized that all employees, both in Norway and

in regional offices, must be equal players on the same team. During the pandemic, both a well-functioning organization and digital collaboration contributed to exemplary implementation of our projects.

Despite the challenges of 2020, our organization was able to achieve a positive financial result for the first time in six years. This allows the Development Fund to build up reserves and stand stronger in uncertain times.

Thank you for being part of the world's most important work, eradicating hunger and poverty. We face demanding challenges on the road to achieving sustainability goals, but we know that the Development Fund's work every single year improves the lives of thousands of poor and starving families in rural areas. We hope that both old and new supporters will help us to do even more in the years to come.

*Arne Bardalen,
Chairman of the Board of the Development Fund*





The Development Fund

Fighting hunger and poverty

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

Become a development investor at
utviklingsinvestor.no