PEGASYS
CHANGING LIVES **CHANGING WORLDS**

Agri-energy funders & investors

Insights from ecosystem mapping and key practitioner interviews

December 2021

Shell Foundation

UKaid
from the British people

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Executive summary | Context, opportunity and approach

Enterprises at the intersection of agriculture and energy present an exciting opportunity for funders across the investment ecosystem. The ways in which funders and investors deploy capital in this area could be improved and made more efficient, including through increased sector collaboration.

Context

The African agribusiness sector could reach US$1tn by 2030, creating jobs & wealth. **Yet, this is predicated on access to the essential energy services** that enable farmers to grow, irrigate, harvest, refrigerate, process, and transport crops.

A range of funders and investors are already active in the agri-energy nexus, but many others are isolated across silos. As a result, many potential investments in agri-energy solutions and collaborations across aligned clusters are being missed.

Opportunity

Recognizing that agriculture and energy are critical in driving the achievement of the sustainable development goals (SDGs), the **Catalysing Agriculture by Scaling Energy Ecosystems (CASEE)** programme delivers access to energy for smallholder farmers in sub-Saharan Africa and South Asia by supporting agriculture-focused businesses to test new models and technology with the potential to reach commercial viability.

This research aims to identify current and potential investors and **share insights aimed at stimulating new partnerships and improving deal flow** to promote resource mobilization in agri-energy.

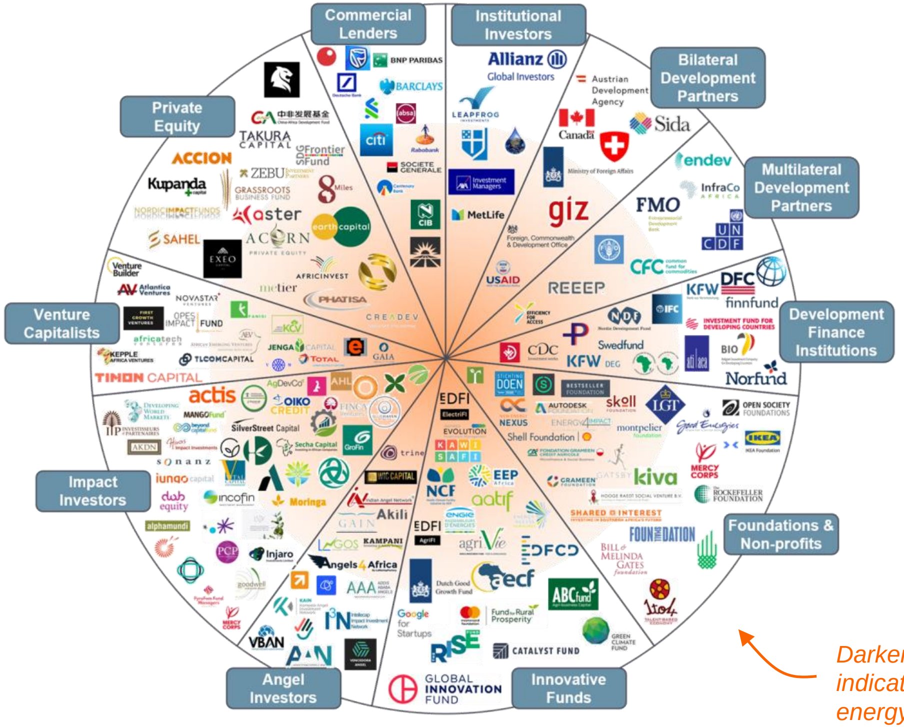
Approach

We have **identified and analysed a broad universe of 211 high-potential funders[1], and spoken with a carefully selected subset and our professional networks**, in order to: move beyond the 'known' universe; map potential interfaces between agri-energy and other themes; and systematically collect information to facilitate collaboration opportunities – to **better enable enterprises to access funding and funders to deploy it.**

Note: 1) Inclusive of for-profit investors as well as other types of funder.

Executive summary | Funder market mapping

A database of 211 funders working in Africa and India, stratified by ‘type’, sector, strategy, SDG focus, and other criteria, has been developed for use by both enterprises and funders.



Darker orange indicates clearer agri-energy alignment

- **The full database of 211 funders is available <u>via CASA</u>^{1}.** Funders with a sub-Saharan Africa mandate were prioritized.
  - ○ **Enterprises** can use it to identify synergies and opportunities with relevant funders.
  - ○ **Funders** can use it to identify co-funders and novel funders up- & down-stream.
  - ○ **Other organisations** can use it for a host of reasons, e.g. identifying opportunities for targeted partnerships.
- **A crisp typology and selected key criteria** helps to differentiate between funders along several axes:
  - ○ **WHO** they are: Funder type; Funder theme SDG(s)
  - ○ **WHAT** they fund: Geography; Sector
  - ○ **HOW** they fund: Investment Type; Scale of Investment

Note: 1) CASA = The Commercial Agriculture for Smallholders and Agribusiness Programme – a UK aid funded program aiming to facilitate collaboration.

Executive summary | Key insights for enterprises

Interlinkages between sector and impact criteria mean that enterprises at the intersection of agriculture and energy can be attractive to a broader range of funders. Enterprises can best access capital by articulating and proving both commercial performance and positive impact (based on funders' specific definitions).

Funder strategies

- **Targeted engagements with prioritised funders are highly important** to gain a full understanding of their aims, especially as many funders articulate their focus areas broadly and / or rely on jargon.
- **Applying a composite lens to funders' focus areas** (e.g. via the SDGs[1]) can identify synergies and more opportunities, especially as funders' stated geography, sector and ticket size criteria can at times be interpreted more broadly. For example, investments in agri-energy can satisfy "climate", "food", "innovation", and broad "poverty" / "inclusive growth" mandates, in addition to those specifically related to energy and energy access.
    - Enterprises are encouraged to **leverage the funder mapping** (see pg.3) in this vein.

Funder focus

- **Funders' most critical criteria is commercial performance** – enterprises must achieve, articulate, and prove this (with quality data). Different funders focus on different commercial aspects (e.g. cashflow for debt vs. growth rate for early-stage equity).
- **Funders increasingly prioritise impact, particularly at earlier investment stages**, both within 'impact investment' and beyond it (i.e. going far beyond 'do-no-harm'[3]). Objectives such as jobs / income created and productivity are relatively common, but many funders also have their own impact frameworks.
    - As such, **enterprises must work closely with each funder to understand, track, and improve impact**.
- **'Investment readiness' is a major focus for funders**. Enterprises can benefit from proactively making, and signalling, improvements in this area (e.g. data availability, cashflow management, business planning).

Funder processes

- **Funders rely on a mixed sourcing approach, with a particular focus on networks**. Enterprises should integrate themselves in such networks (e.g. via industry events and existing connections).
- The **investment process can take 4-12 months**, with longer timeframes due to deal complexity, enterprise readiness (e.g. poor data quality), funder risk perception, and delayed passing through various stage gates during due diligence reviews.
    - The enterprise is typically **represented by an "Investment Manager"**; a funder of medium seniority, who manages dataflow and prepares investment papers. Therefore, approaching the most senior funder is not always optimal.

Note: 1) SDGs = the UN's Sustainable Development Goals. 2) CASA = The Commercial Agriculture for Smallholders and Agribusiness Programme – a UK aid funded program aiming to facilitate collaboration. 3) Investment strategies focused on preventing negative impacts by e.g. excluding certain sectors or carrying out compliance checks, rather than proactively looking to drive positive effects.

Executive summary | Key insights for funders

Funders recognise the value of improved 'handovers' and bulked-out sector conveners. Similar coordination could also drive enterprise growth including via more effective TA/CB. Work to harmonise impact standards and verification mechanisms can also bring value across the spectrum of capital.

Pipeline and deal flow

- **Various funders have improved pipelines,** e.g. via earlier-stage funding and increased pre-deal TA/CB[1]. **These initiatives can be accelerated by partnerships** (both funder-funder and with others).
- **Funders find existing sector convener –type work broadly helpful** (e.g. by trade bodies, certification entities). These efforts should be expanded to improve cross-pollination between funders' existing networks).
- **Improved 'handover' between funders** can increase deal flow by easing enterprises' graduation pathways and capital access, while also benefitting funders (e.g. improving fund-raising outlook and "exit" returns). However, most funders appear to focus much more on enabling 'inflow' than optimising 'outflow'.
- Broader sector efforts, including by partners (e.g. market studies; bolt-on strategic support) can facilitate deals and enable diversification & vertical integration.

Impact

- **The proliferation of impact definitions and tracking methodologies creates an inordinate burden on both funders and enterprises**. Funders should work towards more harmonised standards and verifications. Efforts are ongoing in this regard by some European DFIs, and GIIN[2]).
- Funders indicate that **impact is best achieved** when targets and tracking are set early (often pre-investment) alongside enterprises, and applied consistently. Methods to drive enterprise buy-in include tying impact to meaningful events and building M&E into core enterprise strategy and operations.
- Applying a **broader perspective on impact** (e.g. via an SDG-lens[3]) can highlight new opportunities. For example, Agri-energy investments can satisfy "food", "climate", "innovation", and broad "poverty" / "inclusive growth" mandates, in addition to energy / energy access.
  - Funders are encouraged to **leverage the funder mapping** (see pg.3) to identify novel funders throughout the funnel.

Enterprise growth

- **Funders can play an important role in assisting enterprises to access and structure capital to help facilitate their onward growth** (e.g. structuring debt, identifying opportunities, 'exit' planning). However, this aspect of enterprise growth support appears rarely prioritised.
- Many funders remark **the need for more TA/CB[1]**. Proactive improvements delivered to SMEs can plug gaps early. Improved coordination among funders, as well as with local partners can help deliver improvements effectively. Systematic needs assessments and applying TA/CB throughout enterprises (rather than just to leadership) also help.

Note: 1) TA/CB = Technical Assistance and Capacity Building. 2) The Global Impact Investing Network. 3) SDGs = the UN's Sustainable Development Goals. 4) CASA = The Commercial Agriculture for Smallholders and Agribusiness Programme – a UK aid funded program aiming to facilitate collaboration.

Context

Catalysing Agriculture by Scaling Energy Ecosystems (CASEE)

Access to productive-use energy can enable smallholder farmers to enhance agricultural output and profitability with reduced environmental costs and increased climate change resilience

Globally, an estimated **2 billion people live in smallholder households**.

In Asia and sub-Saharan Africa, smallholder farmers are at the centre of the food system and produce up to 80% of the food consumed. As a group, however, they are among some of the most disadvantaged and vulnerable in the world, **struggling with food security, energy availability, market access, training and climate change**.

The **Catalysing Agriculture by Scaling Energy Ecosystems (CASEE)** programme is a £30 million partnership between Shell Foundation and the UK Government. It **delivers access to energy for smallholder farmers in sub-Saharan Africa and South Asia by supporting agriculture-focused businesses** to test new models and technology with the potential to reach commercial viability.

CASEE aims to:

- **STRENGTHEN agriculture and food systems**, by scaling innovative businesses
- **IMPROVE** more than a **million lives**
- **MOBILISE £110 million** of additional investment into the agriculture ecosystem
- **GENERATE** robust evidence on the role of patient capital and pathways to scale

Objectives | Mapping and meeting with agri-energy funders & investors

Context

Agriculture and energy are high on the development agenda. They are critical in driving the achievement of the sustainable development goals (SDGs) by supporting food security, enabling value addition and reducing poverty. Agriculture and energy are also closely linked to climate change and will be part of its eventual solution.

For instance, the African agribusiness sector could reach US$1 trillion by 2030,[1] creating jobs and wealth. Yet, this is predicated on access to the essential energy services that enable farmers to grow, irrigate, harvest, refrigerate, process, and transport crops. **Enterprises at the intersection of agriculture and energy present an exciting opportunity for funders across the spectrum of capital**, with significant potential for driving positive impact among the most underserved populations.

A range of funders and investors are already active in the agri-energy nexus, but many others are isolated across silos. As a result, many potential investments in agri-energy solutions and collaborations across aligned clusters are being missed.

Objective and research focus

As part of CASEE's goal to help scale a range of enterprises and promote resource mobilization in the agri-energy ecosystem, this research aims to identify current and potential funders and share insights aimed at stimulating new partnerships.

Accordingly, it is built around three main elements:

A **structured funders and investors map** (database available via CASA). This includes funders that are already active in the agri-energy space and others who could become interested based on their key impact goals.

Key insights. Data and interview-driven analysis to identify trends around investment volumes and instruments and insights on **collaboration opportunities** with funders across aligned clusters, alongside **detailed qualitative findings**.

Focused profiles of selected funders aimed at stimulating the creation of new partnerships.

Note: 1) Source - World Bank, 2013. "Growing Africa: Unlocking the Potential of Agribusiness.", Factor[e] Ventures. 2020. "The Opportunity at the Nexus of Energy and Agriculture".

Methodology | Defining the 'universe' and identifying interviewees

The mapping and meeting exercise followed a **multistage process to generate insights**, with an aim to:

- **Systematize knowledge on funders** that are well **known to have an interest in** the core **agri-energy** space across **clearly defined parameters**.
- **Identify other 'high potential funders and investors',** acknowledging that some do not self-identify as agri-energy funders, and their methods for deploying capital may vary widely.
- Gather **qualitative insights from a carefully selected subset of funders** which represent perspectives across the breadth of the universe.

Identification of funders & investors

We reviewed a wide selection of funders and investors who are active or have the potential to be active in the agri-energy space, building on proprietary (notably Shell Foundation) and public databases and professional networks

Characterisation of the universe

Using public information and our professional insight, we characterised funders and investors against key criteria and lenses to identify their preferred funding modalities and pathways through which they do (or could) invest

Consolidation and validation

We consolidated a list of 211 high-potential funders and investors, mapped against key criteria. Prior to publication, the universe was compared with external datasets and peer reviewed by experts, including CASA, to validate the findings

Identify and conduct interviews

In collaboration with Shell Foundation we selected a subset of funders with whom we conducted interviews and about whom we produced detailed profiles. This group contributed meaningful insights and represented a multiplicity of funder types

Special thanks to CASA (review of mapping and insights) and GIIN (review of insights)

Insights from funder universe mapping

Insights from mapping | Typology and criteria

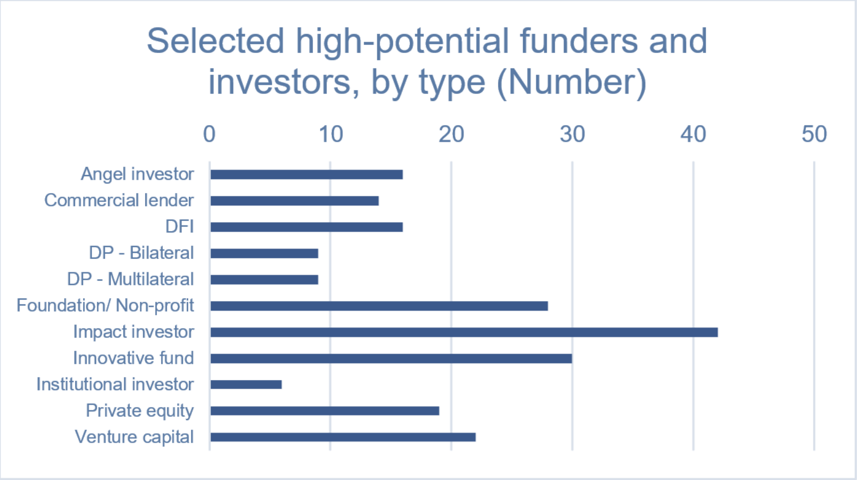
The development of a crisp and consistent typology to segment funders and investors was a critical initial step for the mapping process, and similar approaches should be employed in future.

A desk-based research exercise enabled the identification of a range of potential sources of capital and support, using internal and external databases, as well as consultations with our network.

A crisp typology and selected key criteria were identified to capture information and segment funders and investors. This allowed for the development of perspectives on their individual and shared characteristics, including preferred investment size, the stage at which they typically invest, their preferred investment mechanism(s) and their investment thesis.

WHO they are	1 Funder type	2 Funder theme (SDG)
WHAT they invest in	3 Investment geography	4 Investment sector
HOW they invest	5 Investment type	6 Scale of investment

211 Funders and investors with demonstrable potential in agri-energy and aligned areas have been included in our **reference universe.**

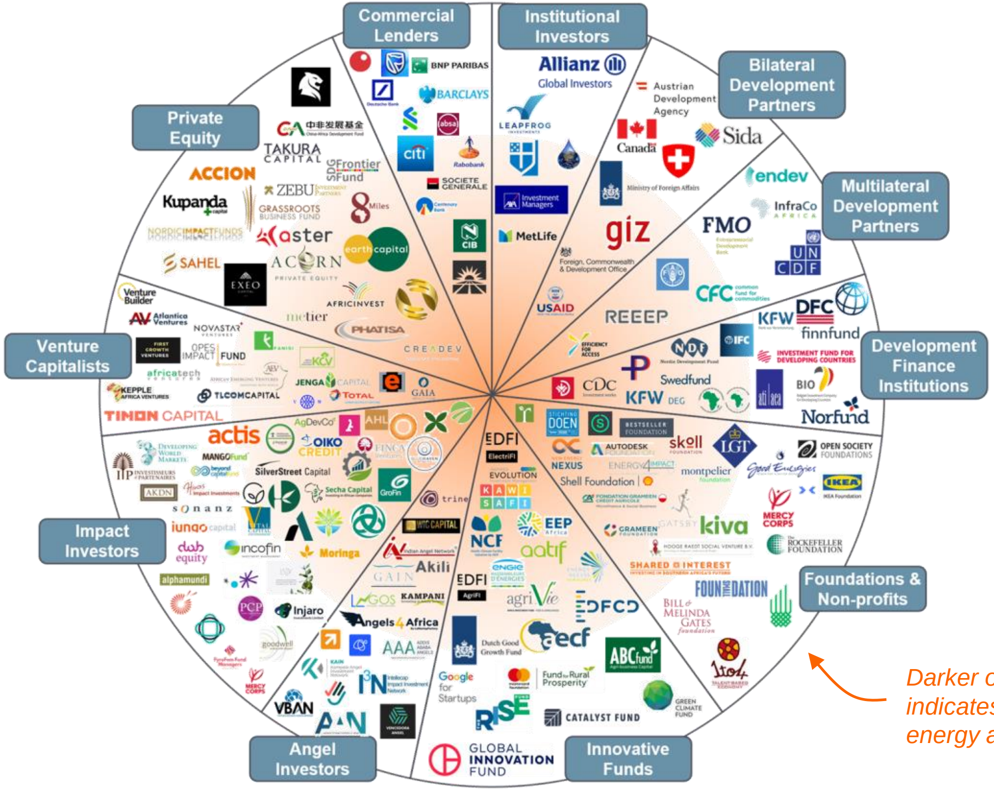


Selected high-potential funders and investors, by type (Number)

Insights from mapping | The universe

The universe includes 211 funders and investors with demonstrable potential in agri-energy and aligned areas.

- **The full database of 211 funders is available via CASA[1] for use by enterprises, funders, and other organisations alike.**
- Funders with a sub-Saharan Africa mandate were prioritized.
- Targeted efforts were made to identify private equity investors (PE), venture capitalists (VC) and innovative funds; because this area presented the greatest initial knowledge gap.



Darker orange indicates clearer agri-energy alignment

Note: 1) CASA = The Commercial Agriculture for Smallholders and Agribusiness Programme – a UK aid funded program aiming to facilitate collaboration towards systems change.

Insights from mapping | Mandates and flexibility

The characteristics and comparative advantages of different funder types vary widely, with their mandates, instruments and geographic focuses impacting their flexibility and preferred partnership model(s).

Mandates and investment strategies

- **Angel investors**, **PEs** and **VCs** focus primarily on individual enterprises.
- Several **DFIs and foundations,** and some **impact investors,** have more flexibility and provide capital both directly to enterprises and indirectly through FoF[1] or programmes.
- **Bilateral and multilateral development partners**, together with **institutional investors**, are more likely to operate at arms-length – through purpose-built programmes or FoF[1]. That said, (often early stage) enterprises can benefit from monitoring their activities to identify specific calls or new vehicles.

Investment sectors vs instruments

- Many funders and investors focus on a variety of investment (sub-)sectors, particularly larger investors.
- **Identifying and zooming in on the right instrument strengthens the chances of securing investment** (enterprises) or shaping collaboration opportunities (other funders), accelerating capital deployment.
- For this reason, the database includes specific funding instruments with distinct mandates, as well as (or occasionally instead of) the primary funder (e.g. responsAbility's Access to Clean Power Fund).

Geographic specialization

- While geographic specialisation is common among funders and investors across all ticket sizes, a **narrower focus is especially noticeable at seed and other early stages.** In particular:
    - Many angel investor networks operate at national, or even at city, level.
    - Some angel investor platforms with an international footprint are better understood as crowdfunding platforms (e.g. Trine).
    - Venture capital often takes a sub-regional approach.

Enterprises should proactively cultivate awareness of (and monitor) funders' strategies and interests, in order to best focus fundraising efforts. Novel and/or unfamiliar funders may be worth approaching.

Note: [1] FoF = fund-of-funds model, in which a fund itself invests in other fund(er)s.

Insights from mapping | Investment themes (1/2)

Agri-energy investments are attractive to a far broader range of funders than self-identify as such, due predominantly to the breadth of interlinkages between agri-energy and other investment themes.

- **Agri-energy investment opportunities are attractive to a broader range of funders than may self-tag as such**. This is because:

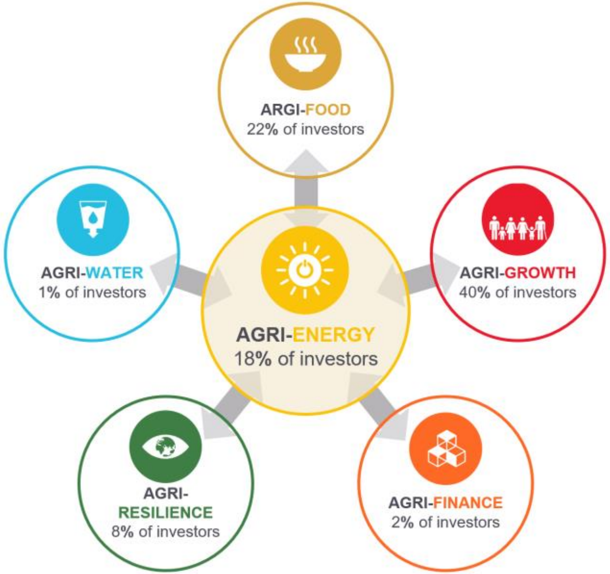
Primary factor

a) **Funders can achieve a wide set of aims by investing in agri-energy.** This is because of the significant breadth of interlinkages between agri-energy and other investment themes *(see illustration right)*, such as resilience, food access, inclusive growth, and gender.

  ○ For example, there are clear links between gender and agri-energy (as women make up a significant share of agricultural value chains). Several funders include gender within investment themes or screening as a sub-topic.

b) **Funder approaches to self-’tagging’ vary widely and do not always correctly reflect ‘interest’**; some do not integrate SDGs[1] or adopt loose attribution frameworks; while others incorporate direct attribution and multi-step chains (bi- and multi-lateral partners, impact investors, and innovative funds tend to be most diligent). This diversity and ambiguity means that many funders which do not explicitly state agri-energy interest are in fact attracted to it.

Distribution of funders by primary SDG-tag across our universe

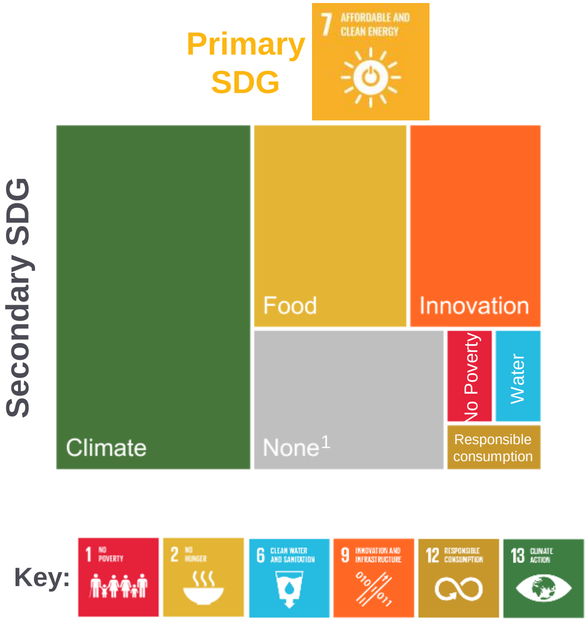


Note: 1) In these cases, funders are tagged as “unspecified” in our analysis.

Insights from mapping | Investment themes (2/2)

Energy-focused funders often also target food and climate; and the same is true in reverse.

Distribution of energy funders by secondary tag



- Funders which primarily target energy (SDG 7) often also target food (SDG 2) and climate (13). The same is also true in reverse. This highlights the **clear interlinkage between these areas.**

- A meaningful proportion of Food and Energy-focused funders do not explicitly target any other SDGs (this is typically present due to specific sub-sector focuses). However, in practice these funders achieve benefits in adjacent areas – e.g. an investment which improves value chain logistics will have a poverty-reduction effect by improving market access.

- Poverty alleviation (SDG 1) was the most common primary tag, with at least 40% of poverty-focused funders not explicitly citing another area. This is the least specific SDG and enables funders to focus in a wide range of areas, including Agri-energy – e.g. a hypothetical investment which improves smallholder yields utilising clean energy sources could be primarily motivated by poverty-alleviation, but also ‘hit’ clean energy, climate, and food access SDGs.

- Relatively few funders in our universe have gender (SDG 5) as a primary or secondary theme. However, gender remains a key focus for many funders as a pan-sector, cross-cutting theme.

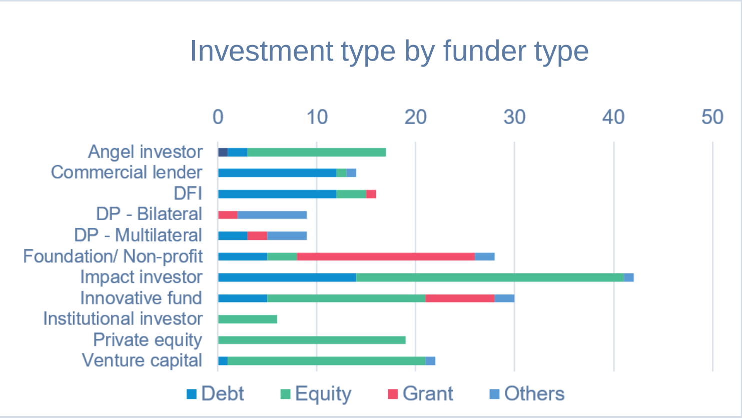
Note: 1) Funders which ostensibly focus on a single SDG were tagged as such. This group should be considered to be predominantly focused in one area of the nexus.

Insights from mapping | Investment types and scale

Equity appears more prevalent than debt in our reference universe; with grants highly popular for non-profits and foundations only. Certain funder ‘types’ fall more consistently within ticket size ranges than others.

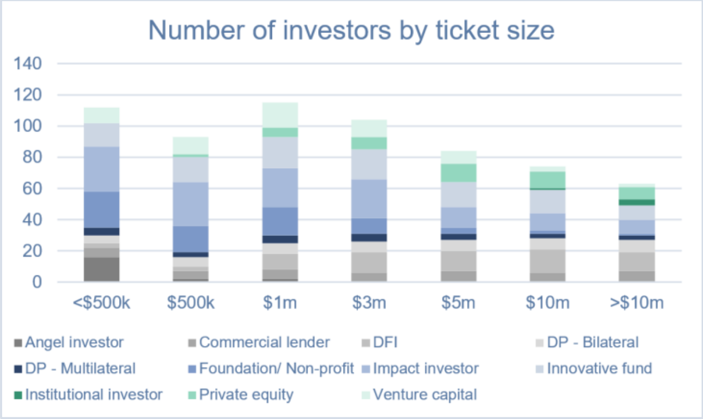
Investment type

- The reference universe **includes funders and investors across the spectrum of investor and investment types**. Enterprises should leverage the database via CASA to identify potential funders, as can funders and other organisations seeking to form partnerships.
- Both **commercial and concessional debt** are featured, with a range of funders offering both concurrently (sometimes alongside equity).


Investment type by funder type

Investment size

- Certain funder ‘types’ are concentrated at certain tickets (e.g. angel investors and VCs at smaller). Others present more breadth (e.g. DFIs and private equity). Many larger funders effectively have ‘teams’ focused at different ticket sizes.
- Qualitative feedback suggests a lack of smaller ticket investment – this may reflect funders’ higher practical ‘minimum’ thresholds than stated[1].


Number of investors by ticket size

Note: 1) E.g. driven by enterprise ‘readiness’ rather than strict ticket size limits – see pg.22 for detail.

Interview insights for enterprises

Insights for enterprises | Summary

Enterprises must articulate both commercial performance and impact in their engagements with funders, and ensure that these are defined and presented in alignment with funders' specific targets and methodologies. A lack of 'investment readiness' can be a barrier to investment and/or materially slow the investment process.

*"**Investments need to make commercial sense for us**. That said, one of the main challenges we face is **financial reporting** – enterprises which don't understand or track cashflows; or otherwise struggle to digest, structure, analyse, and present info. **We need that to prove the commercials."** - Interviewee*

*"**Investment readiness is a big challenge. We need to be speaking the same language** – reviewing data, assessing business plans, etc. In some cases, enterprises are doing the right things, just not articulating them." - Interviewee*

Key topics	Pages
The criticality of enterprise commercial performance	**19-20**
Funders' focuses on impact	**19-21**
The importance of "investment readiness"	**22**
Funder approaches to sourcing	**23**
How the investment process works	**24**

*"We have a **two-staged impact assessment**, firstly focused on risks (e.g. environmental / social compliance), and then a deeper assessment using our own tool to review a whole range of factors including the enterprise's value chain, field TA, resource conservation" - Interviewee*

*"We have built up a **strong network of partners** which feed us leads. Our fund managers provide **co-investment opportunities**. Before COVID-19 there were also **conferences**. And finally, our internal team does **market assessments, in-country trips, cold meetings**." - Interviewee*

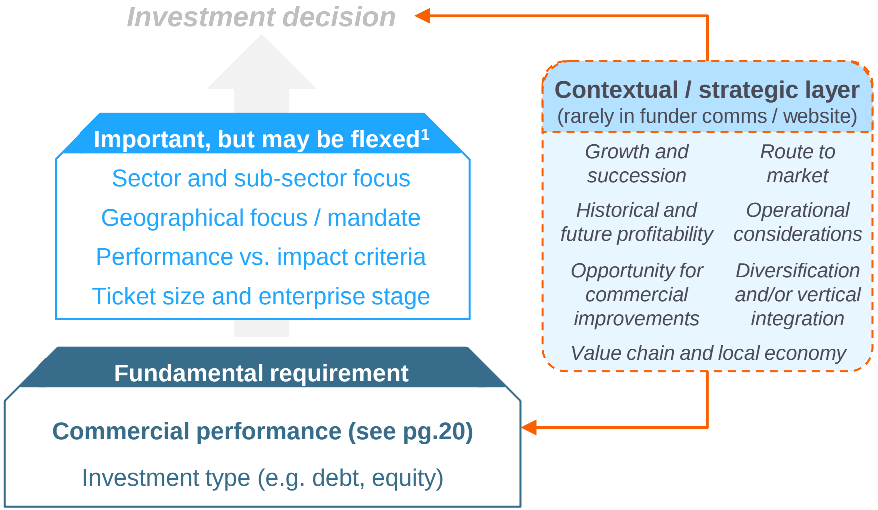
*"**We do an initial screen, go to IC, then do full DD and go back to IC again**. Any big challenge that is thrown up or question unanswered can result in a delay to the next IC or the process pausing altogether." - Interviewee*

Insights for enterprises | Funder investment focuses

Enterprises must work to understand funders’ investment criteria (e.g. sector, impact, ticket size), and target fundraising efforts accordingly. That said, funders’ most critical requirement is commercial performance, the pursuit of which can sometimes allow them to invest ‘just outside’ these criteria.

Aspects of funders investment decisions

(non-exhaustive, and in no particular order)



Investment decision

Important, but may be flexed[1]

Sector and sub-sector focus

Geographical focus / mandate

Performance vs. impact criteria

Ticket size and enterprise stage

Fundamental requirement

Commercial performance (see pg.20)

Investment type (e.g. debt, equity)

Contextual / strategic layer
(rarely in funder comms / website)

Growth and succession

Route to market

Historical and future profitability

Operational considerations

Opportunity for commercial improvements

Diversification and/or vertical integration

Value chain and local economy

- **Enterprises must work to understand what funders’ investment criteria are.** These involve considerations around (sub-)sector, geography, impact[1], and enterprise size / stage; and can vary in stringency from strict mandates to broad priority foci.
- **However, funders can sometimes be more flexible in practice than as stated**, due to the fact that their fundamental underlying requirement – commercial performance and viability – is driven by a broad and varied set of contextual and strategic factors specific to each potential investee. As such, enterprises sitting ‘just outside’ a funders’ focus area should still explore opportunities to work with the funder, because the funder may interpret its criteria somewhat broadly / creatively to enable some room for manoeuvre:
  a) Most funders are willing to consider enterprises which sit at the boundary between their focus and other areas (e.g. agriculture funders and agri-energy enterprises).
  b) Funders with strict sector and geography mandates are often interested in diversifying their portfolio in other ways (e.g. internationalising portfolio enterprises including via bolt-on acquisitions, or interpreting sectors and opportunities more widely by investing across a focus value chain).

Note: 1) These criteria may come from funders’ own funders or other important stakeholders. Some criteria – e.g. explicit mandates to avoid certain geographies – are strict and immutable. However, funders may be able to be more flexible in other areas, such as sub-sector focuses or impact definitions.

Insights for enterprises | Structuring a ‘pitch’

Enterprises must ensure that any pitching materials and funder liaison covers both commercial performance (a fundamental underlying requirement for all funders, albeit with different focus areas) and impact (as defined and tracked by the funder in question).

Key features of a successful enterprise pitch

<table>
<tr><th></th><th>Importance</th><th>Key aspects</th><th>Rationale</th></tr>
<tr>
<td>Commercial performance (and readiness)</td>
<td>Fundamental underlying requirement for all funders</td>
<td>Detailed historical growth[1] record, plus realistic projections.
Evidence of performance in key areas which are typically important to the given type of funder[2], e.g.:
<table>
<tr><th></th><th>Equity</th><th>Debt</th><th>Grant</th></tr>
<tr><td>Smaller ticket</td><td>Market size, unit economics, growth</td><td>Cashflow, co-investors, owners</td><td>Growth trajectory, impact, team</td></tr>
<tr><td>Larger ticket</td><td>Margins, gearing, mgmt. team</td><td>Cashflow, market stability, rationale</td><td>Ability to unlock further funding</td></tr>
</table>
</td>
<td>Funders of all types very rarely invest in enterprises which cannot demonstrate strong commercials. Pitch and marketing materials should almost never be solely impact-focused.
Funders prioritise different commercial areas (see sub-table). Enterprises should consider which type of requirements they fit best and approach the ‘correct’ funder types.</td>
</tr>
<tr>
<td>Impact</td>
<td>Highly important to most funders, albeit focus varies</td>
<td>Detailed rationale of the enterprise’s positive impact and how this aligns with the targets of the specific funder.
→ Enterprises’ ability to unlock funding, even from non-impact focused funders, is increasingly tied to impact (e.g. at minimum, no-negative-impact -type criteria; but increasingly regularly going beyond this).</td>
<td>Funders have varied ESG impact criteria, some of which are broadly popular (e.g. jobs created) whereas others are specific to each funder.
Enterprises must ensure that their pitch is tailored to each funder’s specific impact objectives[3], and be prepared to work with funders to understand, articulate, and track this.</td>
</tr>
</table>

Note: 1) Can sometimes differ (e.g. turn-around investments). 2) Each individual funder will have specific commercial criteria and sensitivities, per internal strategies and enterprises’ commercial and market contexts. 3) Information sources include: industry databases (e.g. CASA); funders’ websites; existing investees; and industry conveners / other working groups and published research.

Insights for enterprises | What funders mean by impact

A small set of impact metrics are important to most funders. However, most funders have additional and/or enterprise-specific goals, resulting from their strategies and each investee's context. Enterprises must work closely with funders to understand impact, and how to track and deliver it.

Funder impact metrics cited within sample

(non-exhaustive)

	Agri-energy specific		**More widely-focused**	
Common: **Enterprises should track proactively**	Producer productivity increase	Energy access improved	Number of lives impacted	Jobs / income created (direct and indirect)
Funder- and context-specific: **Work with funder to track**	Improvement throughout value chain	Emissions reduced or avoided	Gender (many ways to assess)	Resource conservation
	Reducing post-harvest losses	Area under cultivation	Household nutrition	Enterprise-specific targets

- **Funders are generally working towards similar end goals** (e.g. inclusive growth). There is a set of common impact metrics which reflect these most closely (e.g. jobs created, producer productivity). Enterprises should track these proactively to accelerate funder engagement. However:
  - **Funders' impact models differ in depth / complexity** (e.g. many DFIs publish proprietary multi-layered matrices online, whereas smaller ticket private investors and short-term debt funders are less stringent).
  - **Many funders may have specific targets** relating to their staff expertise, strategic focus, or fund-raising efforts. This can also occur at departmental level, e.g. larger funders with org.-wide targets below which agri-energy specific targets are constructed[1].
- In this context, and **given the importance of achieving and sustaining impact, enterprises must work closely with funders to ensure alignment** on the impact definition and methodology and ensure that **appropriate and transparent monitoring systems are in place**.
  - An open mind should be kept as to how enterprises are contributing to goals (e.g. enterprises may have broader impact than expected).

Note: 1) This may also exist where funders add their own targets on-top of their own funders' objectives (e.g. in the case of fund-of-funds investments).

Insights for enterprises | Achieving and evidencing investment readiness

Enterprises should demonstrate 'investment readiness', and ongoing efforts to improve this. Funders are increasingly setting up corresponding capacity building support activities.

Key aspects of investment readiness

(non-exhaustive)

Most important

Expected by **all funders**	Data availability and quality	Understanding & mgmt.[1] of cashflow
	Competence[1] of senior mgmt.[2]	Governance and regulatory compliance
Expected at **larger tickets** and by most **equity funders** *(higher level of scrutiny)*	Business planning clarity / maturity	Market & product strategic thoughts and considerations
	Ownership and succession plans	Competence[1] of non-ExCo[3] staff

> *"We run a capacity building boot camp and other TA/CB programs to support entrepreneurs and enterprises that show promise but need a bit more development and scale before they are really investable." - Interviewee*

- Enterprises which have achieved higher levels of technical and commercial capability are seen favourably by all funders.
- **Data availability and cashflow management are seen as critical by all funders** (the former in enables funder oversight, review, and planning; and the latter drives funder returns[4] and can, if handled poorly, crash an enterprise). A **lack of commensurate systems and staff training can be a significant barrier to investment**.
  - Equity and larger ticket funders (due to the longer 'hold' period and greater sums respectively) tend to have higher expectations.
- **Enterprises should therefore work to improve their capacity, and clearly signal past and ongoing efforts** (to demonstrate awareness and willingness), particularly in these key areas.
  - Many funders are increasingly delivering investment readiness support (particularly at smaller tickets). Enterprises should **leverage existing funder outreach programs wherever possible** (including via local intermediaries and partners).
  - Improving enterprise capacity will also, in and of itself, deliver commercial benefits over the medium and long-term.

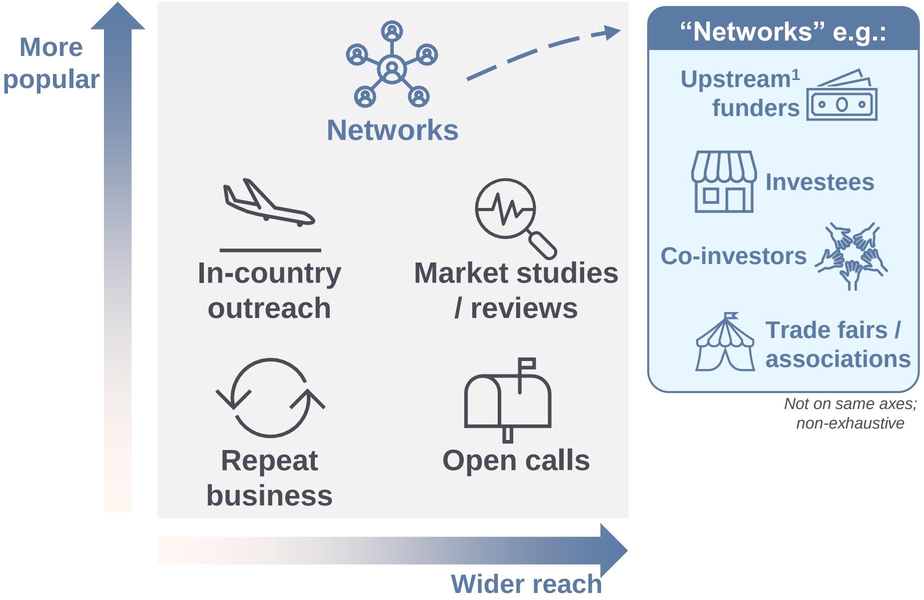
Note: 1) Competence can entail a range of characteristics including commercial acumen, strategic insight, ability to motivate and enthuse junior staff; ability to negotiate and strike deals, etc. 2) Mgmt. = management. 3) ExCo = Executive Committee – i.e. the most senior members of staff. 4) Directly in the case of debt and indirectly in the case of equity.

Insights for enterprises | Funder sourcing methods

Funders employ a range of sourcing methods concurrently, with a special emphasis on 'networks'. Enterprises must, therefore, work on accessing these networks, while also exploring multiple other avenues for attracting funder attention concurrently.

Funder concurrent sourcing methods

(non-exhaustive)



More popular

Networks

In-country outreach

Market studies / reviews

Repeat business

Open calls

Wider reach

"Networks" e.g.:

- **Upstream[1] funders**
- **Investees**
- **Co-investors**
- **Trade fairs / associations**

Not on same axes; non-exhaustive

- The **most popular sourcing channel for funders is through networks** (e.g. with other funders, trade organisations, consultants, and prior investees). **Enterprises seeking to secure investment should work to incorporate themselves in such networks**, e.g. via:
  - ○ An active presence at industry events;
  - ○ Existing funder relationships (including with local funders);
  - ○ Proactive engagement with funders' local outreach efforts;
  - ○ A crisp online and business environment presence;
  - ○ References / recommendations from other enterprises which have secured investment and other investment market actors (e.g. auditors, deal advisors).
- Beyond networks, funders employ a mixed sourcing strategy. Enterprises should **maintain a broad presence and attractive business profile to enhance engagement; and aim to react proactively to funder outreach opportunities.**
  - ○ Many funders reference a shortage of potential investees – this is partially due to enterprises' lack of concerted efforts to break into sourcing pathways and maintain a broad and active presence.

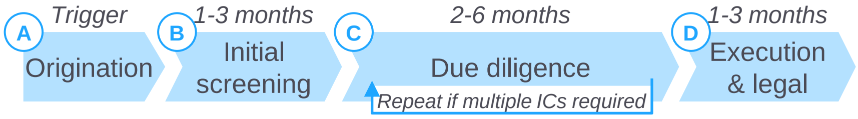
Note: [1] A subset of funders also receive opportunities from downstream funders (e.g. if a larger funder finds an attractive enterprise which is too 'small', they may pass it back 'up' the investment funnel).

Insights for enterprises | The investment process

Investment review processes are relatively onerous for enterprises, particularly at larger ticket sizes. They typically last 4-12 months, and tend to involve multiple rounds of preparing memoranda / documentation and responding to funder queries. ‘Repeat’ investees may shortcut the process.

Stage gates and timing

- The investment review process (“screening” & “due diligence”), can take **4-12 months**, with longer timeframes often linked to large deal size, low enterprise “readiness”, and/or DD complexity (e.g. political instability).



A Trigger – Origination

B 1-3 months – Initial screening

C 2-6 months – Due diligence

Repeat if multiple ICs required

D 1-3 months – Execution & legal

A) A deal is ‘originated’ via sourcing (see pg.23), triggering the review.

B) **Initial screening** e.g. on financial & impact metrics. The enterprise helps develop a paper for submission to “Investment Committee” (IC) for approval to progress further.

C) “Due diligence” (DD) is a **more extensive** assessment (e.g. consultant support, 100-day planning, legal negotiations, further analysis). DD culminates in **presentations at one or more further ICs**, fielding additional queries, until a final decision is reached.

D) The legal process post-‘go’ decision can be slower in complex deals and jurisdictions.

Primary participants

- Throughout the process, the **funder is typically represented by a single “Investment Manager” (IM),** a mid-seniority staff member[1]. The IM essentially acts as the enterprise’s guide / closest ally.
- **Other experts may also become involved as required** to assess certain aspects of the investment, such as specialist market conditions (e.g. carbon markets), or ESG criteria.

Visits & data availability

- Funders’ approaches to investment review vary broadly. However, most **funders conduct in-person meetings and site visits, and require enterprise financial and commercial data** (e.g. audited accounts).
- Enterprises must be ready for these requests, and **proactively prepare** items and activities (e.g. impact data and any special requests made by investment committee).

Note: 1) It is often IM-type staff (mid-seniority investment team members, who may have different titles in different funders) who are primarily responsible for deal flow and enterprise liaison; with senior investment staff playing an overseeing / strategic and negotiation role. As such, enterprises should not solely focus on engaging with senior funders.

Interview insights for funders

Insights for funders | Summary

Improved coordination and partnerships across the sector can drive meaningful improvements in several areas, including: accelerating improvements in ‘pipeline’; facilitating enterprise ‘graduation’ between and across funders; and reducing the burden caused by proliferation of methods to define and track impact.

*“We have set up **different funds which allow us to invest in earlier stage** or more challenging enterprises (**including indirectly**), and in some cases graduate that enterprise between our own funds. We wouldn’t have been able to do that previously.” - Interviewee*

*“We have ESG specialists, plus a separate impact team that does the enterprise assessments based on our framework which is **quite detailed** and laid out online. It incorporates a **mixture of direct and indirect indicators**. When we work through an **intermediary then we require them to collect certain datapoints** as well.” - Interviewee*

*“If we identify a gap **we design a plan to fix it which is integrated into the investment process**. With loans **impact milestones can be associated with further payouts**. We can **use external partners** where we need to and have **capacity development grants** to help with that.” - Interviewee*

Key topics	Pages
Methods to improve conditions in pipeline	27
How to improve ‘handover’ to accelerate deal flow	28
The proliferation of impact methodologies	29
Impact at entry, during investment, and at exit	30
Methods to improve TA/CB[1]	31-32
Other areas where partnerships can help	32

*“Enterprises’ graduation pathways can be very different, and depend on their status to begin with. That said, **we do our best to support them in finding follow-on funding and making introductions** to other funders.” - Interviewee*

*“We have **different indicators** and ask for data to assess those. It can be c**hallenging for founders, particularly early stage, to articulate and prove that**. We often organise outreach before funding to help answer questions and **achieve common understanding**.” - Interviewee*

*“We have **partners in several areas**. Local industry associations help **publish funding calls and introduce us to opportunities**. Funders upstream and downstream help us **originate deals and plan for exit**. We organise **webinars and outreach** alongside various organisations. **Local TA** is important too.” - Interviewee*

Note: 1) Technical Assistance / Capacity Building.

Insights for funders | Pipeline

Funders can (and should) make concerted efforts to improve pipeline functioning (e.g. better ‘handover’, deal sharing, and earlier-stage funding). However, improved sector collaboration between and along investment funnels (e.g. driven by ‘conveners’) may be required for systemic improvements.

Existing efforts to improve pipeline conditions

(non-exhaustive)

	Partnerships can help	Lead time	Scale
Ad-hoc assistance to investees at ‘exit’ stage, or post-loan	✓	**Shorter**	**Within-network** focus; **existing investees** only
Increased deal- and intelligence-sharing within existing networks	✓✓	**Medium**	**Within-network** only; **irregular and informal**
Earlier-stage investing by major funders to bulk out internal pipelines (e.g. SME teams; FoF[1]; incubators)	✓	**Longer**	**Within-funder** only; **difficult to scale**
Increased grant and TA/CB[2] support to help SMEs scale to investable size	✓	**Longer**	**‘connected’ enterprises only**
Donors / political actors helping improve national ‘business environments’; and otherwise general long-term growth		**Longest**	**National**-scale; can be **political**

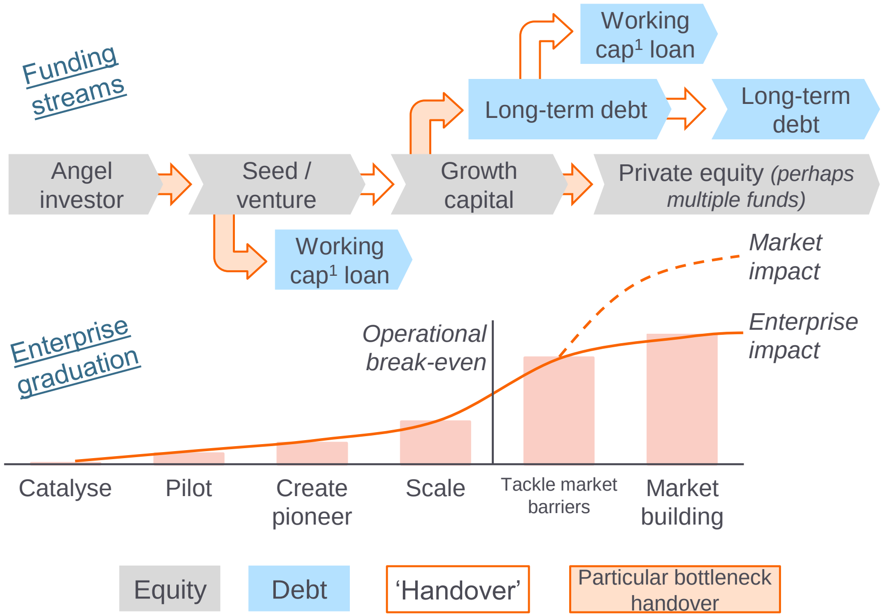
- Funders have initiated **various interventions to increase the number of enterprises with the scale and sophistication** for larger ticket investments. **Improved partnerships across the sector can help accelerate and optimise these initiatives**. These strategies have a positive impact, and should be encouraged and proactively delivered *(see left)*.
- However, it is also true that **these interventions generally have small-scale impact and/or long lead times**. This limits their systemic effect in the short- and medium-term.
- **A sector convener could materially improve deal flow** in a systemic way at market level by increasing cross-pollination between funder networks (which tend to be relatively concentrated around specific sub-sectors and geographies), improving efforts at smaller ticket sizes, enabling opportunities for unknown yet investable enterprises garner attention.
  - This role could be played by later stage funder(s), trade bodies, and/or donor- / government-funded entities; and likely be structured at sub-sector level[3]. More work is needed to determine the precise business case.

Note: 1) Fund-of-funds. 2) Technical assistance and capacity building. 3) The precise business case and commercial workings of the convener will depend on which (type of) organisation(s) takes ownership and drives the initiative forward.

Insights for funders | ‘Handover’ between funders

Improved ‘handover’ between funders can increase deal flow by addressing bottlenecks – easing enterprises’ graduation pathways and access to capital – while also benefitting funders themselves.

Illustrative enterprise ‘graduation’ and funding streams



- ‘Graduation’ by growing enterprises between / among funders (perhaps concurrently) does not occur smoothly in many frontier markets[2].
  - Bottlenecks exist throughout, but are most pronounced at very early stages (both debt and equity), for long-term debt at growth stage (shallow markets), and for scaled PE (lack of investor-ready enterprises and investor exit routes).
- **Funders can better facilitate deal flow by improving ‘handovers’ to concurrent or subsequent funders.** For example:
  - a) Proactively working with enterprises to **anticipate and build proof points to resolve questions anticipated in future investment review** processes.
  - b) Actively **leveraging connections / making introductions** within and beyond networks, including to different funder ‘types’.
  - c) Helping enterprises **better articulate impact** for the next (specific) funder.
  - d) Support via **strategic reviews and investment readiness** to improve enterprises’ capability, commercials, strategy, and financial planning.
- Improving ‘handover’ provides **several benefits to funders themselves:**
  - i. Ensures that investees continue driving **positive impact**
  - **ii. Optimising ‘exit’** opportunities
  - iii. Improving their own **market presence**
  - iv. Improving their own **fundraising outlook** by evidencing (i), (ii) and (iii)

Note: 1) Working capital. 2) Due to several factors, e.g. lack of accessible funder networks, fundraising readiness, and/or funder risk perception(s).

Insights for funders | Defining and measuring impact

The proliferation of impact definitions and tracking methodologies creates an inordinate burden on both funders and enterprises. Funders should work towards more harmonised standards and corresponding verification mechanisms. Some work in this area is ongoing.

The context

Funders typically have proprietary definitions of impact, and corresponding tracking and measurement methodologies[1].

The rationale

This is consistent with each funder's specific investment strategy and relationships with its own funders.

The challenge

However, the proliferation of definitions and methodologies at market level is inefficient and can be a barrier to investment.

- Currently **significant funder effort is required in helping enterprises to define, understand, and track impact**. Even so, enterprises may deliver poor or ad-hoc quality data, slowly; and may also materially over- or under-report impact. Furthermore, these challenges are largely repeated with each new investee[2].
    - Some funders have partially ameliorated this challenge by instead leveraging 'operational' data and performing top-up analysis. However, this abstracts enterprises from measurement of impact, with negative knock-on effects (e.g. tracking halts post-investment; enterprise buy-in to 'impact' is reduced, etc.).
    - Enterprise-specific fixes (e.g. better 'handovers' between funders) still require funder and enterprise effort, and fail to resolve the root challenge.
- Some variation in definitions and methodologies is inevitable. That said, **working groups of funders' impact specialists, aiming to enhance harmony, would improve market operation and deal flow**. Such efforts are ongoing among a small group of European DFIs as well as GIIN[3]. Broader parallels also exist e.g. EU and USA work to establish non-financial reporting mechanisms.
    - Working groups should be structured around specific sub-sectors, investment funnels, and co-investors to improve collaboration and ensure participants' interests are aligned.
    - **Common, low-cost verification / tracking approaches** are also critical.

Note: 1) This is true despite all funders ostensibly targeting many of the same global 'end goals' – the UN SDGs. 2) Irrespective of whether the investee has previously secured investment, because prior funders may have different impact methodologies. 3) The Global Impact Investing Network, a key industry thought leader and convener.

Insights for funders | Impact at entry and exit

Funders’ impact works best when they dedicate material efforts to working with enterprises to understand and define impact in each given context, set targets pre-funding, and measure progress regularly and consistently. Earlier stage, longer-term, and equity funders typically hold more sway.

	‘Impact’ at entry	**‘Impact’ during hold / loan phase**	**‘Impact’ at exit**
	Relatively high effort level	**Medium effort level**	**Medium effort level**
Main objectives	Understand enterprises’ impact and how well this meets funder goals. Understand how impact might be improved going forward.	Ensure that impact is sustained and improved, per earlier agreements, and measured regularly and consistently. Build enterprise ‘ownership’ of impact.[1]	Formalise understanding of impact and impact improvement over hold / loan. Work with enterprise to articulate impact going forward.
Keys to success	Work patiently with enterprises to understand and articulate context – they may not have undertaken similar exercises previously. Set impact metrics / targets early, collaboratively, and transparently.	Ensure that enterprises are taking advantage of available TA/CB[2] support and engaged with the impact thesis. As agreed up-front, weave impact into meaningful events (e.g. impact-linked performance reviews & disbursements[3]).	Support enterprises in best articulating their impact theses, commensurate with future funders’ (specific) interests. Ensure that any context-specific targets and achievements are attributable to funders’ overarching impact goals.

- **Proactive early-stage funders can drive impact into the core thesis and working of investees**, creating sustainable long-lasting effects. **Long-term and equity funders are also well equipped** due to the timeframe available to them and their generally more active strategic role.
- Ultimately, **some enterprises may perceive investments as predominantly commercial opportunities, rather than means to improve impact.** Funders should keep this in mind when structuring training, targets, tracking, and rewards.

Note: 1) Building true buy-in is critical to ensure that enterprises continue to have a positive impact after the (current) investment stage. 2) Technical assistance / capacity building. 3) Tying financial outcomes to impact is popular but not a substitute for genuine long-term improvement (i.e. after the investment window, when the incentive to drive ‘impact’ is gone, the enterprise may revert to status quo).

Insights for funders | Technical assistance and capacity building

Many funders remark the need for more TA and capacity building support. Improved coordination among funders, as well as with local, early-stage external supporting partners, could help deliver this most effectively.

Ways for funders to improve Technical Assistance and Capacity Building

(non-exhaustive)

Activity	Impact of activity on TA/CB		
	Improve reach	Advance uptake	Expand scope
Improve coordination among funders to both offer and drive TA/CB (e.g. co-sponsoring events, sharing details of external providers, encouraging enterprise uptake, tracking uptake to avoid duplication). Importantly, this can also deliver varied co-benefits, e.g. pipeline building.	✓	✓	
Maximising usage of available resources – e.g. leveraging local TA/CB specialists rather than building internal tools, and accessing external (often grant) funding. Establishing standards and/or setting common expectations on quality (e.g. of TA/CB specialists) is also important.	✓	✓	✓
Several successful efforts to **improve enterprise buy-in** have been cited, e.g. (a) mandating enterprise co-pay; (b) tying TA/CB to performance reviews; (c) utilising local partners; and (d) explicitly working with enterprises to understand where they most require support.	✓	✓	✓
Consider enterprise needs systematically rather than on an ad-hoc basis (e.g. as part of DD or investee ‘onboarding’); and **expanding TA/CB beyond ExCo level staff** (e.g. include operational and middle-management employees). Both initiatives could be partner-delivered.		✓	✓

Insights for funders | Other areas for partnership support

Funders have indicated several areas where they could benefit from closer partnerships with other funders, and also better leverage other organisations. Many funders have relatively small teams managing large sums of capital – supportive partnerships are highly prized in this context.

Areas where funders can successfully leverage partner support
(non-exhaustive)

Discussed in prior pages

- *Sourcing and 'handover'*
- *Defining & measuring impact*
- *TA and CB*[1]
- *Co-driving events*
- *Co-invest, or offer mutually beneficial financing*

Exit opportunities

- Many equity funders have cited '**exit**' as a core challenge.
- Increased ongoing coordination with partners (incl. other funders and multinationals businesses) could help highlight exit opportunities and enable proactive, long-term planning (e.g. targeting hold-period efforts in areas to enable defined exit pathways).

Market insights / studies, and specialist knowledge

- Funders often have relatively small teams; trusted partners can catalyse investments by **plugging knowledge gaps** and **improving system-level knowledge**[2].
- Many funders seek to diversify or virtually integrate. **Strategic advisory, market intelligence, and specific sourcing** (e.g. via 'bolt-on' acquisitions) may accelerate these efforts.

Early-stage investment activity

- Some funders have set up TA facilities and/or made fund-of-funds investments to support early-stage investment. In certain instances these are co-established or co-funded by multiple later-stage funders.
- There is significant **headroom and need for additional efforts in this vein**, including by (and supported by) partners.

Note: 1) Technical assistance and capacity building. 2) This can take place across multiple stages, e.g. a high-level 'market study' report produced by a third party followed by specific Q&A research by market expert individuals or dedicated teams, on behalf of (groups of) funders.

Selected funder profiles

Funder profiles | Overview

We have interviewed and profiled funders representing the breadth of the funder universe.

Most common approaches in sample

		Typical funding type		
		Equity	**Debt**	**Grant**
Typical ticket	**<$1m**	Alitheia	incofin INVESTMENT MANAGEMENT	EEP Africa
	$1-5m	EDFI AgriFI KAWI SAFI earth capital CDC Investment works Alitheia	EDFI AgriFI Rabobank BIO Investing in a Sustainable Future incofin INVESTMENT MANAGEMENT responsAbility	BILL & MELINDA GATES foundation[1]
	$5-10m	KAWI SAFI BIO Investing in a Sustainable Future earth capital FMO	BIO Investing in a Sustainable Future responsAbility Rabobank	BILL & MELINDA GATES foundation[1]
	>$10m	CDC Investment works PHATISA	BIO Investing in a Sustainable Future Rabobank CDC Investment works responsAbility FMO	

Note: funders operating frequently across multiple areas have been reflected above as such. In these instances, funder logo size is proportional to focus (i.e. bigger logo = more focused on a given funding type and ticket size).

Note: 1) Not profiled.

Funder profile | Alitheia Capital (founded 2007)

Alitheia is an **active equity investor based in Nigeria**. It is generally sector agnostic, but with a **focus on essential goods and services, including agriculture**. Alitheia has **multiple funds**, including uMunthu – a **pan-African fund** invested in over 20 SMEs – and a **recently raised $75m gender-focused fund.** It offers **meaningful enterprise support**, including investment readiness and debt access / structuring.

SDG foci

5 GENDER EQUALITY

8 GOOD JOBS AND ECONOMIC GROWTH

1 NO POVERTY

Description	Growth-stage PE fund manager based in Nigeria
Funder type	Predominantly equity
Focus sector(s)	Agnostic, with focus on essential goods & services incl. agriculture
Size	US$200m AUM
Typical role	Predominantly lead
Geographies	Western Africa (primary), Southern Africa
SDGs focus	Gender equality (primary), jobs & growth, poverty
Investment size	
Typical phase of end recipient	
Investment review process (“DD”)[2]	Average process length: 4-6 months Level of TA / support: Medium / High

Case study: Tomato Jos (Nigeria)

- Agro-processing facility turning fresh produce into finished goods.
- For-profit social enterprise, improving market access and increasing incomes for ~1,400 smallholder farmers.

Case study: Reel fruit (Nigeria)

- Empowers smallholder farmers by purchasing raw materials and adding value to them by processing into various fruit and nut snacks.
- Aiming to use investment capital to quintuple dried fruit production.

Requirements / expectations

- Comprehensive and detailed due diligence process. However, can offer extensive pre-deal support to selected entrepreneurs to improve investment readiness via ‘Nzinga boot camp’, a technical support fund with pan-geography as well as local market support.
    - ○ Continues to offer meaningful support to investees throughout the hold period, e.g. related to impact achievement, debt structuring, and introductions to other funders.
- Each of Alitheia’s four funds has different investors and sector focuses (e.g. gender).

Note: 1) JV = joint venture. 2) Stringency relative to other investors in the profiled sample. 3) Two additional investments in 2020 and 2021 respectively not included for readability,

Funder profile | BIO-Invest (founded 2001)

SDG foci

1 NO POVERTY · 7 RENEWABLE ENERGY · 8 GOOD JOBS AND ECONOMIC GROWTH · 9 INNOVATION AND INFRASTRUCTURE · 10 REDUCED INEQUALITIES

BIO-Invest **finances SMEs**, financial institutions, and infrastructure projects **in Africa, Latin America and Asia,** contributing to socio-economic growth in developing countries. BIO invests both directly and indirectly (including through fund-of-fund investments in local equity investors). It offers specific **sector expertise, technical assistance** to (prospective) investees, **origination opportunities,** and/or potential **CAPEX funding** to existing investees.

Description	Belgian DFI; typically, earlier stage investor than other DFIs
Funder type	~70% debt, ~30% equity; direct and through funds
Focus sector(s)	Financial inclusion, Agribusiness and Energy
Size	€783m net signed commitments; €1.0bn investment capital
Typical role	Lead or participant to syndication/co-investment
Geographies	South Asia, East and West Africa, Latin America, MENA
SDGs focus	Pan-SDGs; however, many agri- have energy or waste lens
Investment size	 *€500k min.* *Typical agri range: €2-7m* *Up to €15m* <$500k >$10m
Typical phase of end recipient	 Angel Seed Venture Growth Large Debt
Investment review process ("DD")[1]	Average process length: 4 months to 1 year Level of TA / support: Up to 350k

Case Study: AviNiger (Niger)

- Poultry and egg farm in Niger in which BIO invested €2.4m in 2017[2] to increase its production capacities.
- Sells locally across several end-markets, replacing costly imports.

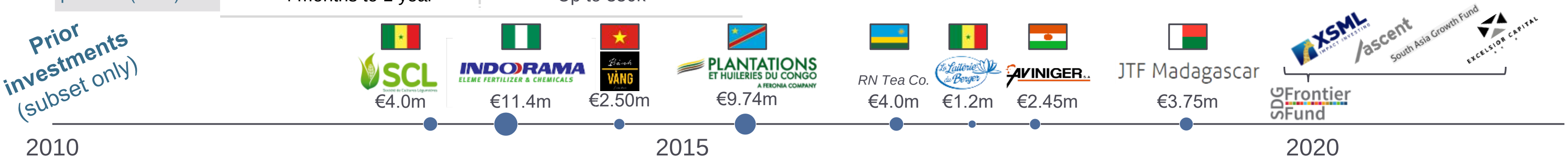
Recent development: SDG Frontier Fund

- In 2020, BIO launched this new PE fund-of-funds focused on African and South Asian SMEs.
- It has already made investment in four PE funds in East Africa and South Asia.

Requirements / expectations

- BIO typically invests in businesses which have already reached a level of maturity (e.g. proven business model, revenue generation, etc)
- It relies on informal partnerships (e.g. with earlier stage investors, co-investors), references from existing investees, and local office networking to originate investment opportunities.
- BIO offers both pre- and post-investment technical assistance

Prior investments (subset only)



Note: 1) Stringency relative to other investors in the profiled sample. 2) BIO also made a follow-up investment of €1m in 2020.

Funder profile | CDC Group (founded 1948)

CDC is **one of the largest food & agriculture investors in Africa**, also with a presence in India. Its **typical agri investments are >$20m**, and targeted at **established businesses throughout agriculture value chains**. Its **detailed impact tracking, relatively higher equity focus, and patient investment approach allow it to drive meaningful social impacts** during its investment hold periods.

SDG foci

- 1 NO POVERTY
- 2 ZERO HUNGER
- 5 GENDER EQUALITY
- 7 RENEWABLE ENERGY
- 8 GOOD JOBS AND ECONOMIC GROWTH
- 13 CLIMATE ACTION

Description	UK's DFI, more equity-focused than others. Food & agri heritage
Funder type	~2/3rd Equity &/or Intermediated Equity, ~1/3rd Debt
Focus sector(s)	Integrated F&A value chain: food processing, agri-inputs, poultry, aqua, dairy, high value crops, agri trading, agri value chain finance, F&A infra & logistics
Size	Total portfolio: US$9bn; of which food & agri is ~US$700m
Typical role	Strategic minority investor; returns-seeking but with a long-term horizon. Provide bilateral loans and participate in syndicated loans/co-investments
Geographies	Africa & South Asia. To enter S.E Asia in 2nd half 2022.
SDGs focus	Pan-SDGs, with jobs / economic growth and gender focus. Climate action & building resilience in agri sector
Investment size	Future min. investment size ~US$15-20m; recently set up VC vertical to co-invest with GPs for amounts upto US$10m typically
Typical phase of end recipient	
Investment review process ("DD")[2]	Average process length: Typically 6 to 8 months Level of TA / support: Medium to High

Case study: Zambeef (Zambia)

- Zambia's largest integrated agribusiness, providing a market for >10,000 small-scale farmers and having >170 retail outlets.
- CDC helped it grow its operation and improve its social impact.

Case study: CropIn (India)

- CropIn is an agtech company deploying technology such as satellite images, artificial intelligence and machine learning to monitor crop health remotely, make yield predictions, and then pass on these insights to farmers
- Inclusivity, productivity & sustainability

Requirements / expectations

- Works closely with investees during due diligence process to develop impact assessment thesis and metrics tracking for any given context (involving impact specialists within CDC).
- Generally working with larger business due to ticket size, where technical capacity is often greater; however, does work with investees to integrate detailed management information and impact tracking systems which are required for investment
- In depth support on ESG framework to address sustainability & tackle climate change
- Close collaboration with co-investors under a strategic partnership approach

Funder profile | Earth Capital (founded 2008)

SDG foci

13 CLIMATE ACTION

7 RENEWABLE ENERGY

6 CLEAN WATER AND SANITATION

Earth Capital is an **established, sustainability-focused equity investor**. Its African operations **centre around a large agriculture investment in Botswana**, where it is developing **greenhouse technology** and has invested in **renewable generation**. It can provide **venture funding and holistic business support to enterprises in the agri-energy value chain**.

Description	Sustainability-focused PE, headquartered in London
Funder type	Private equity / venture capital
Focus sector(s)	Agri, energy, and associated value chain(s). Tech transfer
Size	US$1.7bn in AUM across EC and associate businesses
Typical role	Lead investor; often also project developer / support
Geographies	Southern Africa, primarily Botswana. Several offices globally
SDGs focus	Climate Action (primary), Renewables, Water, Jobs, Poverty
Investment size	Typical PE/VC growth vehicle investments US$5-20m Typical project investments US$10-50m
Typical phase of end recipient	Angel – **Seed – Venture – Growth** – Large Equity | Debt
Investment review process ("DD")1	Average process length: 3-6 months Level of TA / support: High

Case Study: Noka Farm (Botswana)

- Noka Farm is a vegetable producer in Francistown, Eastern Botswana, which is developing climate-controlled greenhouse technology to reduce water consumption and improve yields.

It also developing out-grower programs & business training for local farmers.

Earth Capital plans to invest $70m over the next five years to increase renewable generation (for sale into grid), and expand greenhouses.

Requirements / expectations

- EC is reactive and pragmatic, e.g. "*we have received business plans that are 2pgs long.*" It actively offers non-financial support such as business acumen training, to plug any gaps.
  - *"First and foremost we look at the team – does it have the experience to deliver on its plan. And how and where can we support that team."*
- It has a proprietary impact measurement screening tool ("Earth Dividend") to assess potential investments' social impact, and measure and drive improvements in its portfolio.

Note: 1) Stringency relative to other investors in the profiled sample. 2) Associate company "Berkeley Energy" has made direct and fund-of-fund investments in renewable energy.

Funder profile | EDFI AgriFI (founded 2018)

AgriFI is an EU-funded blending instrument aimed at investing in high impact sustainable agriculture projects with **strong focus on smallholders**. This innovative blending instrument offers a more **flexible financing approach,** encourages **partnerships** and contributes to **unlock, accelerate & catalyse investments in developing countries and emerging markets**, in a sustainable and profitable way.

2 NO HUNGER
8 GOOD JOBS AND ECONOMIC GROWTH
13 CLIMATE ACTION

Description	EU development blending instrument on sustainable agriculture
Funder type	Mostly long-term debt, quasi-equity and equity
Focus sector(s)	Agricultural and forestry value chains
Size	~EUR 100m
Typical role	Lead or subordinate (investments in SMEs, impact funds & MFIs)
Geographies	Global (main focus on Sub-Saharan Africa)
SDGs focus	Hunger (primary); decent work; climate action
Investment size	
Typical phase of end recipient	
Investment review process ("DD")³	Average process length: 3-4 months Level of TA / support: Ex-post ; Medium

Case study: Babban Gona (Nigeria)

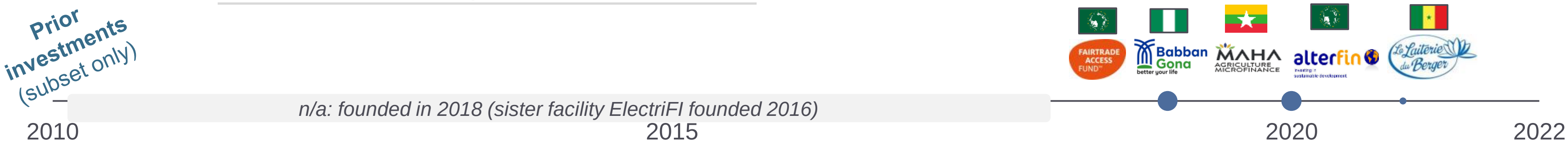
- An innovative and award-winning SME providing inputs and services to smallholder farmers.
- Estimated to impact 48k farmers.

Case study: Laiterie du Berger (Senegal)

- Kossam, subsidiary of La Laiterie du Berger, in charge of milk collection in Northern Senegal.
- An investment of €600k to impact 3,000 farmers.

Investment criteria / expectations

- Track record of minimum 2-3 years, integrating smallholders in the company/project value chain and standing out in terms of economic, social and environmental impact.
- Has historically focused on sourcing deals through impact investors network and European DFIs.
- Has successfully deployed capital throughout COVID-19 period and intends to continue.



Note: 1) Stringency relative to other investors in the profiled sample.

Funder profile | EEP Africa (founded 2010)

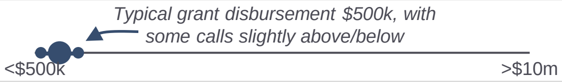
SDG foci

7 RENEWABLE ENERGY

13 CLIMATE ACTION

5 GENDER EQUALITY

EEP[1] Africa delivers **early-stage funding to clean energy companies** operating in **Southern and East Africa**. It offers a **high level of technical support** to a cadre of **enterprises (>50% start-ups)** selected through **open application rounds.** EEP Africa **actively collaborates with other organisations across the climate investment ecosystem**.

Description	Multi-donor trust fund, hosted and managed by NDF[2]
Funder type	Grants and repayable grants; pilot debt facility for ex-grantees
Focus sector(s)	Clean energy projects, technologies, and business models
Size	Awards ~€7-15m per year to 20-30 grantees (€200k-1m each)
Typical role	Lead grant investor, offering 2-year contracts
Geographies	Southern and East Africa; HQ in Finland, reps in Kenya & Zim
SDGs focus	Clean energy access (primary), climate, gender, job creation
Investment size	 *Typical grant disbursement $500k, with some calls slightly above/below*
Typical phase of end recipient	 *May invest in venture-size firms*
Investment review process ("DD")[3]	Average process length: 9-12 months Level of TA / support: High

2019 call: Promoting Gender Inclusion

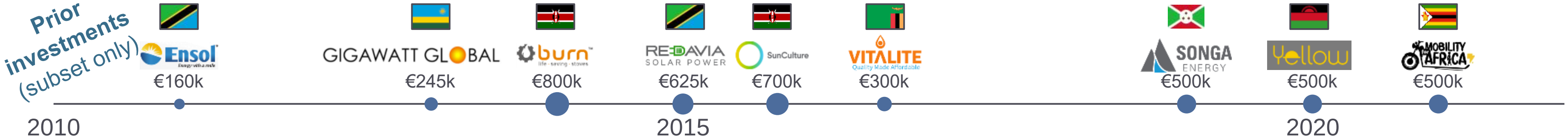
- EEP Africa's 2019 call for proposals aimed to advance leadership and other opportunities for women in clean energy.
- €6.5m awarded to 18 companies and social enterprises, of which 10 are women-led.

2020 call: Clean Energy Powering GG[4]

- EEP Africa's 2020 call focused on productive use and circular economy.
- €8.3m awarded to 26 companies for waste-to-energy, solar irrigation/cooling, agri-processing, mini-grids, clean cooking, energy storage and e-mobility.

Requirements / expectations

- Runs open application rounds roughly once per year. Delivers training, meetings (e.g. with local industry groups), and other communications to encourage applications from local companies and women entrepreneurs. Offers business development support to applicants with a good idea but lacking some technical or commercial aspects.
- Actively supports grantees through the 2 year contract period, as well as at exit (e.g. by organising networking conferences and matchmaking with follow-on investors).


Prior investments (subset only)

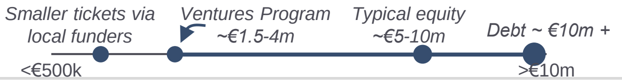
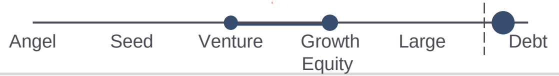
Note: 1) EEP = Energy and Environment Partnership. 2) NDF = Nordic Development Fund. 3) Stringency relative to other investors in the profiled sample. 4) GG = Green Growth.

Funder profile | FMO (founded 1970)

SDG focus

8 GOOD JOBS AND ECONOMIC GROWTH · 13 CLIMATE ACTION · 10 REDUCED INEQUALITIES

FMO is a high-profile **investor in private enterprises across Africa, Asia and Latin-America**. It offers **both debt and equity**, and its **recently launched Ventures Program** enables it to **invest in early stage companies,** including via local funds**.** FMO **works to develop a supportive ecosystem for entrepreneurs** and fund managers.

Description	Dutch DFI, focused on private sector development
Funder type	70% debt; 30% equity (60% of 30% being fund-of-funds)
Focus sector(s)	Financial Institutions; Energy, Agriculture (pan-value chain)
Size	€12bn total portfolio; new Ventures Program budget €200m
Typical role	Long-term debt and minority equity stakes (5-20%)
Geographies	Africa, Asia, Latin America and Eastern Europe & Central Asia
SDGs focus	Decent work & economic growth, climate action, reduced inequalities
Investment size	
Typical phase of end recipient	
Investment review process ("DD")[1]	Average process length: 3- 9 months Level of TA / support: Medium

Case study: Yalelo (Zambia)

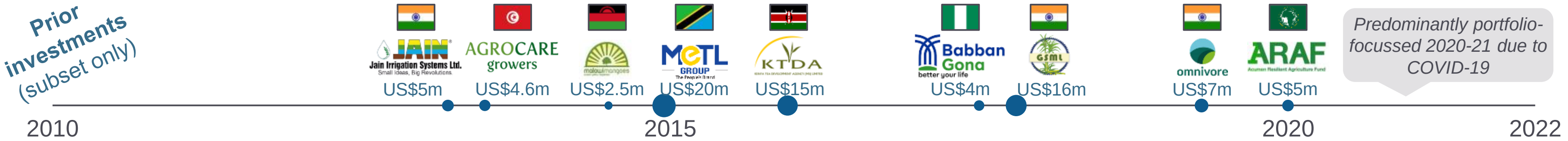
- A sustainable tilapia farm in Zambia, operating across the value chain and supporting the local economy directly (e.g. buying local inputs) and indirectly (e.g. via training and community outreach

Case study: Niche Cocoa (Ghana)

- Local cocoa processor, improving industrial value-add and operating in an ESG-friendly manner.
- FMO has made several follow-on loans, e.g. towards resource efficiency and facility expansion.

Requirements / expectations

- Detailed, separate ESG and commercial investment assessment processes, led by expert teams which both sit within the front-office investment team. Where this flags gaps or opportunities for improvement, works with (prospective) investees to design a way forward.
- Has capacity development grants and supportive external partners to deliver targeted support in chosen areas (e.g. farmer engagement; management information; ESG areas).
- Most investees are relatively established businesses with a certain level of sophistication.



Predominantly portfolio-focussed 2020-21 due to COVID-19

Note: 1) Stringency relative to other investors in the profiled sample.

Funder profile | Incofin (founded 2001)

Incofin is an **impact fund manager** which is **actively growing its debt lending footprint in Africa among agricultural exporters and local SMEs in nutrition value chains.** Its "Capital Plus" approach produces **supportive partnerships with investees across several areas**. Its **mix of open-ended and targeted closed funds** allow prospective investees multiple entry (and re-entry) routes.

SDG foci[2]

Description	Impact funder, focused on agri/food and financial services
Funder type	Equity and Debt (debt only for agriculture investments)
Focus sector(s)	Agricultural commodity value chains (incl. Fairtrade suppliers)
Size	~€1bn AUM, of which Agri is ~€100m
Typical role	Often solo, but can also co-invest with other impact funders
Geographies	Global, but Agri activity predominantly in LatAm and Africa
SDGs focus	Track impact against 8 SDGs (1, 2, 8, 9, 10, 12, 13, and 17)
Investment size	*Typical agri- range: €300k-3m* 
Typical phase of end recipient	
Investment review process ("DD")[1]	Average process length: 2-4 months Level of TA / support: Medium

Case study: Ecookim (Code d'Ivoire)

- Purchases, processes, and exports coffee beans from ~12,000 smallholder farmers across 23 cooperatives.
- Has strict social and environmental impact controls.

Case study: Ankole CPLU (Uganda)

- Coffee processer and exporter 100% owned by 8,650 smallholder farmers.
- Delivers farmer capacity building as well as broader community outreach.

Requirements / expectations

- "Fairtrade access fund" (open-ended agriculture fund) supports established Fairtrade agricultural exporters which themselves predominantly work with smallholders.
- Nutritious Foods Financing Fund (N3F) supports nutrition-focused investees across sub-Saharan Africa which have a strong focus on improving nutrition, serve local markets, and may have a gender empowerment component.
- Investees receive a "Capital Plus" approach, e.g. with climate chance adaptation, business planning, and new product development support – both from Incofin and other specialists.
- Sourcing is done through trade conferences and recommendations form certification entities themselves (e.g. Fairtrade and Organic), as well as network and other referees.

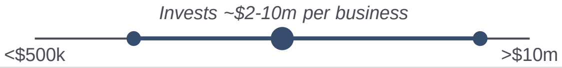
Note: 1) Stringency relative to other investors in the profiled sample. 2) Also indirectly contributes to SDGs 3 (good health), 5 (Gender), 11 (Sustainable cities and communities), 15 (Life on land), and 16 (Peace, justice and institutions).

Funder profile | KawiSafi Ventures (founded 2016)

SDG foci

7 RENEWABLE ENERGY | 13 CLIMATE ACTION | 1 NO POVERTY

KawiSafi is an **Pan-African late venture/early growth stage investor** working to **scale up and internationalise off-grid solar businesses**. It has capital remaining within its first fund, and is **soon to begin raising a $200m second fund with broader geographical and technological mandates**. Its **historical investees have gone on to raise $400m in debt and equity**, following from $50m invested by KawiSafi to date.

Description	Nairobi based, clean energy-focused venture/growth investor
Funder type	Direct equity investments
Focus sector(s)	Residential energy, C&I solar[1], fintech, energy software, clean cooking
Size	First fund US$70m, of which 75-80% invested
Typical role	Lead investor (led and priced 8 out of 9 transactions to date)
Geographies	Primarily East Africa
SDGs focus	Renewable energy (primary), climate action, poverty
Investment size	 *Invests ~$2-10m per business* <$500k >$10m
Typical phase of end recipient	 Angel Seed Venture Growth Large Debt
Investment review process ("DD")[2]	Average process length: 3 months Level of TA / support: Medium

Case study: (Kenya and USA)

angaza

- Enables pay-as-you-go financing of solar-powered home systems and appliances for 150 distributors across 50 countries.
- Has made products accessible and affordable to 1.9m families globally.

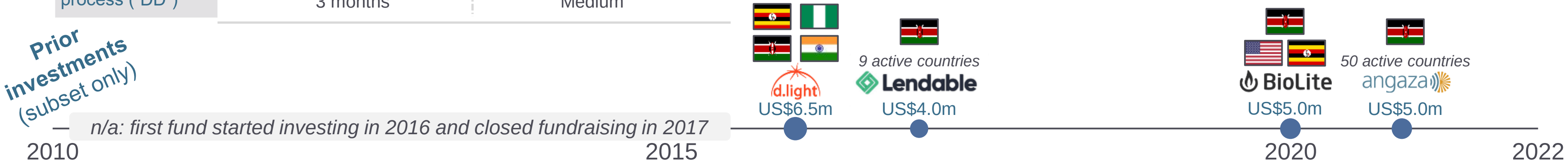
Case study: BioLite (Kenya and USA)

BioLite

- Develops and manufactures innovative off-grid cooking, lighting, and solar technologies.
- Has sold over 1m products across 100 countries; improving air quality and offsetting 250k tons of CO2.

Requirements / expectations

- Often takes leads investment rounds, taking responsibility among the investor group for enterprise liaison / interaction and support where required.
- Typically invests in business over $1m turnover with established technologies, and then offers strategic support e.g. relating to capital management, talent, and growth strategy.
- Has detailed impact tracking methodologies (including at due-diligence stage), but performs the majority of calculations itself to reduce the burden on investees.



Prior investments (subset only)

n/a: first fund started investing in 2016 and closed fundraising in 2017

d.light US$6.5m

9 active countries Lendable US$4.0m

BioLite US$5.0m

50 active countries angaza US$5.0m

Note: 1) C&I = commercial and industrial. Also focus on "productive use" settings. 2) Stringency relative to other investors in the profiled sample.

Funder profile | Phatisa (founded 2005)

Phatisa is an **African Private Equity fund manager** with **typical tickets of US$10-20m**. It has an **important Food/Agriculture focus**, and has **recently (Jan-21) raised a second Food-focused fund worth US$143m**. It invests in **enterprises across Africa**, and **actively works with less 'investor-ready' enterprises** to improve capability and add strategic and operational value.

SDG foci[2]

1 NO POVERTY · 2 NO HUNGER · 11 SUSTAINABLE CITIES AND COMMUNITIES

Description	African Private Equity fund manager working across Africa
Funder type	Equity
Focus sector(s)	Food/Agriculture (2 funds) and housing (1 fund)
Size	>US$400m total AUM; Jan-21 raise US$150m for "Food Fund 2"
Typical role	Mostly majority, but can minority alongside LPs (larger tickets)
Geographies	Pan sub-Saharan Africa
SDGs focus	Poverty, hunger, sustainability, gender
Investment size	*$500k min.* *Typical ticket **$10-20m**; can extend up to $30m or above when co-investing* <$500k → >$10m
Typical phase of end recipient	Angel · Seed · Venture · Growth · ●Large ¦ Debt
Investment review process ("DD")[2]	Average process length: 3-12 months (per complexity) Level of TA / support: Medium (varies)

Case study: FES Grp. (Malawi & Zambia)

- Integrated agricultural solutions provider to the agricultural sector in Malawi and Zambia.
- Sole franchise holder for a series of international machinery brands such as Komatsu and Challenger.

Case study: Rolfes Group (Kenya)

- Leading packaging manufacturer for food, beverage and agro-chemical sectors across East Africa.
- Employs 900 staff across four specialized production processes.

Requirements / expectations

- Aims to work closely with portfolio enterprises which need support to drive long-term value growth, rather than only investing in traditionally 'investor-ready' opportunities.
- Actively works with enterprises to: improve data quality / availability; measure and improve impact; deliver strategic advice; improve technical capability; and bring in strategic hires where needed. Extensive support is also delivered at 'exit' stage, to all investees.
- Has access to funds to deliver technical assistance where required.

Note: 1) Stringency relative to other investors in the profiled sample. 2) Also work towards SDGs 5 (gender), 8 (decent work), 10 (inequalities), 13 (climate), 15 (life on land) and 16 (peace, justice, and strong institutions).

Funder profile | Rabo Rural Fund (founded 2011) and Rabo Foundation (founded 1974)

Rabo Rural Fund (impact lender) and Foundation (social fund) focus on **improving the scale and sophistication of agriculture SMEs across Africa.** They aim to enable investees to access traditional commercial finance (including Rabobank proper) through **delivering financing and technical training**, and **working with local and international investor partners**.

SDG focus

- 1 NO POVERTY
- 2 ZERO HUNGER
- 8 DECENT WORK AND ECONOMIC GROWTH
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 17 PARTNERSHIPS FOR THE GOALS

Description	Rabo's Rural Fund and Foundation are SME-focused divisions
Funder type	Loans (86%), grants (14%)
Focus sector(s)	Food and agriculture, often sustainability-oriented
Size	Rural Fund US$51m total lending; Foundation ~US$42m p.a.
Typical role	Lead investor; also through intermediaries e.g. local banks
Geographies	East and West Africa, South Asia, Latin America
SDGs focus	Hunger (primary); good jobs, poverty alleviation
Investment size	
Typical phase of end recipient	
Investment review process ("DD")[1]	Average process length: 3-4 months Level of TA / support: High / Medium

Historical investments confidential

Case Study: Ethiopia coffee via Bank

- Rabo is working with the Cooperative Bank of Oromia to improve financing in the coffee sector in Ethiopia with: a guarantee scheme; cooperative strengthening; and financing.

Case Study: Tembo Coffee (Tanzania)

- The Tembo Coffee Company oversees milling, processing and sale of coffee in Tanzania.
- Rabo's investment enabled it to work more closely with farmers to help re-structure the market.

Requirements / expectations

- Rabo Rural Fund and Rabo Foundation carries out a detailed 2-3 month due diligence process on prospective investees, including country assessments based on the European Commission's risk profiles, followed by a contracting phase.
- It accepts that financial information and sophistication can be a challenge in some contexts and in work with early stage organisations and entrepreneurs, and is therefore prepared to work with investees to develop preparedness (e.g. through capacity building providers).

Note: 1) Stringency relative to other investors in the profiled sample.

Funder profile | responsAbility Sustainable Food (org. founded 2003; F&A '09)

responsAbility

responsAbility is a **major global debt investor** with an **active Food and Agriculture Team that focuses on delivering working capital loans to medium-sized enterprises** in developing countries. It **works with investees to articulate the impact of their successful commercial operations**, and **can work with other responsAbility teams (e.g. climate)** to deploy larger tickets.

SDG foci

- 2 NO HUNGER
- 12 RESPONSIBLE CONSUMPTION
- 8 GOOD JOBS AND ECONOMIC GROWTH
- 1 NO POVERTY
- 15 LIFE ON LAND
- 9 INNOVATION AND INFRASTRUCTURE

Description	Established impact debt investor with food & agriculture team.
Funder type	~85% debt (mostly medium-term working capital); 15% equity
Focus sector(s)	F&A is pan-value chain. Also has FS & climate finance teams[1]
Size	~US$200m AUM; has disbursed $1.7bn since 2009
Typical role	Lead investor
Geographies	Africa is 25-30% of F&A (mostly Uganda; IVC); India; LatAm
SDGs focus	Hunger; poverty; consumption; inclusive growth; environment
Investment size	
Typical phase of end recipient	
Investment review process ("DD")[2]	Average process length: 2-3 months Level of TA / support: Medium

Historical investments confidential

Requirements / expectations

- Has a dedicated Technical Assistance facility which can provide grants to help less sophisticated investees develop higher levels of governance and data tracking / reporting.
- Performs detailed monthly and quarterly commercial reviews as well as annual impact tracking per investee. Works with investees to ensure commercial data quality, and align on a context-specific impact definition and how this can best be tracked and managed.
- Multiple origination streams, incl. networks; other investors; market reviews; local partners.

Note: 1) The teams work together to review and occasionally co-invest in enterprises which straddle categories, e.g. financial services / inclusion (FS) + food & agriculture. 2) Stringency relative to other investors in the profiled sample.