

IMPACT FUND PROPOSAL

Impact Pathway

Using our expertise in the climate economy, SiF will focus on renewable agricultural investments that increase the quality, quantity, and transparency of farm-to-table production, with the maximization of positive impact for people and planet as our mission critical criteria for success. The agricultural sector today is inundated with opportunities to source cheaply from developing countries, with the true cost being borne by local communities and ecosystems. Best exemplified by the cocoa sector, where only 27% of the world's cocoa production aligned with voluntary sustainability standards (VSS), despite that cocoa also being able to sell for 30% greater value on the global market^[1], which presents the opportunity for SiF to deliver quality impact investment opportunities.

Investments in the agricultural sector therefore have the potential to not only provide healthy return but also to transform the local farmer paradigm, refocusing benefits locally and radiating impact upwards throughout the supply chain. By concentrating renewable agricultural investments on the ground level SiF will be able to limit the pressure on farmers to deforest and avoid exploitative land use practices.

Impact Measurement -- 5 Key Categories for Success

Impact Category	Associated IRIS+ Metric(s)	Impact Theme
Improved Agricultural Methods	Average Client, Supplier Agriculture Yield: Smallholder (PI9421 , PI1405)	Agriculture, Dignified Work (SDG 8, 10, 12)
Overall Fiscal Health & Sharing of Benefits	EBITDA, Earnings of Distributor Individuals (FP1657 , PI4881)	Dignified Work, Reducing Inequalities (SDG 8,10)
Responsible Landscape Practices	Area of Land Reforested, Forest Management Plan, Ecological Restoration Management Area (PI4907 , OI2622 , PI9556)	Biodiversity, Responsible Land Use, Climate Health (SDG15)
Management of Local Climate Risks & Water Impacts	Climate Resilient Water Management Practices, Level of Water Stress, Climate Vulnerability Status (OI2340 , OI2799 , PI1002)	Water Supply, Water Quality, Ecosystem Management (SDG 6, 15)
Improvement in Global Emissions	Greenhouse Gas Emissions of Product Replaced, Percent Recycled Materials (PD2243 , PD9364)	Emissions Reductions, Responsible Consumption (SDG 13, 12)

[1] Bermudez, Steffany, Vivek Voora, Cristina Larrea, and Erika Luna. 2022. "Global Market Report: Cocoa Prices and Sustainability." Global Market Report.

<https://www.iisd.org/system/files/2022-11/2022-global-market-report-cocoa.pdf>.

Impact Measurement – Continued

- **Improved Agricultural Methods** – application of agricultural best practices should be reflected in average annual agricultural yield improvements.
- **Overall Fiscal Health & Sharing of Benefits** – Annual measurements of fiscal health ensure that partners are equitably sharing in benefits with local partners and farmers
- **Responsible Landscape Practices** – This impact category is annually verifiable via satellite data, underscores the additionality of our work in local ecosystems.
- **Management of Local Climate Risks & Water Impacts** – Key to assuring investors that our work does no harm as water quality is the most salient concern in target countries.
- **Improvement in Global Emissions** – The global supply chain for our agricultural investment must take measurable steps to improve emissions, beginning with packaging and transport.

Key Targets for SiF

Target Geography

SiF will target developing countries with high agricultural potential, particularly for agroforestry products such as cocoa and coffee (products with existing VSS). Beginning with Ghana and Côte d'Ivoire in West Africa, this fund aims to expand in future years as our pilot programs progress.

Target Asset Class

This fund will work with private equities in our target countries for two key reasons: first, private equity investments in Africa tend to be smaller, community-rooted corporations, thus aligning our asset class with our localized community financial empowerment impact targets; second, the public equity sector is simply not robust enough in our target countries at this time.

Target Investment Type

This fund will be blending investing directly in companies that improve and implement renewable agricultural practices, which given the nature of the landscape of Africa, where ~70% of land is held by smallholder farmers^[2], this direct investment will be dispersed indirectly through these local corporations and agricultural cooperatives.

Target Financial Performance

We anticipate **below market returns for the early years** of the fund, especially with agroforestry, where it may take 3-5 years for harvests, however the long-term financial performance is anticipated to **match global market rate returns**.

Target Investor Base

This fund targets **Foundations** for contributions since they have a long-range return window and would accept a modest degree of loss. **Corporations** in the ag sector, such as Nestlé, would be ideal secondary investors as the improved supply chains and renewable agricultural products stand to improve their own business models and address their Scope 3 emissions.

^[2] Nyoni, Rejoice S., Guillaume Bruelle, Regis Chikowo, and Nadine Andrieu. 2024. "Targeting Smallholder Farmers for Climate Information Services Adoption in Africa: A Systematic Literature Review." *Climate Services* 34 (April):100450. <https://doi.org/10.1016/j.cliser.2024.100450>.