



# Business unusual

How business and  
investment pioneers are  
transforming forest and  
food supply chains

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Cover photo: A farmer from Dofa Village in Karatu District, Tanzania watering his crops. Roshni Lodhia/Panos/IIED

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An increasing number of pioneering businesses and investors operating along forest and agriculture supply chains are leading the charge to transform the deeply flawed dominating economic models for the benefit of people, nature and climate. This report documents and highlights success and lessons learnt from 18 inspiring examples of businesses and investors who are progressing from ‘business as usual’ to ‘business unusual’ by adopting practices that embrace complexity and challenge existing business and investment paradigms and power dynamics. These pioneers are charting new paths for how forest stewards and farm smallholders can organise themselves, mobilise their own flexible finance, leverage external public and private investments and engage in business partnerships that regenerate and distribute a diversity of social, natural and economic benefits while strengthening social bonds and bonds with nature. The report identifies three commonly adopted approaches and put forwards four recommendations for governments and public and private funders alike to support these pioneers to drive transformative changes for more distributive and regenerative forest and food supply chains.



Ansila Paschal, farmer and livestock keeper, has a nursery and harvests rabbits in Rhotia Kati village, Karatu District, Tanzania.  
Credit: Roshni Lodhia/Panos/IIED

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# Acronyms

<b>AOEs</b>	Alternative ownership enterprises
<b>CBI</b>	Conservation basic income
<b>CLMRS</b>	Child labour monitoring and remediation system
<b>CMG</b>	Community microfinance group
<b>CONAFIPS</b>	National Popular and Solidarity Finance Corporation, Ecuador
<b>CTPs</b>	Cash transfer programmes
<b>ESG</b>	Environmental, social and corporate governance
<b>FAO</b>	Food and Agriculture Organization of the United Nations
<b>FFF</b>	Forest Farm Facility
<b>FFPO</b>	Forest and farm producer organisations
<b>IIED</b>	International Institute for Environment and Development
<b>IIX</b>	Impact Investment Exchange
<b>IMM</b>	Impact measurement and management
<b>ISB</b>	IIX sustainability bond
<b>IUCN</b>	International Union for Conservation of Nature
<b>KANBAOCU</b>	Kassena Nankana Baobab Cooperative Union
<b>MEL</b>	Monitoring, evaluation and learning
<b>MRV</b>	Monitoring, reporting and verification
<b>MVIWAARUSHA</b>	Mtandao wa Vikundi vya Wakulima na Wafugaji Mkoa wa Arusha (Network of Groups of Farmers and Breeders of Arusha)
<b>NGO</b>	Non-governmental organisation
<b>NTFPs</b>	Non-timber forest products
<b>ORGIIS Ghana</b>	Organisation for Indigenous Initiatives and Sustainability, Ghana
<b>SACCOs</b>	Savings and credit cooperative organisations
<b>SME</b>	Small and medium-sized enterprises
<b>UBI</b>	Universal basic income
<b>UBS</b>	UBS Optimus Foundation
<b>UCT</b>	Unconditional cash transfer
<b>UNORCAC</b>	Union of Peasant and Indigenous Organizations of Cotacachi
<b>VSLA</b>	Village savings and loans association





Content from a seed bank that stores farm-managed indigenous seeds, in Karatu District, Tanzania. Credit: Roshni Lodhia/Panos/IIED

# Summary

Mounting evidence shows that the world currently produces agriculture and forest products in ways that are bad for nature, climate and people. For forests, tropical primary forest loss in 2022 totalled 4.1 million hectares, the equivalent of losing 11 football (soccer) fields of forest per minute and producing 2.7 gigatonnes of carbon dioxide emissions, equivalent to India's annual fossil fuel emissions – and an increase of 10% on 2021. In agriculture, of the 6,190 breeds of mammals historically domesticated for food and agriculture, 559 have become extinct and at least 1,000 more are threatened. Of the 7,000 different plant species that have historically been cultivated for food, only 80 continue to make a major contribution to global food supply and just three (rice, wheat and maize) account for 50% of plant-based calories.

Such loss of diversity and complexity in the natural world makes our food and forest production system more vulnerable to climate change, as one crop's failure or disruption in one supply chain can pose a threat to global security. Large-scale monoculture production systems are becoming increasingly prevalent, even though they inflate greenhouse gas emissions and environmental degradation including soil erosion and pollution. They also exacerbate inequality and poverty where smallholder farmers' livelihoods are disadvantaged or excluded in increasingly monopolised commercial supply chains.

Despite mounting evidence, the deeply flawed economic models that dominate our society today – and the increasing concentration of power enabled by such models – are blocking the transformation our society needs to produce and consume agriculture and forest goods in a way that can allow humanity to thrive “within the means

of our life-giving planet” (Raworth 2017). The predominant ‘business as usual’ models build on linear factory-line thinking. They treat nature as a machine and use oversimplified metrics (including those used to set goals, evaluate risks and impacts).

This report presents a limited sample from a wide pool of inspiring examples of alternative models. In these alternatives, forest and farm producers, their savings and credit cooperatives and businesses, supply chain partners and pioneering investors alike are practising ‘business unusual’: adopting practices that embrace complexity in the interests of nature, climate and people. These practices challenge models that treat nature as a linear monoculture factory line. They chart new paths for how forest stewards and farm smallholders can organise themselves, mobilise their own flexible finance and engage in business partnerships that regenerate and distribute a diversity of social, natural and economic benefits – and strengthen social bonds and bonds with nature.

These pioneering organisations, businesses and investors have all chosen to leave the beaten path. They have chosen to challenge existing paradigms and explore new ways of doing business and financing that leverage markets and capital for social and environmental goods and a more regenerative and distributive economy. In all cases, those pioneers start by building trust and social capital, nurturing holistic learning relationships and dialling back predefined impact metrics to embrace instead a wide range of social, environmental and economic objectives in business, finance and value chain partnerships.



These organisations are often pioneering those approaches against formidable odds (including unfavourable policies, dominant and mistrustful investor mindsets, and competitors who frequently put quick wins and profits first). To enable them to succeed and for more to join them to challenge the existing paradigm, this report puts forward the following four recommendations:

## 1. Governments must adopt policies to shift incentives towards businesses with more inclusive and distributive structures.

Trust-building and holistic approaches in doing business and channelling finance are fundamentally at odds with many company business models that concentrate powers in the hands of the few and only seek to maximise financial gains for a small group of capital shareholders. Encouragingly, a diverse range of alternative ownership enterprises (AOEs) are emerging around the globe with various degrees of legislative support. These AOEs increase inclusion and significantly shift economic distribution and decision-making power towards the non-investor stakeholders they impact, such as workers, producers, consumers, community members, or even a non-financial purpose.

By embedding other stakeholders' interests in companies' decision-making and profit-sharing processes, these AOEs share wealth more equitably and deliver social and environmental impacts more effectively. We need more favourable legislation and policies that can support the growth and adoption of AOEs, for example by:

- Establishing legal frameworks that explicitly recognise and support more distributive types of enterprise models globally; providing tax incentives for companies adopting AOEs
- Giving preference in public procurement processes to AOEs
- Including the promotion of AOEs into national economic strategies, and
- Funding research, public awareness campaigns and educational programmes to document the management approach and benefits of AOEs.

Governments can also contribute to financial mechanisms that facilitate access to capital for AOEs. Trailblazing governments can also consider legally requiring all for-profit companies to transform how they are owned and governed, and to ensure all companies are seeking to deliver benefits to all their stakeholders rather than only shareholders.



Farmer from Dofa Village in Karatu, Tanzania.  
Credit: Roshni Lodhia/Panos/IIED



## 2. Public and private investors and businesses must adopt different ways to measure progress

While only a small percentage of total businesses are AOE's, types of AOE's such as cooperatives are not peripheral economic players. There are 3 million cooperatives around the world with 1.2 billion members (12% of the Earth's population) and the number is growing. Additionally, more businesses are concerned with social and environmental risks in their operations and supply chains and want to demonstrate positive impacts for all stakeholders.

At the same time, billions of US dollars have been committed to nature and climate actions globally by public and private investors. It is important for those businesses and investors to report on environmental, social and economic risks in their operations and share progress on how their investments are helping nature, climate and people so that they can be accountable to their consumers, investors or taxpayers. Increasingly, more volatile environmental, economic and sociopolitical contexts will work against using linear and reductionist approaches to measure progress and manage risks. Such approaches often involve a pitfall of stifling real-world outcomes, disincentivising learning and marginalising local implementers and the very communities those approaches are developed to deliver benefits to.

The cases studies presented in this report highlight how 'businesses unusual' are harnessing alternative and effective ways to manage risks and measure progress, building on trust and holistic approaches while harnessing technologies such as mobile apps. There are also other innovative approaches being implemented and adopted more widely, such as [B Corp Impact Assessment \(BIA\)](#) for for-profit companies and [Human Learning Systems](#) for governments and philanthropists. We need more public and private investors and businesses to adopt these tried and tested approaches.

## 3. Public funders and philanthropists must explore new ways to support the flexible collective investment power of smallholder producers with blends of public and private finance

For many forest and farm producer organisations (FFPOs), savings groups and more advanced financial cooperatives are very common and widespread mechanisms that serve to mobilise flexible finance and build financial track records for tens of millions of forest and farm producers at scale. Flexibility comes from the capacity to make trust-based loans against a portfolio of known (but often

undocumented) income-generation options. This enables recipients to experiment and diversify production (critical to economic and climate resilience).

External financiers could do much more to explore innovative ways of topping up or partnering with such financial mechanisms to deliver broader impacts. Public and philanthropic funding also have the potential to leverage more conventional private capital (such as from banks and pension funds) into AOE's and drive transformation in how we produce agriculture and forest products to be more regenerative and distributive. To do so, funders must not only consider how they can help reduce financial expectations but also how they can help conventional private investors embrace complexity and reduce the reporting and due diligence barriers for those who are driving changes on the frontline. They also must listen to and elevate local communities' aspirations rather than imposing their own values and desired 'impacts'.

## 4. Development and environmental agencies must nurture partnerships to foster collaborations and drive system change together

Each of the organisations, investors and businesses highlighted in this report is challenging the dominant business and financing paradigm and nurturing more socially inclusive, economically distributive and environmentally regenerative land-use economies in different ways. Together, these pioneers can really drive change at scale. Building and facilitating strategic partnerships among those pioneers can help build a stronger evidence base and create a support network to share learning and open new collaboration opportunities. Facilitating learning between pioneers and conventional businesses and investors and documenting success and lessons learnt can help shift mindsets and invites more to join the movement.

This report is a small step towards joining the dots and shining more light on a new path charted by a growing movement of pioneers who share a vision to help people and nature thrive together by embracing our complex interconnectedness.



Aerial view of a farm in Ayalabe village, Karatu District, Tanzania. Credit: Roshni Lodhia/Panos/IIED

# 1. Background

## 1.1 Natural complexity is at risk from simplistic solutions

As human populations have grown, so too has the proportion of habitable global land surface area devoted to agriculture, which now accounts for 46% (48 million km<sup>2</sup>) of the total (106 million km<sup>2</sup>), exceeding the remaining area of forests (40 million km<sup>2</sup> or 38%) (Potapov *et al.* 2022). The health of that planetary surface is in part measured by its complexity: the species richness and within-species variation at specific sites (alpha diversity), the difference between sites (beta diversity) and the overall biodiversity across entire ecosystems (gamma diversity).

Forest biodiversity involves myriad species, each with innumerable sources of internal variability undertaking constant adaptive cycles of growth, collapse and regeneration, continually self-organising in competition and/or in partnership with other species, following endless small to large disturbance events.

Agrobiodiversity involves the subset of biodiversity within agricultural systems that includes all the varieties and variability of animals and plants and microorganisms that allow farms to function – including the ecological services that maintain soils, water flows and pollination: it is what feeds us.

But this natural complexity is under threat from socioeconomic interactions between humans and nature, including anthropogenic climate change. Mounting evidence shows that the world currently produces agriculture and forest products in ways that are bad for nature, climate and people. For forests, tropical primary

forest loss in 2022 totalled 4.1 million hectares, the equivalent of losing 11 football (soccer) fields of forest per minute and producing 2.7 gigatonnes of carbon dioxide emissions, equivalent to India's annual fossil fuel emissions – and an increase of 10% on 2021 (Weisse *et al.* 2023).

In agriculture, the loss of agrobiodiversity is also alarming. Of the 6,190 breeds of mammals domesticated historically for food and agriculture, 559 have become extinct and at least 1,000 more are threatened (IPBES 2019). Of the 7,000 different plant species that have historically been cultivated for food, only 80 continue to make a major contribution to global food supplies (Romanelli *et al.* 2015). Of these, nine account for 66% of total global crop production and just three (rice, maize and wheat) provide half of all plant-based calories (FAO 2019; Frison and IPBES-Food 2016). While less well documented, the same may be true of other plant-based products, such as construction materials, biofuels, medicines and cosmetic products. The drivers of agrobiodiversity loss include a simple self-reinforcing cycle of power and money built around the profitability of chemically intensive monocultures (Macqueen 2023).

This simplification of cropping systems assumes that economic returns are all that matter – that forest and farm systems can be treated like top-down factories in which externalities and interconnections do not count. Yet large-scale monocultures increase the risk of climate-induced failure due to crop uniformity – a risk to global security (FAO 2019; IPBES 2019; Frison and IPBES-Food 2016). They inflate greenhouse gas emissions and environmental degradation including soil erosion and pollution (Frison and IPBES-Food 2016). They also exacerbate inequality and poverty where smallholder farmers' livelihoods are



disadvantaged or excluded in increasingly monopolised commercial supply chains (Anseeuw and Baldinelli 2020; Rebanks 2020).

Despite mounting evidence, the deeply flawed economic models that dominate our society today — and the increasing concentration of power enabled by such models — are blocking the transformation our society needs to produce and consume agriculture and forest goods in a way that can allow humanity to thrive “within the means of our life-giving planet” (Frison and IPBES-Food 2016; Raworth 2017). Such dominating models build on linear and mechanical thinking. They treat nature as a machine and use oversimplified metrics (including those to set goals, evaluate risks and impacts). Stratification and control unfortunately permeate every corner of society: from agriculture and forestry businesses to companies that source raw materials from those businesses, investors in those supply chains, and even the public and private funders whose very goal it is to transform those production system to be more just, resilient and nature friendly.

## 1.2 The simple solution is to reassert complexity

Encouragingly, in the past decade, increasing numbers of thinkers and doers are highlighting, proposing and putting into practice alternative pathways that can take society back onto a more sustainable path: from a new economic model that “brings humanity into a sweet spot that meets the needs of all within the means of the planet” (Raworth 2017), to groundbreaking ways to reinvent businesses and organisations so they are more soulful and embed environmental and social practices rather than treating them as externalities (Laloux 2014), and new ways to manage public services and commissioning and evaluating work that can drive social change that cultivates learning and trust rather than fixating on quantifying impacts and controlling risks (Knight *et al.* 2017).

A common thread through many of these new ideas is the need to embrace complexity that is inherent in nature and our increasingly interconnected global society as well as fostering trust and shared agency. Complexity thinking understands that the future is a path-dependent dance of interconnections between patterns (contextual systems such as farms) and events (disruptive temporal decisions, shocks or deviations from the norm — such as an unexpected rainfall events). What happens — the future — is systemic or dependent on those multiple interconnections (Boulton *et al.* 2015). And it is not just the interconnections between the type of farm and the rainfall event, but also between the farm and other systems such as the market or local cooperative, or between the farm and other events such as a tax break, or a local conflict. Each interconnection has its own scale — each with its own

diversity, variations and fluctuations — and each is uniquely path dependent on what has happened before. Systems might seem stable but can suddenly tip into a completely new emergent state, often dependent on tiny variations in historical circumstances.

Resilience in an increasingly complex world is built around diverse portfolios of options, with clear shared objectives but flexible experimental pathways to get there: always looking for where the opportunities and energy lie. They are rich in purpose, relationships and reciprocities — often putting social and environmental objectives on a par with profit. Networks and movements are building behind these alternative and more complex models of farming, business and social organisation, chartering a practical path for society at a critical time of exacerbating climate and ecological crises induced by the current simplistic model.

## 1.3 Structure of this report

This report focuses on pioneering producer organisations, sourcing companies and investors operating in agriculture and forest product supply chains. It illustrates how those producer organisations, businesses and investors are transforming the ways social, environmental and economic risks and outcomes are managed within complex operating contexts. It suggests ways forward based on those pioneering examples to inspire others to join the movement in nurturing a more distributive and regenerative land-use economy.

Section 2 provides an overview of our research methodology. Drawing on three examples, Section 3 illustrates how smallholder collective-managed forest and agriculture businesses are adapting to navigate complex operating environments across forest and farm landscapes in developing countries. These businesses integrate social and environmental values at their core and can provide economic, social and environmental benefits for many smallholder producers to shape biodiverse and climate resilience landscapes.

Section 4 then explores different mechanisms that can channel finance and support to those smallholder collective-managed forest and agriculture businesses. Mechanisms include many of these business organisations’ own internal financing mechanisms; pioneering supply chain approaches that mobilise investments to support smallholders and their collective organisations; and innovative public and private investment approaches that are elevating the voices and aspirations of local communities including smallholder producers rather than simply reducing diverse values and complex local contexts into matrixes and indexes for investors. Finally, Section 5 highlights learnings and recommendations based on our research drawing inspirations from all of the case studies.



A tree planting project at Simbamilima Primary School in Karatu District, Tanzania. Prior to the planting of trees, this area was dry and barren.  
Credit: Roshni Lodhia/Panos/IIED

## 2 Methodology

We conducted a literature review on complexity theory and alternative business and investment models. The case studies are based on a combination of desk-based research of publicly available information and key informant interviews.

Sections 3 and 4.1 draw on existing case-study research commissioned by the Forest Farm Facility (FFF), a partnership between the Food and Agriculture Organization of the United Nations (FAO), the International Union for Conservation of Nature (IUCN), the International Institute for Environment and Development (IIED) and Agricord. FFF adopts a co-production methodology whereby knowledge-demand surveys with forest and farm producer organisations (FFPOs) and groups of Indigenous Peoples and local communities inform what knowledge topics matter to smallholder groups (in this case prioritising ‘how to manage agrobiodiversity’ and ‘how to mobilise internal finance’). An academic literature review (on agrobiodiversity and internal finance mechanisms) then framed a case-study reporting template. FFPOs and groups of Indigenous Peoples and local communities or their technical support partners helped to document the case studies. Three of those case studies were edited to be used for this report with additional interviews and research conducted to develop a case study of internal financing mechanism implemented by a FFPO in Tanzania.

For Section 4.2, we searched [B Corp certified business database](#) and [FairWild certified business database](#) for companies that are managing global supply chains of

food and forest products. They are also likely to have English-speaking staff and be located in time zones that are compatible with UK business hours. We also received recommendations through our own networks. We contacted 36 companies and interviewed those who kindly volunteered their time to speak with us. We also conducted desk-based research on the companies who participated in our interviews. We developed three case studies for companies who are pioneering unique supply chain risk and impact management models based on both interviews, email exchanges with business representatives, and desk-based research using a standard template we developed. We developed the Cafédirect case study using desk-based research.

For Section 4.3, we identified case studies based on recommendations from our networks and desk research. We draw on a variety of public and private investment models used across diverse sectors and topics including climate, development and conservation in addition to those specifically designed for the agriculture and forest sectors. We developed case studies of innovative investment models that have potential to support or are already supporting smallholder collective-managed forest and agriculture businesses, their internal financing mechanisms and mission-driven enterprises that are working closely with smallholder producers and their collective businesses. We developed three case studies based on our desk-based research and four case studies based on a combination of interviews, email exchanges with interviewees and desk-based research.





A Farmers Group in Karatu District, Tanzania, called Eden Group. The activities of this group are knowledge sharing of best farming practices and micro-finance. Credit: Roshni Lodhia/Panos/IIED

## 3 Business unusual: forest and agriculture businesses collectively managed by smallholders

### 3.1 Managing complexity: the basis of business unusual

The most common forms of ‘business as usual’ are corporations that marshal capital in search of cheap natural resources and labour. Their command hierarchies often pursue efficiency and profitability in highly ordered production environments (such as factories or monoculture forest and farm plantations). The approach crowds in and maximises economic profits for the holders of capital, but the ‘machine’ mentality of such business organisations (Laloux 2014) creates externalities of social and environmental degradation — inequality, climate change and biodiversity loss.

Forest and farm landscapes in the tropics are difficult places to do business as usual. They are home to millions of smallholder households carving out a living from highly diverse natural ecosystems. Their farms balance subsistence production with commercial sales mostly in varied local markets with poor economic infrastructure. Communities have strong social and environmental ties that are intolerant of social disruption and environmental degradation. Developing forest and farm businesses in those circumstances encounters complexities that are social, environmental and economic in nature, defying or at least presenting a formidable challenge to ‘machine mentality’. They require flexible approaches that can cope with the interconnected, messy and variably predictable reality — a much more ‘living’ organisational construct.

**Social complexities** arise because to access markets (especially high-value markets in more distant urban

locations) smallholders must often work together. They work together in FFPOs to aggregate product; share market information on buyers, production and quality requirements; and cut costs by pooling inputs, transport and retail space. With accelerating climate threats and economic downturns, smallholders often want to reduce risk by selling a basket of different products. So these social organisations must navigate, fairly, the commercial priorities of different interest groups. By negotiating and working together, smallholders can get a better deal. But organising tens, hundreds or even thousands of diverse smallholder producers requires much energy, time and, above all, trust. Organisational management is complex and requires shared visions that glue members together, and governance structures, processes and practices that maintain that trust.

**Environmental complexities** arise because to meet market demand, FFPO smallholders must integrate commercial crops into a wide range of planted crops, trees and livestock that either serve subsistence needs or diversify income generation to reduce risk in the face of climate change. Maintaining on-farm agrobiodiversity (including managing the harvesting of wild plants from adjacent natural forests) is a complex task. It requires high levels of knowledge on what species and landraces work in what context. It also requires careful management of the harvesting, storage and sale of seed. And it requires considerable agronomic expertise in arranging different plants and animals in a varied landscape such that they flourish and produce.

**Economic complexities** arise as FFPO businesses try to generate market profit from the many products




emerging from agrobiodiverse farms. This requires market opportunism, flexibility and cooperation that are starkly at odds with conventional business planning, command structures and private and proprietorial outlooks. The perpetual market adjustments that mix tens to hundreds of products from tens to thousands of producers, each with unique production systems, cannot easily be written down, predicted or managed from on high. At the local market interface, FFPO producers must trust that their representatives know what they are doing in volatile situations. And this also presents a challenge to conventional finance that seeks returns on investments that are high and with low risk and minimal transaction costs. For this reason, FFPOs often set up their own savings and credit cooperative organisations (SACCOs). SACCOs offer trust-based finance to members whose ability to pay is not ranked rigidly against the profitability of the venture for which money was loaned, but against the broader portfolio of income-generating activities from which money will be repaid. Unlike conventional finance, often for SACCOs, diversity is seen as an asset not a source of risk, with prosperity rather than profit maximisation the main aim.

The complexity that is managed by FFPO businesses drives many innovations towards prosperity, defined as “that which people value and have reason to value in line with the common good” (Macqueen *et al.* 2020). These innovations towards prosperity often rebalance social inclusion and environmental sustainability alongside economic profit – and so constitute ‘business unusual’ in the current context.

### 3.2 Business unusual: living business collectives pursuing prosperity in complexity

What do these models of business unusual look like in the flesh? This section describes three collectively owned FFPO business examples. It draws these examples from the many hundreds of FFPOs supported by FFF to help them shape enabling policies, upgrade sustainable businesses, strengthen climate action and enhance social and cultural protection (Table 1).

**Table 1. Summary of the case studies of FFPO management of agrobiodiversity**

#	Country	FFPO name	Description of FFPO and business	Reference
1	Ecuador 	Union of Peasant and Indigenous Organizations of Cotacachi (UNORCAC)	Comprised of 45 grassroot communities with 3,500 households and three enterprise groups (Runa Tupari Native Travel, Sumak Mikuy food, and Sara Mama juice)	Piñán Cajas (2023)
2	Ghana 	Kassena Nankana Baobab Cooperative Union (KANBAOCU)	Comprised of 42 cooperative societies and 173 group baobab and shea businesses that aggregate product from 12,300 women and 500 men members	Sulemana and Awaregya (2020); Adagenera and Kuudaar (2023)
3	Tanzania 	Mtandao wa Vikundi vya Wakulima na Wafugaji Mkoa wa Arusha (MVIWAARUSHA).	Comprised of 46 ward-level networks and 446 local groups made up of 12,500 smallholder members with enterprise groups for honey and sunflower oil	Kayombo et al. (2023)

Brief summaries of each case follow. These describe, firstly, how each case involves business unusual in terms of social, environmental and economic benefits delivered. Secondly, the summaries describe how these ‘business unusual’ cases manage risks related to: the social complexity associated with maintaining cooperation between many smallholder producer members; the environmental complexity associated with maintaining agrobiodiverse, agroecological farming techniques in a changing climate; and the

economic complexity associated with aggregating sufficient quantities and qualities of multiple products to access markets while minimising the risk of production or market failures in any one component. These descriptions provide the contextual backdrop to understanding challenges that these models face in accessing finance (Section 3.3.) and then the innovative solutions they have developed to overcome those challenges by mobilising internal finance (Section 4.1).



# Case study 1.

## Union of Peasant and Indigenous Organizations of Cotacachi (UNORCAC), Ecuador



UNORCAC members working in their chakras. Credit: Pareto Paysages

In Ecuador, the Union of Peasant and Indigenous Organizations of Cotacachi (UNORCAC) and its integral Women's Central Committee pursues prosperity on behalf of 45 grassroots communities with 3,500 households in the Cotacachi canton, 2,200–3,400m above sea level in the InterAndean zone (Piñán Cajas 2023).

UNORCAC delivers closely integrated social and environmental benefits through a strategy that is rooted in concepts of Indigenous territory renewed by **solidarity and shared biocultural heritage practices**. These concepts foster trust between members in the face of unfavourable political and economic conditions that have involved attempts to appropriate their land and resources. The term 'chakra' is used to describe the biocultural heritage system of agroecological farming that preserves social, environmental and economic values.

Social cooperation between members is maintained through an elaborate set of shared annual agricultural festivals: Pawkar Raymi (21 March), Inti Raymi (21 June), Koya Raymi (21 September) and Kapak Raymi (21 December). These festivals celebrate collective actions to do with the first harvest in spring, the maturing of corn in midsummer, the ploughing and sowing of maize in autumn, and the weeding that takes place in winter. They complement other family and religious celebrations for new houses, marriages, baptisms and the day of the dead — each with particular culinary feasts. They also link to community practices that maintain cultural life such as: *minga* (the provision of collective farm labour based on solidarity and reciprocity), barter (exchanging surpluses to mutual reciprocal benefit), and *pampa mesa* (communal eating with food shared on blankets within reach of all).



**Environmental benefits** are secured through UNORCAC's preservation of significant agrobiodiversity (recognised as a Globally Important Agricultural Heritage System). This involves traditional knowledge of seed and agronomic management of at least 172 different crops (72 food species, 84 medicinal species and 16 other fodder, timber, ornamental and ritual species). This knowledge is spread and renewed through the organisation of weekly La Pachamama nos Alimenta community farmer fairs, the annual Muyu Raymi seed fair (in August) and various community exchange tours, festivals, exhibitions and technical trainings in agroecological farming (including how to maintain agrobiodiversity, fruit tree and native crop management, biological input production, and culinary uses of plants among many others).

UNORCAC also organises a Bioknowledge Centre that demonstrates ancestral medicine practices and runs a communal seed bank including for example 12 varieties of maize and 39 traditional varieties of beans. The medicinal work is further supported by a subgroup of women healers (*hambi warmikuna*) whose purpose is to strengthen ancestral medicine and promote the conservation of the chakra. UNORCAC also works with the National Institute for Agricultural Research to multiply and distribute sought-after seed varieties with farmers.

**Economic benefits** delivered by UNORCAC derive from a number of businesses set up to reinforce their sustainable vision. Runa Tupari Native Travel was established in 2000 and generates revenues from homestay tourism where visitors experience the richness of local agroecological systems, cuisine and biocultural heritage. Sumak Mikuy (meaning 'excellent food') processes and sells products such as cape gooseberries, the spicy pepper *aji rocoto*, and wild fruits such as *mortiño* in both national and international

markets (where dried fruits are popular in energy bars). They also run the Sara Mama brand that bottles and sells Chicha de Jora (an ancestral drink made from maize), generating incomes for local women.

While much of the production in Cotacachi is still focused on subsistence, UNORCAC and the Women's Central Committee are developing increasingly sophisticated enterprise and marketing strategies that both generate income from, and thereby incentivise, the use of agrobiodiversity, but also help fund their social and environmental efforts to maintain that agrobiodiversity and biocultural heritage. UNORCAC recognises that agrobiodiversity is vital to future climate resilience – and is promoting the local marketing of very many varieties of crops in the weekly market fairs – to improve incomes from that agrobiodiversity.

Risks to the system described above come from external large-scale farms or haciendas that have attempted to appropriate land and resources, anthropogenic climate change, and from market forces that drive monocultural production systems. UNORCAC counters such risks through the promotion of a strong biocultural vision: diversified agroecological production of Andean crops to guarantee food security and sovereignty. The vision speaks of territorial jurisdiction and social, environmental and economic justice in the construction of the 'good life' (*Alli Kawsay*) with an economic model based on respect for *Pachamama* (Mother Earth) – weaving together productive land, quality education and health systems that recover ancestral and cultural practices of soil, seed and agrobiodiversity conservation. UNORCAC's economic models makes profit subservient to the higher aims of that vision.



Assorted produce. Credit: Pareto Paysages



## Case study 2.

### Kassena Nankana Baobab Cooperative Union (KANBAOCU), Ghana



Woman member of KANBAOCU in Kuliya farm, Ghana. Credit: Clifford Amoah Adagenera



In Ghana, the Kassena Nankana Baobab Cooperative Union (KANBAOCU) is pursuing prosperity on behalf of its 42 communities and their 177 women's baobab and 372 shea cooperative enterprises joined in 10 zonal cooperatives that aggregate product from 12,376 women and 485 men members. KANBAOCU's main business involves the aggregation of baobab products (powder, oil, fibre and husks) and shea products (nuts and butter) from those local enterprise groups, which it then markets through the non-governmental organisation (NGO) Organisation for Indigenous Initiatives and Sustainability (ORGIIS Ghana) and its national commercial partners such as Ghana Nuts, Olam and Bosbel Vegetable Oil Mills or international partners Savannah Fruits Company (for shea) and Aduna UK Ltd (for baobab) (see more details in Section 4.2). KANBAOCU also sells honey, beeswax and sesame.

KANBAOCU delivers **social benefits** to its members through a complex organisational architecture that involves many local shea and baobab groups from three provinces. These groups are organised under the social and ethnic norms, rules and regulations of the Kassena, Nankana and Frafra tribes. In these tribes, harvesting baobab and shea non-timber forest products (NTFPs) is considered women's responsibility, albeit falling under the formal authority of local chiefs and leaders. The local enterprise groups are merged into 10 zonal cooperative unions, registered under the Ghana Cooperative Law as federations (cooperative unions). These are grouped in turn into the apex-level KANBAOCU.

Decision-making and collective action at enterprise group, cooperative or apex level is by consensus or occasionally, if required, by democratic vote – formalised in the cooperatives in the general assemblies. The KANBAOCU board is comprised of 15 women chairpersons drawn from the 10 zonal cooperative societies and decisions are fed down to zonal cooperatives and from there to local groups. Building social trust is also enhanced by very clear shareholder and membership rules, alongside meeting days, communal labour days, marketing days, and solidarity visits to sick or bereaved members.

**Environmental benefits** are delivered through the careful respectful relationships of enterprise groups and the traditional authorities of chiefs and leaders who control land access and harvesting rights for NTFP products. KANBAOCU is unusual in sourcing its products from semi-natural stands of these trees, rather than primarily from on-farm crops or domesticated products as is often the case for FFPOs. As KANBAOCU has worked to offer good sales outlets for enterprise groups in three provinces, it has increased its share of the supply chain – and is now a powerful advocacy force for sustaining and restoring

natural resources in the region, including finding sustainable alternatives to tree-based charcoal that can reduce the available harvest of the main NTFP products sold. Similarly, its partner ORGIIS Ghana secures projects funds that can contribute to forest restoration and sustainable land use.

**Economic benefits** are generated through the sale of baobab and shea products through the apex federation and its ORGIIS Ghana marketing partner. Membership contributions include a one-time registration fee, monthly dues and weekly village savings and loans association (VSLA) contributions (with a 3.85% management levy applied by KANBAOCU) and other investment levies when deemed necessary by the particular group or zonal cooperative. The VSLAs are slightly unusual in that they are collectively owned, and, rather than profits being shared out at the end of the year, profits are invested by the group to purchase and stockpile raw materials (baobab pods and shea nuts). Members can also buy shares according to Ghana's cooperative regulations. Their economic benefits are therefore distributed and spread across several mechanisms: guaranteed markets for product sales on fair terms, soft loans from VSLA groups, and shareholder dividends from cooperative profits. But KANBAOCU is also affiliated to the Ghanaian Shea Producer, Processor and Marketing Association (GSPMA), the Ghana Shea Exporters Union, and the Shea Network Ghana. Through these, KANBAOCU interacts with the Ghana Shea Board, the Ghana Export Promotion Authority and the Ghana Export Development and Agricultural Investment Fund. Collective action has led to national shea floor-pricing mechanisms and shea sustainability initiatives – reducing risk and increasing product quality.

Risks to the system described above come from women's inadequate resource rights, entrepreneurial recognition and access to finance; the threats to the natural resource from fires and charcoal production; and the dispersed and non-standardised nature of the production and processing. To address these risks, KANBAOCU cultivates a deep commitment to the power of collective action of women's groups in partnership with businesses, chiefs, religious bodies and so on. It works with ORGIIS Ghana to build women's entrepreneurial training courses, that allow women in the offseason to maximise returns to labour through processing diversified products such as baobab, honey, moringa, sesame, shea, subsistence crops and livestock. It facilitates innovation in the use of digital phones, social media, and financial inclusion programmes (described in case study 5). Strong alliances with political and traditional leadership has enabled them to secure and better protect their natural resources and grow income generation activities, while VSLA developments have enabled them to diversify their business opportunities.



# Case study 3.

## Network of Groups of Farmers and Breeders of Arusha (MVIWAARUSHA), Tanzania



Beekeepers in Esilalei, Monduli District, Tanzania. Credit: Roshni Lodhia/Panos/IIED

In Tanzania, Mtandao wa Vikundi vya Wakulima na Wafugaji Mkoa wa Arusha (MVIWAARUSHA or the Network of Groups of Farmers and Breeders of Arusha) is pursuing prosperity for its 446 local groups and 46 ward-level networks, made up of over 13,000 smallholder members with enterprise groups for honey, pigeon pea and sunflower oil, and a wide range of local income-generating activities including tree seedling nurseries and several products such as coffee production under development.

MVIWAARUSHA is strongly wedded to notions of solidarity and collective action. **Social benefits** flow from farmers sharing information, costs and bargaining power both locally and in attempts to identify and develop larger commercial opportunities. MVIWAARUSHA has worked hard to build the trust of its members through five interlinked social strategies: facilitating peer-to-peer learning within its local groups and networks (including seed and market fairs where their members can display their products and meet and share ideas with each other); negotiating external project support for a range of social,

environmental and economic benefits such as biogas plants (an anaerobic digester that turns farm waste or energy crops into fuel) but with training and financial support; providing professional services (such as finding new markets for agricultural products such as honey and sunflower oil); training programmes on agribusiness, agroforestry, tree nurseries, community seed banks, poultry rearing and the use of livestock waste to make biogas; media communication such as Radio Tap that airs programmes run by Farm Radio International Tanzania; and financial services (described further in case study 6).

**Environmental benefits** delivered by MVIWAARUSHA are rooted in its strong commitment to agroecological production — including the retention of on-farm agrobiodiversity to help mitigate climate and economic risks. Most members are involved in agriculture and rearing livestock, and their local groups have a strong focus on the rehabilitation and restoration of degraded natural resources, protecting intact natural vegetation, and enriching agroforestry systems with trees on farms.



Retained trees and woodlots within the homesteads of smallholder farmers offer fruit, lumber, poles, firewood, windbreaks, shade, livestock fodder and soil erosion control. The men and women smallholder farmers plant, sell and consume more than 20 commercial crops and 10 types of livestock (including bees) and extract a much wider range of less common vegetables, fruit and medicinal plants for regular use from the patchwork of forests and farms. The MVIWAARUSHA leadership and committees serve to extend local community farmers' networks to help spread an agroforestry vision that integrates crops, trees, livestock, manure and compost, rainwater harvesting, enterprise development and finance. MVIWAARUSHA has also developed five community seed banks and helped members establish commercial tree nurseries that together help farmers to maintain control over and access to a wide diversity of crop varieties. MVIWAARUSHA promotes the role of both men and women in such ventures, working towards sustainable social, economic and ecological improvement.

**Economic benefits** are being enhanced in ways that complement agrobiodiversity through MVIWAARUSHA's trainings in entrepreneurship in diverse value chains. This is backed by improving access to finance by establishing local savings and loans groups and facilitating their cooperation in larger community savings and credit cooperation organisations that are now almost ubiquitous across its local groups and networks (see case study 6). Market research and support for processing and packaging is emerging in key areas such as the production of sunflower oil, pigeon peas, honey and potentially coffee

and other crops. Commercial products are developed from agroforestry systems that maintain agroecological functions to be climate resilient. The organisation unites people with a diverse understanding of Indigenous resources and combines their efforts and talents in successful business development. As members, smallholder farmers have more financial security, for example through access to finance to help support their families and businesses. External knowledge (for example, about seed and livestock availability or market access) is spread easily throughout the organisation.

The risks to the system described above come from the social fragmentation of members spread across very extensive landscapes and with strong cultural difference – such as the Masai livestock herders who are being supported to develop honey production. Climate change is causing major problems in crop cultivation and MVIWAARUSHA is searching for alternative approaches to cope with the impacts of climate change, such as the use of drought-resistant crops including *Manihot esculenta* (cassava) and local maize seeds, planting trees to regulate climate, applying cover-crop methods, and producing biogas from livestock waste. Economically, many smallholders are a long way from markets and so MVIWAARUSHA is also contemplating establishing a business unit or trading arm to work alongside its member-based association and act as a product aggregator and value-addition service for its members. This is hoped to improve market access to major towns and other higher-value markets.



A farmer, in Ayalabe village in Karatu District, Tanzania, drying coffee that was harvested on his farm. Credit: Roshni Lodhia/Panos/IIED



### 3.3 Finding alignment in mission breadth with business unusual partners

A key feature of each of the FFPOs described above is their **commitment to maintain mission breadth**. By 'mission breadth' we mean the many things which they pursue simultaneously. In each of the examples above, it is easy to describe multiple goals — at the very least social, environmental and economic goals. But even within those three simple categories, it would be possible to advance several aims:

- Social progress is often measured not just in terms of organisational capacity but also by inclusion, in terms of women and youth.
- Environmental progress is often measured not just in terms of sustainability, but also the enhancement of agrobiodiversity.
- Economic progress is often measured not just in terms of profit, but also the distribution of that profit.

For example, in an FFPO such as KANBAOCU and its financial cooperative (Jwa Ngwaane Cooperative Credit Union — see case study 5) there are strong organisational aims — but there is also a strong emphasis on women's inclusion and empowerment. The FFPO pursues environmental sustainability but also agrobiodiversity across several tree products to ensure resilience to market and climatic shocks. And while it is concerned with economic profit, a strong emphasis is also placed on the distribution of those profits. To belong to KANBAOCU, members must sign up to its broad mission and the organisation requires its members to abide by a set of social safeguards, financial terms and environmental criteria that can ensure collectively the organisation delivers its broad missions. Those requirements are often broad and flexible within those organisation as they build trust and foster collective responsibilities based on shared mission amongst its members.

An important observation, however, is that the 'business unusual' approaches of these living business collectives do not usually emerge in complete isolation. It is often the case that such FFPOs **invest in support partnerships**, both with NGOs and with value chain/market partners and investors. For example, KANBAOCU has received considerable support from the NGO ORGIIS Ghana. For business unusual to flourish, there is often the need for quite close alignment between the necessary mission breadth of the FFPO and the mission breadth of the supporting partner organisations.

In the case of KANBAOCU, its partner ORGIIS Ghana in turn is supported by the value chain partner Aduna (as described further in Section 4, case study 7). Aduna is a social enterprise that also shares the mission breadth of both KANBAOCU and ORGIIS Ghana, albeit perhaps with a stronger emphasis on economic returns. A critical dimension of the business unusual success in this example lies in the alignment between the mission breadth and conditionalities of the FFPO, support NGO and value chain partner. The partnership with Aduna **refrains from imposing heavy conditions on support** that may subvert or narrow down the KANBAOCU's broad missions solely towards economic returns. The partnership with ORGIIS Ghana does not require KANBAOCU to meet heavy reporting requirements that may subvert or narrow down the its broad missions solely towards environmental regeneration. These issues of broad mission breadth alignment and trust (not imposing heavy conditions on FFPOs in order to access support and investment) emerge repeatedly in the sections which follow.



Products in the enterprises farmers market/store in Mto wa Mbu in Monduli District, Tanzania. Products sold here are local farmers. Credit: Roshni Lodhia/Panos/IIED



A farmer from Dofa Village in Karatu District, Tanzania, waters his crops. Credit: Roshni Lodhia/Panos/IIED

## 4 Financing business unusual

This section explores three innovative financing mechanisms that can channel finance and support to those smallholder collective-managed forest and agriculture businesses (also referred to as FFPO businesses in this report) discussed in Section 3. These financing mechanisms include smallholder collective businesses' internal financing mechanisms (Section 4.1), pioneering supply chain approaches that mobilise investments to support smallholder producers and their collective organisations (Section 4.2), and innovative public and private investment approaches that are elevating the voices and aspirations of local communities including smallholder producers rather than simply reducing diverse values and complex local contexts into reports for investors (Section 4.3).

### 4.1 Smallholder collective financing models

For FFPO businesses, access to finance from conventional banks and investors is very restricted, as conventional structures and processes are not made for the complexities managed by FFPOs. Therefore, many FFPOs have mobilised their own resources to secure financing for their businesses by establishing internal financing mechanisms. These mechanisms often take the form of financial cooperatives such as SACCOs.

These mechanisms often acknowledge and embrace complexity to support the social, environmental and economic benefits that FFPO members' businesses deliver. Central to their design is acknowledging that the world is complex and therefore systemic, context and path dependent, and unpredictable. This means that access to finance is often based on knowledgeable peer-judgement, experimentation and adaptation, as well as actions that are




designed to be synergistic, to support clients in tackling different challenges (Boulton *et al.* 2015). And the design of these mechanisms also embraces complexity by building relationships on a foundation of trust and with recognition of the interconnectedness of people's lives (Knight *et al.* 2017).

Financial cooperatives are often built on trust between the members. So financial services are approached using soft information and long-term relationship lending over hard, readily quantifiable information (Birchall 2013; Mawesti *et al.* 2021; McKillop *et al.* 2020). People's ability to access credit is not assessed from an income-and-profit perspective solely (the likelihood of adequate returns on investment for that one specific intervention), but from a more holistic perspective considering multiple income streams and aspects beyond income, accounting for the context to develop tailor-made products for their members (Mawesti *et al.* 2021). Additionally, as the cases in this section will illustrate, once FFPOs establish their own SACCOs, they work together in synergy, complementing credit given by the SACCO with non-financial services such as business development opportunities provided by the FFPO. These, among other complexity-friendly characteristics, distinguish collective financing mechanisms from other conventional finance entities.

The following case studies describe three financial cooperatives established by the three FFPO businesses presented in the previous section (see Table 2). Each case study will briefly describe the financial cooperative and its history, its structure, nature and products offer, and how these enable the FFPOs to thrive in the complexity they manage.



Table 2. Summary of the case studies of FFPO finance mechanisms

Country	FFPO name	Internal finance mechanism	Scale (2022)	Conditions that must be met to access loans	Timescale	Interest rates
Ecuador 	Union of Peasant and Indigenous Organizations of Cotacachi (UNORCAC)	Santa Anita Savings and Credit Cooperative (Carrera Rueda and Vallejo Rojas 2023)	US\$11.3 million loan portfolio  15,000 members	Being a member of the cooperative and providing evidence of a regular income	2–4 years	5–8%
Ghana 	Kassena Nankana Baobab Cooperative Union (KANBAOCU)	Jwa Ngwaane Community Cooperative Credit Union  (Adagenera and Kuudaar 2023)	US\$21,994 loan portfolio  6,105 members	Being a member of a VSLA and have its endorsement, and consistent savings for 6 months	1–2 years	2–4%
Tanzania 	Mtandao wa Vikundi vya Wakulima na Wafugaji Mkoa wa Arusha (MVIWAARUSHA)	8 SACCOs	US\$89,147 loan portfolio  4,516 members	Being a member of the SACCO and having savings deposited in an account	3 months to 3 years	1–12%



Women outside a seed bank that stores farm-managed indigenous seeds, in Kambi ya Simba Village in Karatu District, Tanzania.  
Credit: Roshni Lodhia/Panos/IIED



# Case study 4.

## Santa Anita Savings and Credit Cooperative, UNORCAC



Santa Anita member selling assorted produce. Credit: Santa Anita Savings and Credit Cooperative

The Santa Anita Savings and Credit Cooperative was founded by UNORCAC and its members in December 2001, through Ministerial Agreement No 347 and registered in the National Directorate of Cooperatives (No 6,467) and operates in compliance with the Popular and Solidarity Economy Law. By the end of 2002, the Santa Anita cooperative had 153 members and by 2023, it had grown to 15,000 members. Along with this growth in membership, the amount of savings also grew during the same period from US\$63,500 to US\$9.8 million. The cooperative currently manages a loan portfolio of US\$11.3 million with a low rate of default of 5%.

Santa Anita was built on a foundation of **trust and democratic governance**. To come up with the initial capital for Santa Anita, UNORCAC invested from its own resources and encouraged its members to buy shares. Its members trusted UNORCAC as a long-standing organisation that has been providing support to its member since 1977 in

many areas including advocacy for land, infrastructure and basic services, as well as providing technical support for productive activities, and incubating enterprises to self-finance the organisation.

Over the years, UNORCAC has consolidated itself as a leading organisation in the country through strong internal governance, social cohesion and democratic culture. Because of this, once UNORCAC set out to establish a SACCO, its members had the confidence to invest additional resources to come up with the initial capital for Santa Anita and, later on, trust their savings with them. Additionally, following UNORCAC's structure and democratic governance and the usual structure of cooperatives, Santa Anita is governed through its general assembly and all members participate in the running of the SACCO.



The governance, management, administration and internal control of the cooperative is managed through a general assembly, board of directors, supervisory board, management team and special commissions and committees. Its financial products offer includes savings accounts, fixed-term deposits, microcredit for business and agriculture, and credit for general purposes besides productive activities.

The process for granting individual agricultural microcredit begins with credit advisors promoting the cooperative's microcredit products to rural microentrepreneurs through promotional visits. The main goal of the cooperative is to establish **long-term relationships** with its clients, so openness and collaboration are essential from the first visits. If the promotional visit is successful and the microentrepreneur decides to apply for a loan, the credit advisor starts collecting the necessary information required to assess the viability of the loan and establish the client's credit needs. These visits take place either at the applicant's home or place of work and also help to strengthen ties between the cooperative and the client.

Once a microcredit loan has been disbursed, credit advisors are responsible for monitoring and identifying whether there are any potential risks that could affect a client's ability to repay the loan. This is so that preventive actions can be taken if required, such as providing the clients with guidance. But it also serves to strengthen the ongoing relationship between the cooperative and the client, which is important both for the client's business and for preserving the financial position of the cooperative. The process of monitoring also enables the credit advisor to inform the cooperative of any development that may require any changes in the repayment conditions, providing a space for **learning and adaptation**.

Since Santa Anita was created by UNORCAC, its direct collaboration has also proven beneficial to its members, as the actions of UNORCAC and Santa Anita are designed to be synergistic to support each other in achieving the same goal. A good example of this is how Santa Anita designed loans specifically for families to adapt their homes and train in hospitality skills to join the community tourism company Runa Tupari Native Travel, created by UNORCAC. Loans and payment terms and conditions varied between US\$3,000–5,000 depending on the amount each family required and their ability to make repayments. Through these **tailored interventions**, Santa Anita and UNORCAC enabled the families to increase their income by 40% by joining Runa Tupari Native Travel, complementing their income from their daily agricultural activities.

Acknowledging the complex reality of its members, the Santa Anita cooperative takes a **holistic approach** to financial services by complementing its offer with non-

financial services. Among these, it offers financial literacy training, encourages the participation of women and Indigenous Peoples in leadership roles, contributes to the development of the community through small projects related to education, health, environmental campaigns, and campaigns against violence against women.

For the last two decades, the Santa Anita Savings and Credit Cooperative has been helping to revitalise rural economies. It has supported building agricultural value chains for peasant families and helped mobilise much-needed resources, including funds from outside the rural sector. It has helped its members to improve production and generate additional sources of income while also strengthening access to markets, bringing producers closer to consumers. It supports local production processes that prioritise the use of local inputs, low-energy consumption and the use of native seeds, all of which contribute to improved food security and sovereignty.

Another key element for embracing complexity is investing in **creating networks to build a movement** where different organisations support each other working for a common cause (Knight *et al.* 2017). Often, financial cooperatives federate to form higher-level financial cooperatives to amplify their impact (Birchall 2013). Federations, therefore, play a variety of roles for the benefit of their members including promotion, representation, training, financial analysis, coordination and facilitating central liquidity (Bedard *et al.* 1988)). Federating also enables them to advocate for policy change and to push the cooperative and solidarity economy forward (Serrano *et al.* 2019). The Santa Anita cooperative formed strategic alliances with networks of intermediary microfinance institutions at the national and regional levels. Some of these include the Federation of Savings and Credit Cooperatives of Ecuador (FECOAC), the National Popular and Solidarity Finance Corporation (CONAFIPS), and others. This enabled them to leverage opportunities for complementarity, to exchange services and knowledge, and to apply shared strategies to maximise impact. Being part of this network of organisations also enables Santa Anita to channel additional funds to its members from external sources. For example, Santa Anita offers its members access to green credit at a very low interest rate that promotes sustainable productive activities from CONAFIPS.

UNORCAC greatly benefitted in the long term from its initial investment in Santa Anita as the returns gained from this have also contributed to its financial self-reliance. This in turn benefits its members as well as wider society, as UNORCAC businesses deliver social, environmental and economic benefits, and self-reliance enables them to continue doing so.

# Case study 5.

## Jwa Ngwaane Community Cooperative Credit Union, KANBAOCU



Members of the Jwa Ngwaane Community Cooperative Credit Union. Credit: Clifford Amoah Adagenera

The Jwa Ngwaane Community Cooperative Credit Union was officially created on 2020 in accordance with the Cooperative Societies Decree, National Liberation Council Decree (NLCD) 252 of 1968 of Ghana. The credit union is owned and governed by members from six local FFPOs (all members of KANBAOCU) who are organised in VSLAs and who mobilised their funds to come up with the initial capital. Jwa Ngwaane has grown its membership by 116% in three years, having now 198 VSLAs with 6,105 members of whom 88% are women. This growth is further reflected in the growth of savings deposited in the credit union in the same period, starting with the equivalent of US\$3,000 to reach US\$23,000.

One of the key elements for establishing the credit union in this was that KANBAOCU **built on the trust and cohesion** of the VSLAs, as well as on the trust between KANBAOCU and ORGIIS Ghana, who had worked closely together for over 10 years. Before the credit union was created, KANBAOCU members were involved in weekly savings activities in VSLAs. Although helpful, VSLAs limited the amount members could save and borrow for investment. Because of this, and realising that its members did not have access to conventional financial services, KANBAOCU aimed to build its own financial institution that could respond to the needs of its members.



In partnership with ORGIIS Ghana, KANBAOCU assisted its members in analysing the quantities of the VSLA share-outs. The analysis showed members that by harnessing their strength in numbers, they could establish a sustainable financial institution for members to invest in. With this information and through a series of meetings and awareness-raising activities with the members, it was collectively agreed that the best solution was to establish a credit union. To raise the capital for this, members were encouraged to purchase shares to join the credit union at a minimum of the equivalent of US\$90 per VSLA. In line with the democratic nature of credit unions, it was agreed that an individual's shares shall not exceed 20% of the union's total shares. A total of 96 VSLAs consisting of 2,920 members joined the credit union purchasing shares with their individual funds, and in some cases, using the resources from the social funds of the VSLA.

**The long-term relationship-building and transparency and participatory process** in programme planning and implementation established among members and the partners enhanced members' trust, which was very relevant during the transition process.

The credit union is managed by a committee of 14 members, a manager and three field officers. The overall management committee includes the board of directors, a supervisory committee, a loans committee and an education committee. The loans committee analyses all loan requests and makes the final decision on granting loans. The education committee is part of the growth strategy, with the responsibility of educating KANBAOCU members about the benefits of belonging to the credit union and encouraging new members to join. The manager of the credit union is responsible for the day-to-day decisions, while the ultimate control of the organisation belongs to the general assembly of members, which is the highest decision-making body of the credit union. The general assembly is used as a **democratic and learning space** to discuss the results and performance of the organisation as well as planning for the future.

The various products provided by the credit union include savings accounts, fixed deposits, loans and agribusiness support. The loans are **tailor-made to the needs** of the

members, who have access to low-interest credit to invest in value chains such as shea, baobab, moringa and general agricultural commodity farming. The agribusiness support is given in the form of inputs provision, mechanised irrigation and enterprise development. These enable members to experiment with different crops and to have better chances of establishing successful businesses.

Members are able to apply for and be approved for a loan within one week and the process is very **trust based**. The main requirement for a member applying for a loan is to have an endorsement by the VSLA the member belongs to and the loan will be granted. Belonging to a VSLA is sufficient proof for the credit union that they can trust the member to pay its loan back.

By simplifying this process, the credit union has also improved women's access to credit. Members are not required to own collateral such as land or housing which is often demanded by commercial banks. It is also worth mentioning that this has empowered women in their households, as they have increased their decision-making power because they are able to contribute financially to their households. The credit union has also increased the number of women in leadership: out of the 14 management committee members, eight are women and only three members are men. The customers and ultimate beneficiaries of the credit union are 88% women.

Additionally, the loans are not only for productive purposes. The credit union has a purpose to provide care for the wellbeing of its members by taking a more **holistic approach**. Aside from investing in value chains and agricultural activities, members are able to access credit to pay for family healthcare, for example. In times of emergency, the credit union has also made it possible to offer quick loans and financial assistance for its members. Beyond the loans and financial services, the credit union is involved with communal activities and offers direct support, in partnership with KANBAOCU, for issues including resolving land-related conflicts, managing labour arrangements, marketing products, community organisation, cultural nutrition habits and gender equality, among others.

# Case study 6.

## MVIWAARUSHA's savings and credit cooperatives



A farmer from Dofa Village in Karatu District, Tanzania, feeds maize stover to her livestock. Credit: Roshni Lodhia/Panos/IIED

MVIWAARUSHA has eight savings and credit cooperative organisations (SACCOs) operating at district level, all of which are formalised and regulated under the Microfinance Act No. 10 of 2018 to provide its members with financial services. The goal of the SACCOs goes beyond financial services as it aims to enhance agricultural sustainability, increase yields and improve the overall wellbeing of its members and their communities. This financial initiative started in 2004, when MVIWAARUSHA realised its members struggled to access credit and established two SACCOs by encouraging its members to invest in shares to gather the starting capital.

Throughout the years, MVIWAARUSHA established other SACCOs across different districts, as well as more SACCOs in bigger districts, with the goal of reaching its entire membership. However, it realised that many of its members were located too far from its closest SACCO and could not easily reach it. Therefore, to be able to reach the producer groups' level, MVIWAARUSHA started training members to form community microfinance groups (CMGs); there are now a total of 203 groups benefitting 5,000 members. The

CMGs enable the members to save collectively and take loans to establish different income-generating activities. Additionally, as with other similar savings groups, the CMGs had a social fund towards which members contributed a portion of their savings for other members to access quickly in case of emergencies. These practices aimed to enhance **social cohesion, build trust and ensure the wellbeing** of members.

Although CMGs are similar to other savings groups, MVIWAARUSHA realised that the usual short-cycle share-out characteristic of others may not serve their purpose of long-term capital generation. Many savings groups or VSLAs do savings cycles of 6 or 12 months after which they share all the accumulated savings and profits from interest charged on loans between the members. MVIWAARUSHA adapted this approach to what it wanted for its members and trained the CMGs to approach the CMGs as a long-term scheme rather than a short-term savings cycle. The way in which MVIWAARUSHA did this was to train the CMGs to do share-outs only from the profits while keeping the savings as group capital.



The way in which MVIWAARUSHA approached its financial offer was characterised by **experimenting, learning and adapting** to ensure it was achieving the objective of providing appropriate financial services to its members. Its first step was to establish SACCOs in different areas but MVIWAARUSHA later realised it needed to establish a mechanism that reached the local level. Once it reached this level, it adapted a known approach to its goals and circumstances.

The CMGs benefitted their members greatly through access to quick loans with limited procedures, increased financial skills and investing in small income-generating activities, as well as managing household cash flow and responding to life-cycle events. Despite these many benefits, CMG loans were too small to invest in some environmental activities that MVIWAARUSHA was promoting, such as commercial tree nurseries. To solve this problem, MVIWAARUSHA initially tried to link the CMGs with a bank, but this was not possible as the bank's offer was not suitable for the needs of the CMGs of low-cost savings accounts with no minimum deposit and low-interest or group loans. In this context, MVIWAARUSHA came up with the idea of linking the CMGs to the SACCOs instead, and it started with 10 CMGs to experiment. This linkage consisted of CMGs joining the SACCOs as members, depositing savings and accessing loans from them. Once this linkage proved good for both CMGs and SACCOs, MVIWAARUSHA started rolling out this initiative to others.

SACCOs and CMGs benefited greatly from this linkage as the latter were able to access bigger loans and the former expanded their membership and improved their financial health. SACCOs provide savings accounts and group loans for the CMGs; the group loan is later disbursed among the CMG's members through their own agreements. Due to the strong cohesion and trust among the group members, the timely repayment of loans from the CMGs has been higher than individual loans to non-CMGs' members.

To access loans, the CMGs deposit savings into the SACCOs and the quantity of the loans can only be three times higher than the amount they have deposited. There are various types of loans that SACCOs offer and some of these are intended for business, farms and poultry. Loan products have been tailored to the circumstances and productive activities of the members and MVIWAARUSHA gives close guidance to all SACCOs across their membership.

As MVIWAARUSHA is particularly focused on promoting agrobiodiversity and agroecological practices, most SACCOs offer a special loan to support enterprises that foster agrobiodiversity, agroecological farming and other environmental practices. These loans are subsidised and provide interest rates as low as 1% in some cases, making them more affordable than other credit products to promote these practices.

One of the main benefits of the SACCOs and CMGs is that they offer financial services to members and enable them to access affordable credit for investing in agroecological practices, such as organic inputs, sustainable irrigation or diversified cropping systems. However, MVIWAARUSHA's financial strategy involves **a holistic approach** where actions planned are interconnected and in synergy to complement each other in achieving the overall wellbeing of the members. Thus, in addition to offering financial services, SACCOs in close coordination with MVIWAARUSHA offer non-financial services.

One of these services is training and capacity building, where members access training sessions within the CMG groups about agroecological farming techniques, how to promote biodiversity, and sustainable land management to enhance their knowledge and skills in sustainable agriculture. Members are also supported to develop business plans and market access through MVIWAARUSHA.

A very important part of the non-financial services offered is the **peer learning and knowledge-sharing spaces** facilitated by the SACCOs and CMGs. When there are groups whose businesses are going very well, SACCOs facilitate other groups to visit these businesses and learn from the experiences and practices from their peers. These activities aim to create a platform for farmers to share their experiences and learn from each other in adopting agroecological practices.

As MVIWAARUSHA supports its SACCOs, it also monitors and evaluates the impact of the loans they disburse. It has a system in place to track the impact of microfinance support on agroecological farming practices, ensuring that the investments lead to positive environmental and economic outcomes. The system shows which types of loans are being used more, who is using them and how they are using them. With this information, staff from MVIWAARUSHA visits the groups to see directly how these loans are being used and what impact they are making on their members' businesses and how it is benefitting the environment and supporting agrobiodiversity.

## 4.2 Embracing complexity in supply chain partnerships

### How businesses unusual manage complexity in supply chain-partnerships

Encouragingly, there is an increasingly number of businesses aspiring to be a force for societal good, including those who source their products from forest and farm landscapes inhabited by millions of smallholder producers in developing countries. For example, as of February 2024, there are over 8,000 certified B Corporations around the world across 162 industries in 96 countries (B Lab Global 2024). Those corporations are purpose-driven for-profit businesses that creates benefits for all stakeholders, not just shareholders.<sup>1</sup>

Those businesses are not only challenging businesses-as-usual but also implementing new ways of navigating social, environmental and economic complexities in their supply chains (see Section 3.1 for details) so their businesses can create positive impacts for local producers and the landscape they depend on. There are four companies highlighted in this report who embed working with smallholder producers in their mission (see Table 3 for a summary) They view working with smallholder producers as an important opportunity to achieve positive social impacts and invest heavily in **building partnerships and nurturing trust** with those smallholder producers. They either share the burden of meeting various market and investor requirements on risk management and impacts reporting with their producers or invest in mobile apps that allow them to collect and aggregate data needed for investors without burdening the smallholder producers.

In this section, we introduce a selection of four pioneering companies that cultivate partnerships among their staff, partners and producers who live within those forest and farm landscapes. They strive to support each other and **learn and innovate** while elevating local producers' aspirations. Their approach challenges the traditional buyer-seller relationship in agriculture and forestry supply chains, where buyers push down various market requirements to producers and only work with those who can already meet those requirements. These companies demonstrate that such a partnership model is a viable business model that can provide **flexibility and adaptability** needed to deliver positive social and environmental impacts despite complex social, economic and environmental contexts. The following sections will provide more details on each of these pioneering companies.



Drying coffee. Credit: Roshni Lodhia/Panos/IIED

<sup>1</sup> B Corporations are for-profit companies certified by B Lab (a global nonprofit network transforming the global economy). To become B Corp certified, companies must demonstrate high social and environmental performance, make legal commitment to be accountable to all stakeholders and share publicly their performance measured against B Lab's standards. See: <https://usca.bcorporation.net/about-b-corps/>



**Table 3. Overview of businesses who adopt a partnership-based supply chain model**

Company name	Products	Countries	Scale of business	Environmental and social impacts
<b>Aduna</b>	Grains, powders, superfood teas, beauty oils	Sourced from Ghana and Burkina Faso with sales in 18 countries	Annual revenue of approximately US\$3 million	Works with over 3,300 women in Ghana and Burkina Faso supporting 20,000 family members. Planted over 15,000 baobab trees and over 60,000 moringa trees in Northern Ghana and Burkina Faso
<b>Mountain Hazelnuts</b>	Hazelnuts	Sourced from Bhutan with sales to Asian and European markets	Produced 5 tonnes of hazelnuts in 2022	Employs over 600 staff in Bhutan, around half of whom are women. As of early 2021, more than 11,000 orchards had been planted, with many located in Bhutan's less-developed eastern regions. By 2022, Mountain Hazelnuts had restored more than 6,000 acres of land with hazelnut orchards and planted more than 7 million hazelnut trees, with the objective to plant 10 million hazelnut trees across Bhutan and sequester 500,000 MT of carbon.
<b>Tony's Chocolonely</b>	Chocolate	Cocoa beans sourced from Ghana and Côte d'Ivoire with sales to the global market	More than €150 million annual net revenue	Trades directly with and has long-term partnerships with nine farmers' cooperatives, reaching 17,740 smallholder farmers in Ghana and Côte d'Ivoire, with a 100% traceable supply chain and 0% deforestation. Tony's has boosted cocoa income by 51% for farmers in Côte d'Ivoire. Child labour prevalence rate of 10.5% average across all partner cooperatives, reduced to 4.4% for those who they have worked with the longest versus the industry average of 46.7%.
<b>Cafédirect</b>	Coffee	Sourced from Latin America and Tanzania with sales to the global market	£17.5 million turnover in 2022	Cafédirect works with 25 coffee cooperatives across Latin America and Tanzania reaching over 100,000 small-scale farmers. It founded Producers Direct, a charity for and led by farmers, and invests 50% of its profit in the charity. Producers Direct has positively impacted the lives of over 1.3 million farmers and their families, investing to date over £7.5 million in a variety of farmer programmes and initiatives. Some impacts include: 90% of farmers have experienced an increase in crop quality and yield, 50% of farmers have started to grow an additional crop to help diversify incomes and improve agrobiodiversity with 96% increasing their income through the new crop. Since 2010, working with partners, Cafédirect has started a reforestation project in Peru, reforesting 526ha and selling 22,830 carbon credits.

# Case study 7.

## Aduna



Baobab producer women in Ghana. Credit: Aduna Superfoods

### Background

There are three parts to Aduna as a social enterprise. The first is the consumer business, a purpose-driven health and wellness brand. Its mission is to bring to consumers the natural vitality of Africa's superfoods, sustainably sourced, so that every purchase makes a positive impact. It sells grains and powders, super teas and beauty oils which are all 100% natural and vegan.

The second part is Aduna Ingredients: a bulk ingredients company that supplies innovative, functional plant-based ingredients from Africa to other companies through ethical and sustainable sourcing. It focuses on four main underutilised ingredients from Africa: baobab fruit, moringa leaf, fonio grain and hibiscus.

The third component of Aduna is its role as a baobab producer, in partnership with local Ghanaian NGO ORGIIS. Aduna is the first to export baobab to global food markets. It has been engaged in baobab production activities with local producers in Northern Ghana for more than nine years and has its own supply chain for baobab fruit in Ghana and Burkina Faso.

Aduna as a brand was launched in 2012 and the partnership with ORGIIS Ghana began in 2014. They are supported by impact investors, initially through equity investments but more recently as loans. They also used Seedrs as an investment platform to crowdsource equity investments. Their main investors are high net-worth individuals and corporate impact investors.



## Current scale of business and environmental and social impacts

Aduna products are sold in over 2,000 stores in 18 countries, with an annual revenue of approximately US\$3 million. Through the baobab supply chain, Aduna works with over 3,300 women in Ghana and Burkina Faso who now benefit from sustainable income streams where previously there were none. Together, these women have 20,000 family members who rely on them for care. Aduna is also working with hundreds more producers in Egypt and has planted over 15,000 baobab trees and over 60,000 moringa trees in Northern Ghana and Burkina Faso, through its partnership with the Great Green Wall.

## Working with smallholder producers to manage supply chains risks and impacts

Aduna embeds working with smallholder producers in its mission. Aduna works with smallholder producers to manage and report on social, climate, nature risks and impacts in their supply chains. Working with them is an important opportunity for Aduna to achieve positive social impacts. It sources its products directly from smallholder producers wherever possible. One of its suppliers is KANBAOCU supported by ORGIIS Ghana (case study 2). Its products are organic, Ecocert and Soil Association-certified baobab sourced from ORGIIS Ghana, which is also FairWild certified. Aduna is also B Corp certified and follows those certifications' requirements in managing social and environmental risks and impacts in the supply chain.

Aduna operates based on a **partnership-based model**: rather than a standard buyer–seller relationship where the buyer only provides the market and cash while pushing down standards and requirements to sellers, Aduna invests in its relationship with producers, shares the burdens of meeting standards and supports producers to create and deliver quality, scalable and traceable supply chains. This brings measurable social and environmental impacts. In Ghana for example, Aduna has developed a strong partnership with ORGIIS Ghana. ORGIIS has established relationships with smallholder farmers and their cooperatives and provides **tailored training and support** to local communities across a diversity of activities including (but not limited to) organising harvesting, transportation and food processing, so that the product can meet food quality-control standards appropriate to Western markets while ensuring positive social and environmental impacts.

In partnership with ORGIIS Ghana, Aduna also supports the formation of cooperatives and cooperative certification. Every year prior to the baobab season, Aduna approaches its investors to seek loans to fund the operation with ORGIIS Ghana. Aduna covers full operational costs for

ORGIIS's operations in Ghana, actively fundraises for ORGIIS Ghana and provides training for ORGIIS staff. This stands in stark contrast with most businesses who only pay for specific services from local partners for specific supply-chain needs. This approach allows ORGIIS Ghana, which understands local contexts and works directly with farmers, to be more **adaptive and flexible** in its engagements with smallholder producers and other partners in Ghana to optimise impacts and minimise risks. ORGIIS also publishes producer stories and blogs on its website to communicate impacts to customers and investors. Such a unique partnership-based approach combined with a clear vision for its business and social and environmental missions are key in securing investments for Aduna's growth.



Baobab fruit. Credit: Aduna Superfoods

## Resources

Webpage: [Aduna Superfoods](#)

Webpage: [Aduna Ingredients](#)

Video: [Aduna Ingredients: our impact](#)

Video: [The inspiring possibility of baobab: a talk by Andrew Hunt, co-founder of Aduna](#)

Earley, K (2015) [Aduna is empowering African women to build a business](#). *The Guardian*.



# Case study 8.

## Mountain Hazelnuts



Horticulturalists. Credit: Mountain Hazelnuts

### Background

Mountain Hazelnuts is a social enterprise founded in 2009, producing premium quality hazelnuts in Bhutan. Mountain Hazelnuts uses hazelnut saplings grown in its own nursery in Bhutan and provides them to smallholder farmers along with ongoing technical support to plant on fallow land while providing them with ongoing technical targeted support. Once the trees flourish and bear nuts, the farmers sell the crop back to Mountain Hazelnuts at a guaranteed minimum price on the basis of a 30-year contract. This enables smallholder farming households and community organisations to generate long-term income, thereby revitalising vulnerable communities through sustainable agriculture. The hazelnut orchards also stabilise mountain slopes, reduce erosion, improve watershed retention and mitigate climate change by improving soil fertility and carbon sequestration.

The founders, Teresa Law and Daniel Spitzer, launched Mountain Hazelnuts in 2009 with their own funds. They raised US\$10 million in additional capital from impact investors in 2011 and 2013, and in 2015, they came to terms with their former partners from previous ventures, the International Finance Corporation (IFC). The IFC led a US\$12 million round of investment that included the Asian Development Bank (ADB) and the Global Agriculture and Food Security Program (GAFSP). Three years later, the Land Degradation Neutrality Fund (LDNF) provided long-term debt, which it subsequently converted to equity in a joint deal with Finnfund, evidencing their commitment to supporting impact through profitable investment. Law and Spitzer have consistently made a strategic effort to engage global investors for broader visibility, which enabled Mountain Hazelnuts to receive grant funding during the pandemic.



## Current scale of business and environmental and social impacts

As of early 2021, more than 11,000 orchards had been planted, many of which are located in Bhutan's less developed eastern regions. By 2022, Mountain Hazelnuts had increased tree cover by more than 6,000 acres of land with hazelnut orchards, and planted more than 7 million hazelnut trees. Over time, Mountain Hazelnuts aims to plant 10 million new hazelnut trees across Bhutan that will help sequester an estimated 500,000 MT carbon and improve the environment. Given its extensive value chain, 15% of Bhutan's population is expected to directly benefit from Mountain Hazelnuts' business. Mountain Hazelnuts also employs over 600 staff in Bhutan, approximately half of whom are women. Mountain Hazelnuts has trained 150 people in outreach, science and hazelnut cultivation who visit each of the farms on a daily basis.



Horticulturalist. Credit: Mountain Hazelnuts

## Working with smallholder producers to manage supply chains risks and impacts

Mountain Hazelnuts works with smallholder producers to manage and report on social, climate and nature risks and impacts in their supply chains. It was founded with a deep commitment to chart a more sustainable and socially inclusive way to do business: a financially viable business model that deliver benefits for all stakeholders, providing opportunities for women, smallholder producers and vulnerable communities while nurturing their communal bond as well as people's stewardship of nature.

Mountain Hazelnuts partners with subsistence farmers who do not have other sources of income or those who have fallow land with no commercial use, including smallholder households and community organisations such as monasteries and nunneries. Mountain Hazelnuts engages with and supports existing community groups to help them mobilise smallholder farmers, as well as to strengthen communal support amongst producers. Mountain Hazelnuts provides farmers and their collective organisations with the tree seedlings and other necessary inputs free of cost and provides a guaranteed offtake of all their nuts. If a farmer or a community does not have suitable orchard land, Mountain Hazelnuts endeavours to secure appropriate planting sites through the lease of government land or arrangements with local landowners. One requirement is that farmers must plant on fallow land and cannot displace existing crops with hazelnuts. The orchards are owned by the farmers. Mountain Hazelnuts' economics are based on successful hazelnut production, aligning the interests of all parties.

Mountain Hazelnuts employs a local workforce, often young, to be 'relationship managers' with the smallholder producers or groups of smallholder producers. These relationship managers **nurture trust** among the producers and with Mountain Hazelnuts. By engaging with producers on a regular basis, they get to know each producer family's history, their interests and values, as well as their challenges in every aspect of their lives. They not only help farmer partners understand the opportunities and challenges of caring for a hazelnut orchard, they also facilitate technical support for orchard management where needed. They also facilitate support to meet the needs and nurture the aspirations of the producers where they can, for example, by linking them to public education or health services; facilitating support from agriculture extension services or other non-profit organisations; and fostering partnerships among smallholder producers so they can support each other. Such a **holistic approach** cultivates trust, partnership and collective responsibility among producers.

Together, Mountain Hazelnuts and other important local and national stakeholders help to ensure resilience among

producers and the supply chain. Through this holistic trust-building approach, Mountain Hazelnuts' producers are more likely to share challenges and Mountain Hazelnuts' relationship managers can easily identify potential risks in the supply chain and **leverage a large network of partners** to help address such challenges together. This unique approach is extremely adapted to navigating complex local contexts and stands in stark contrast with other supply chain approaches that only focus on engagement with the suppliers solely on business and financial-related issues and topics.

To capture and report impacts to their investors and consumers — each of whom have a myriad of diverse criteria and standards — Mountain Hazelnuts has developed a user-friendly Android app so the relationship managers working with the producers can easily collect quantitative data during their visits to producer orchards. The app allows Mountain Hazelnuts to aggregate data for investors on a frequent basis and produce tailored reports for a range of management reporting purposes, as well as for the various investors' different interests. As data entry via app is straightforward and not time consuming for the field team, Mountain Hazelnuts staff can spend most of their time providing technical support and building relationships with hazelnut farmers and their related stakeholders.

Mountain Hazelnuts also develops mini-stories of their farmer-partners, drawing on their multidimensional engagement. Mountain Hazelnuts shares these stories with investors and partners to help them understand the different roles Mountain Hazelnuts plays in helping the producers achieve their life aspirations through this holistic approach.

## Resources

Webpage: [Mountain Hazelnuts](#)

Webpage: [Mountain Hazelnut's operating model](#)

Webpage: [Mountain Hazelnuts: stories of impact](#)

Webpage: [Blended finance in a Bhutanese nutshell](#)

Hoyt, D and Lee, H (2011) [Mountain Hazelnuts: social entrepreneurship in Bhutan](#). Stanford Graduate School of Business (payment or subscription required).

IFC (2019) [Blending happiness, hazelnuts and finance in Bhutan](#)

Palmer, C with Farenholtz, P, Mecagni, L, Price, L and Shah, N (2016) [Bhutan: blending happiness and hazelnuts with finance](#). GAFSP and International Finance Corporation.



Horticulturalists. Credit: Mountain Hazelnuts



# Case study 9.

## Tony's Chocolonely



Cocoa producers drying cocoa beans. Credit: Tony's Chocolonely

### Background

Tony's Chocolonely was founded in 2005 by journalists who were determined to end child labour and modern slavery in chocolate supply chains. The company also firmly believes that there is no social justice on a broken planet. Cocoa farmers are some of the worst affected by global climate change as it directly impacts their cocoa crop yield and quality. The company commits to ensuring its supply chain is 100% free of deforestation and aims to reduce its carbon footprint by at least 42% by 2030 while offsetting its entire carbon footprint.

Recognising top-down approaches such as global certification and labelling fall short in eliminating child labour and to ensure sustainability in supply chains, Tony's set out to address the root causes of inequality and deforestation throughout its supply chains through its five sourcing principles which include having a fully traceable supply chain and paying the living income reference price (LIRP) for cocoa.

In addition, the company wants to create awareness of inequality embedded in the chocolate industry and showcase a sustainable and responsible way of doing business that is also profitable and scalable that can transform the whole industry. It also works with other companies along the chocolate supply chain through its industry initiative Tony's Open Chain so other companies can also adopt and commit to responsible sourcing principles. Tony's Chocolonely is B Corp and Fairtrade certified.

Current Tony's investors include Verlinvest, Jam Jar and Genuine Chocolate. Verlinvest and Jam Jar are both investment companies, while Genuine Chocolate is the holding company of the former CEO of Tony's Chocolonely. In 2023, the company gave a golden share in Tony's to a fully independent legal entity: a foundation overseen by three mission guardians to legally protect its mission regardless of shareholder structure or future leadership.





Farmer cutting cocoa pods . Credit: Tony's Chocology

## Current scale of business and environmental and social impacts

Tony's has a net annual revenue over €150 million. It trades directly with and has long-term partnerships with nine farmers' cooperatives, sourcing from 17,740 smallholder farmers in Ghana and Côte d'Ivoire. All its supply chains are 100% traceable with zero deforestation occurring in its supply chains. It has boosted cocoa income by 51% for farmers in Côte d'Ivoire, although the same analysis has not been completed in Ghana. Within its supply chain, the child labour prevalence rate is 10.5 % on average compared to an industry average of 46.7%. Within the cooperatives Tony's has worked with the longest, the child labour prevalence rate drops to 4.4%.

The company offsets 100% of its carbon footprint through JustdiggIt, a grassroots organisation that regreens arid land across Africa. Tony's also uses a transport company that ships using biofuels and is part of the Science Based Targets Initiative (SBTi), and commits to the maximum reduction target for a company of its size with the ambition to do more.

## Working with smallholder producers to manage supply chains risks and impacts

Working directly with cocoa cooperatives and cocoa farmers is an important part of Tony's model for more sustainable cocoa sourcing and Tony's works with smallholder producers to manage and report on social, climate, nature risks and impacts in their supply chains. The company views cocoa farmers as the experts, and adopts a **partnership-based model** to work with them through its five sourcing principles that address the systemic issues that cause illegal labour and deforestation along supply chains. Those principles are to ensure traceable cocoa beans and trade directly with farmers and cooperatives, pay a higher price to farmers, work together with cooperatives to empower farmers, invest in improved quality and productivity, and provide long-term commitments to farmers' cooperative. Under those principles, the company works to understand its producers and the social and environmental contexts they live in. The company commits to ensuring that the farmers and cooperatives get at least five years' sales at a higher price – the living income reference price – which pays a premium in addition to the certification premium determined by the company's **living income model** that draws on independent sources of data.

The company also invests in **tailored training and long-term support** for its cooperative partners and farmers: it invests time and money in supporting the cooperatives it works with, including finding new international markets and building organisational capacity and professional farmer groups; it supports cooperatives and farmers to undertake productivity, diversification and quality-improvement programmes by investing in farmers' coaching groups and improving and expanding agriculture service delivery by cooperatives.

Working closely with its partner cooperatives, the company has implemented a child-labour monitoring and remediation system (CLMRS) at all cooperative members' households to identify and remediate cases of child labour, as well as to prevent future cases by raising awareness. Data for the CLMRS can be collected via a mobile app. Each cooperative has a team of professionally trained community facilitators – often farmers themselves – who conduct awareness raising with farmers and the broader community, visit each household at least once a year to talk about child labour with parents/caregivers, and identify cases of children engaging in child labour.

If a child labour case is found, Tony's takes a **holistic approach** based on each family's circumstances to address the root cause of child labour: at the individual level, the company supports children to get back into school (such as securing birth certificates, providing school kits or bicycles). For older children, the company provides



vocational training programmes through the Chocolonely Foundation. At a household level, families are provided with safer tools to open cocoa pods and families with multiple children engaging in child labour are provided with access to other income-generating activities. At the community level, infrastructure improvements ensure that children are growing up in an enabling environment: that there are schools they can attend, that water is accessible (and does not require long walks that take them out of school), and that healthcare is available. The construction of infrastructure is funded by the Chocolonely Foundation.

The company uses a digital traceability Bean Tracker platform for bean traceability which identifies which farmers supplied what percentage of each shipping container of beans. To guarantee that there is no deforestation happening in the company's supply chain, all farms, no matter the size, are Global Positioning System

(GPS)-polygon mapped. Additionally, the ownership of the data lies with their partner cooperatives. This means the cocoa cooperatives can utilise the data for informed decision-making and apply it for all their clients. The company also provides financial support to farmers to support them to plant shade trees on their cocoa farms and invests in other agroforestry practices to increase the quality and yield of cocoa.

## Resources

Webpage: [Tony's Chocolonely](#)

Webpage: [Tony's Chocolonely annual fair report 2022–2023](#)

Aglionby, J and Atkins, R (2018) [From bean to bar](#). Financial Times.



Cocoa beans inside of pods. Credit: Tony's Chocolonely



Quality Control. Credit: Tony's Chocolonely



# Case study 10.

## Cafédirect



Sorting coffee beans. Credit: Roshni Lodhia/Panos/IIED

### Background

Cafédirect is a social enterprise that sources coffee, tea and cocoa directly from farmers and is Fairtrade and B Corp certified. It was launched in 1991 by Oxfam, Traidcraft, Equal Exchange and Twin Trading in response to the collapse in coffee prices falling below farmers' production costs. It sources directly from farmer cooperatives, reducing the number of actors within the supply chain and offering farmers better and fairer price for the products they sold.

Cafédirect always pays social and environmental premiums, in addition to the market price for coffee, and Fairtrade premiums and organic differentials. Cafédirect also investigates and creates opportunities for further value to remain at origin (such as local decaffeination). They also aim to work with key partners to understand what a living income is for every country that they source from and their ambition is that by 2030, they pay their farmers more than this. In 2009, Cafédirect also founded Producers Direct, an independent charity for and led by farmers to deliver technical support to farmers and implement development initiatives.



## Current scale of business and environmental and social impact

Cafédirect's annual turnover was £17.5m in 2022. It works with 25 coffee cooperatives across Latin America and Tanzania, reaching over 100,000 small-scale farmers. Producers Direct has positively impacted the lives of over 1.3 million farmers and their families by investing to date over £7.5m in a variety of farmer programmes and initiatives. Some impacts of these initiatives include: 90% of farmers have experienced an increase in crop quality and yield, 50% of farmers are starting to grow an additional crop to help diversify their incomes and improve agrobiodiversity, and 96% have increased their income through the new crop.

Since 2010, Cafédirect, in collaboration with Producers Direct and Norandino Coffee Cooperative, initiated a reforestation project in Choco, Peru, to safeguard coffee farms against soil erosion and regulate rainfall. The Choco community receives carbon credits for planting trees and sells them in the global carbon market. By 2023, 536 hectares had been reforested with 594,774 trees, and 22,830 carbon credits had been sold. The revenue generated from the sale of carbon credits is used for further reforestation activities. Although Cafédirect provided resources and financing initially, Producers Direct and an NGO now oversee the project.



Tea Field, Kenya. Credit: Shared Interest via Flickr. CC BY 2.0 DEED

## Working with smallholder producers to manage supply chain risks and impacts

Cafédirect works with smallholder producers to manage and report on social, climate, nature risks and impacts in their supply chains. The vision of Cafédirect also specifies that its success should be measured in the shared wellbeing of the communities it touches. To achieve this, it follows a **holistic, grower-led approach**. Its business approach is guided by its Gold Standard, a responsible growth framework that was laid out in 1991 and has evolved over time. The Gold Standard includes four pillars:

- Growers: increasing their income, their participation and strength in supply chains and their access to finance, markets, training and other services
- Community: inspiring customers and consumers to act on sustainability through educational content and sustainable products
- Environment: investing in nature-based solutions that mitigate climate change, reducing emissions along supply chains and restoring landscapes through regenerative agriculture, and
- Business: leading by example, raising the profile of their business model, and collaborating with others for collective impact.

Cafédirect is legally bound by the Gold Standard, its principles and mission by its legally binding Articles of Association, and is governed by the Cafédirect Guardian Share Company, an independent committee that oversees its business decisions. Guided by the Gold Standard, Cafédirect builds **long-term partnerships with their farmers**, over 78% of their partnerships with farmers have been for over 20 years. This means that they can invest not only in the coffee quality, but in their environment and community.

The company includes farmers in their governance and business decision making. In 2004, farmers formally joined the Board of Directors for Cafédirect. Farmers who govern Producers Direct also sit at the board of the company. This help ensure farmers' participation in key company meetings and role as leaders in the business, working together to tackle the systemic challenges facing small-scale farmers.

Cafédirect reinvests 50% of its profits in Producers Direct which carries out **tailored producer support and development programmes**. Producers Direct works with smallholders through a wide range of activities that are designed to meet growers' diverse needs including:

- Providing loans and financial services for farmers to start and grow existing agri-businesses through a peer-to-peer lending scheme that allows farmers to lend to each other
- Training farmers to improve coffee quality, farming sustainability and entrepreneurship
- Building producer networks and improving branding to improve farmers' market access
- Developing tailored apps to support farmers including:
  - Farm Direct: This app allows farmers to collect and share agricultural data to make informed farming decisions. It tracks and analyses farm health, productivity and profitability. The app also allows women farmers to aggregate their crops into larger sales volume so they can access larger buyers. Thanks to Farm Direct, 93% farmers have improved farm productivity.
  - Croppie: This app uses artificial intelligence to evaluate crop photographs to assess how they will perform. This information help farmers adapt how they care for their plants to achieve a healthier crop. The app also provides a crop yield prediction which improves the likelihood of finding crop buyers and getting a financial loan, both needed for growing businesses.

The company works to give visibility to other vulnerable groups in their supply chain, such as seasonal workers, and to include them in due diligence procedures to ensure they are being treated fairly and in full respect of human rights.

Cafédirect also actively builds partnerships and collaborations with other businesses, researchers and NGOs and leads by example to raise awareness of important sustainability issues, showcase how for-profit businesses can be a force for good, and to advocate for change from within the agri-food industry. It produces educational and engaging communication products to not only showcase its approaches and impacts but also to mobilise their 15 million customers and consumers to take action for a more sustainable future.



Cacao. Credit: nelson suarez via Flickr, CC BY-SA 2.0 DEED

## Resources

Webpage: [Cafédirect](#)

Webpage: [Cafédirect case study: direct trade and Fairtrade](#)

Webpage: [Zoominfo: Cafédirect](#)

Webpage: [Producers Direct](#)

Cafédirect (undated) [Cafédirect Group of Companies: report and consolidated financial statements for the year ended 31 December 2022](#).

Davies, IA and Doherty, B (2019) [Balancing a hybrid business model: the search for equilibrium at Cafédirect](#). *Journal of Business Ethics* 157: 1,043–1,066.

Davies, IA, Doherty, B and Knox, S (2010) [The rise and stall of a fair trade pioneer: the Cafédirect story](#). *Journal of Business Ethics* 92(1): 127–147 (payment or subscription required).

Design Effectiveness Awards (undated) [Cafédirect: a ridiculously good business](#).



## 4.3 Embracing complexity in investment impacts

### Reinventing a finance system that works for businesses unusual

Smallholder collective-managed forest and agriculture businesses (or FFPO businesses) (discussed in Section 3) and mission-driven companies who are working with those organisations and businesses along their supply chains (discussed in Section 4.2) have charted a different way of doing business that delivers economic, social and environmental benefits, including mitigating climate change impacts and making local landscape and communities more resilient. But mainstream investors rarely touch such 'business unusual' cases. The current public and private investments models for development, climate and nature are not harnessing the potential of those businesses and providing incentives to make more businesses operate like them.

While those innovative businesses are more adept at effecting positive social changes within complex operating contexts, they are at a disadvantage when trying to access public and private finance. This is partly because many investors and funders only focus on maximising a narrow set of impacts in the short-term: for example, maximising financial returns for venture capital investors, or increasing tree cover for impact or public investors. Such narrow focuses often do not appeal nor are accessible to organisations and businesses who are working on long-term system change, juggling multiple cultural, social and environmental values and carefully managing trade-offs and synergies among social, economic and environment objectives. Even when investors and funders try to achieve multiple impacts, what impacts to prioritise and how to measure and track them are designed by those who provide and manage those fundings with little consideration for the complexity involved in tracking impacts nor the aspirations and values of those 'beneficiaries' they want to create positive impacts for.

In addition, using a reductionist approach to track complex environmental and social changes is also costly. For example, carbon credit sales have an overhead of 40–60% of the sales price due to the high costs in measuring and verifying those carbon credits, especially those generated through improving land use (Booman *et al.* 2021). And more importantly, such a costly approach has been proven to be ineffective in delivering impacts (Knight *et al.* 2017; Lowe 2023). Taking carbon credits as an example again, despite the high costs involved in developing and implementing elaborate monitoring, reporting and verification systems, more than 90% of the rainforest offset carbon credits verified by the world's leading carbon standard, Verra, have not led to genuine carbon reductions (Greenfield 2023).

In this section, therefore, we showcase seven selected pioneering investors and funders who are challenging the current financing paradigm and demonstrating better, partnership-based, ways to reach impact at scale (see Table 4 for an overview). Each case has its distinct approaches, highlighting diverse innovative ways to challenge existing embedded power dynamics and paradigms in how nature and climate actions are financed:

- Working mainly with private investors, **Africa Eats** fosters mission-driven entrepreneurship in Africa by establishing a holding company that provides equity, loans, advice, learning and networking opportunities to fledging ventures that can grow revenues fast while alleviating hunger and poverty through their business operations.
- Blending public and private finance, **The Meloy Fund** is an impact investment fund with dedicated a technical assistance facility to build capacity for investees who are spreading sustainable fishing practices and nurturing relationships with smallholder fishing communities.
- **Root Capital** provides loans and advisory services to high-impact agribusinesses, empowering them to scale sustainably while supporting smallholder producers.
- **Impact Investment Exchange (IIX)** offers diverse financing options tailored to the needs of social enterprises, including a growth fund and sustainability bond, aiming to drive transformation in existing finance systems to value positive social and environmental impacts while delivering financial returns to investors.
- Leveraging philanthropic funding, **Synchronicity Earth** engages in trust-based grant making, working in partnership with organisations aligned with its mission to support conservation efforts that are high impact and locally led.
- Tapping into voluntary carbon and biodiversity credit markets, **Regen Network** leverages blockchain technology to give local stewards the flexibility to design how environmental impacts are measured, reported and verified and to reward them for their regenerative stewardship of nature.
- Mobilising both public and private donations, **unconditional cash transfers (UCTs)** empower individuals by providing targeted cash transfers, addressing various social and environmental challenges through bottom-up approaches.

These case studies exemplify the versatility of innovative public and private finance models in addressing complex issues, embracing **partnership-based** investment models where **long-term funding** is provided to trusted partners to enable those who understand local contexts best to effect social and environmental changes. Private and public investors are working together to design investment

platforms and products that can **meet the diversity of needs** of mission-driven businesses and to enable local stakeholders' values and voices to influence or decide how investments are made, what values and impacts should be prioritised and considered, and how they can be measured. The following sections will provide more details on each of those financing models.

**Table 4. Overview of pioneering investment/funding models**

Name	Finance model	Conditions that must be met to access finance	Scale of investments	Timescale	Expectation of financial return on investment
<b>Africa Eats</b>	Holding company that invests in and holds shares of companies by mission-driven African entrepreneurs	Entrepreneurs selected must have the shared mission to reduce hunger and poverty. Some also wants to achieve environmental impacts.	Most companies started with an annual revenue lower than US\$100,000. First investment typically US\$20,000 from Fledge accelerator, a network of investment funds.  After that, Africa Eats provides US\$50,000–500,000. In 2022, the companies under the holding company have a combined US\$24 million in revenues, growing more than 50% annually since 2014.	Equity investment in shares is held in perpetuity unless companies get sold by their owners. Africa Eats also offers loans for usually less than one year.	High expectation of return on equity investment (as companies have scope to grow exponentially and be listed on the stock market); for loans given, the rate of interest is usually around 10–12%.
<b>The Meloy Fund</b>	Impact investment fund that blends public and private finance with dedicated a technical assistance facility to build capacity for investees and nurture relationships with smallholder fishing communities.	Investees must be commercially viable with strong management and should directly benefit, or have the potential to benefit, 500–2,000 fishers in Indonesia and the Philippines.	US\$1–3 million per investment. Total fund size is currently US\$22 million.	Loans average around five years; equity 10 years; grants two years.	Market-based returns.



<b>Root Capital</b>	A blended finance model that includes investor capital, donor capital and a specialised risk-sharing approach. This allows Root Capital to provide below-market return loans and free advisory service to their borrowers to build their capacity.	Free advisory services are provided to high-impact agrobusinesses. To qualify for a loan from Root Capital, in addition to demonstrating a commitment to positive impact, businesses must meet various financial requirements including minimum annual revenue and years of operation.	To date, Root Capital has distributed US\$1.85 billion to 760+ enterprises and is poised to reach US\$2 billion in lending in 2024.	Varied: working capital for harvest and sales cycles for under a year; general working capital for up to three years; equipment financing for up to seven years.	Below-market returns for investors providing lending capital; no expectation of return for philanthropic donors.
<b>Synchronicity Earth</b>	Partnership and trust-based philanthropy.	Partners (grantees) are selected based on their existing conservation work and alignment with Synchronicity Earth's mission and core values.	Since 2009, Synchronicity Earth has provided over £15 million in grant funding to more than 180 organisations. In 2022, it distributed £2,987,000 to more than 90 partners across 38 countries; 45 of these partners received multiyear grants and 81 received core and flexible funding.	Around 80% of its partners receive core and flexible funding. Each grant typically lasts 1–3 years. But such grants can be given to the same partner continuously over a long period of time.	Grants with no return expected.



Content from a seed bank that stores farm-managed indigenous seeds in Kambi ya Simba Village in Karatu District, Tanzania.  
Credit: Roshni Lodhia/Panos/IIED

<b>Impact Investment Exchange (IIX)</b>	IIX is developing a diversity of financing options with the recipients' needs in mind, including a growth fund targeting those who need seed capital; a sustainability bond for those who need capital at scale; and the Impact Partners platform for all types of enterprises that can demonstrate their financially viable.	<p>Growth fund: impacts focus area must be aligned with IIX.</p> <p>Sustainability bond: for pre-selected microfinance institutes and impact enterprises that have a strong financial and impact track record.</p> <p>Impact Partners: for financially viable mission-driven enterprises that can demonstrate scalability with investment capital.</p>	<p>IIX has mobilised more than US\$281 million investment capital and created direct positive impacts for over 159 million households. Enterprises can access the following range of investments: Growth fund: US\$250,000–5 million;</p> <p>Sustainability bond: US\$3–10 million</p> <p>Impact Partners: no minimum investment though most impact enterprises are looking to raise at least US\$100,000.</p>	<p>Growth fund: eight years</p> <p>Sustainability bond: four years</p> <p>Impact Partners: Varies depending on the needs of enterprises.</p>	<p>Growth fund: internal rate of return (IRR) 20%</p> <p>Sustainability bond: Around 6% for investors (though note this is around 8.5% interest rate for borrowers to cover costs of guarantee, upfront costs etc)</p> <p>Impact Partners: 5–20%</p>
<b>Regen Network</b>	Regen leverages blockchain to create a decentralised finance system where local stewards of nature can monitor and verify regenerative nature actions based on their values and context and get rewarded for their efforts.	Participating local stewards of nature must have secure and verifiable land tenure and ability to use existing MRV methodologies or willingness to submit and develop its own MRV methodologies to track environmental impacts.	Regen has issued more than 2 million ecocredits and retired 588,448 ecocredits with positive impacts over 15 million ha of land.	Flexible for Regen token buyers	Varied as diversity of investors can choose to invest in the Regen token and purchase ecocredits. Those who purchase ecocredits will not expect financial returns; those who purchase Regen tokens may expect returns.



<b>Unconditional cash transfers (UCTs)</b>	Through direct cash transfers, UCTs empower those in need to make their own decisions on how best to spend the money and drive social or environmental transformation from the bottom up.	Unconditional but targeted cash transfers. For example, UCTs for reducing extreme poverty can target populations living less than US\$1.9 per person per day. UCTs for biodiversity conservation can target residents living in important biodiversity areas.	Each individual payment is small: for example, just a few dollars a day per person for those targeted to end extreme poverty. But such a scheme requires a significant number of the targeted population to receive such payments and therefore requires a significant overall amount of investment. For example, costs of CBI globally have been estimated to vary between US\$351 billion to US\$6.73 trillion annually.	Timescales vary considerably depending on individual programmes. For example, some stop payments after a few years or once a specific situation has been dealt with (such as the COVID-19 pandemic); others reassess eligibility regularly to remove those who no longer meet criteria.	No financial return expected.
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Beekeeping in Esilalei, Monduli District, Tanzania. Credit: Roshni Lodhia/Panos/IIED



# Case study 11.

## Africa Eats



A farmer in Ghana, who uses an electric pump to water his carrots with ground water. Credit: [Nana Kofi Acquah/IWMI via Flickr](#). CC BY-NC-ND 2.0 DEED

### Background

Africa Eats has created an innovative funding model to support African entrepreneurs to grow for-profit businesses that can help reduce hunger and poverty in Africa. Those entrepreneurs often lack access to capital because they are too small for institutional investors, too risky for banks or too large for grantors to fund. To address that challenge, Africa Eats supports raising capital for those companies by purchasing shares in each of these companies and holding them indefinitely unless the companies get acquired. Its management team supports the companies to grow and succeed, while letting each company's founding team run their companies as they know their market and context the best.

Africa Eats was founded in 2020. But prior to Africa Eats, most of these companies worked with Fledge Accelerator programmes, which support selected mission-driven African entrepreneurs through two-month intense training and networking programmes to grow their startups. Africa Eats is a spin-off of Fledge. Africa Eats currently gets its capital from individual and family investors who are interested in either equity or debt investments. It aims to be publicly listed (through an initial public offering) so that the public can buy shares of Africa Eats and to raise substantial capital this way.



## Who does Africa Eats invest in?

Africa Eats invests in two dozen African companies from eight countries, all focused on supporting smallholder farming. Those companies are aggregators, processors and distributors who support and source from smallholder farmers, engaging in a diversity of activities including fruit and vegetable aggregation, farm inputs, animal feeds, poultry farming, fortified milk, food processing, honey production, fishery, beans and pepper aggregation, cookstove manufacturing, sunflower oil, turkey, goats, green charcoal, veterinarian services and logistics. The founders of those companies all graduated from the Fledge Accelerator programmes. Those startups from different African countries are bundled into Africa Eats to diversify risk and create the scale needed to leverage capital quicker.

## Current scale of investments and impacts

The companies under Africa Eats now have a combined US\$24 million in revenues in 2022, growing more than 50% annually since 2014. They range between under US\$100,000 to over US\$10 million in annual revenue. These companies now work with over 114,000 smallholder farmers (compared to just under 1,000 in 2014) and have, on average, doubled those families' incomes. Investments by these companies in logistics, storage facilities and training provided to farmers to improve harvesting techniques have also contributed to reducing post-harvest losses.

## How Africa Eats manages social, climate and nature risks and impacts in its portfolio

Africa Eats works closely with all the companies it holds as partners. They regularly communicate via WhatsApp groups which also helps them to share learning and collaboratively develop solutions to challenges and risks. It also organises field visits for its investors to visit companies and publishes stories, pictures and videos of individual company's impacts on its website. Africa Eats allows its companies to develop their own approaches in working with smallholder producers. It views working with smallholder producers as an important opportunity to help improve livelihoods and reduce poverty and hunger in Africa and tracks how many farmers its companies work with.

## Resources

Webpage: [Africa Eats](#)

Webpage: [Luni Libes — Building a Warren Buffet style portfolio while serving 1M African smallholder farmers — Investing in Regenerative Agriculture](#)

Podcast: [Ep11 Africa Eats: a pan-African holding company consisting of 27 native-run food/agriculture co](#)



Crops being grown. Credit: Roshni Lodhia/Panos/IIED



# Case study 12.

## The Meloy Fund



Fisherman. Credit: Meloy Fund

### Background

The Meloy Fund was launched in 2017 with Rare as the general partner and Deliberate Capital LLC as the fund manager. It is an impact investment fund focused on investing in fishing and seafood-related enterprises in the Philippines and Indonesia. The fund demonstrates a new paradigm for impact investing in a previously neglected sector: coastal seas in the developing tropics that house the majority of marine biodiversity and support millions of jobs for coastal communities. The fund invests in enterprises to achieve triple-bottom-line returns for people, nature and investors.

The fund is a close partner of its portfolio companies and provides a joint package of financing and in-kind technical support to help businesses transition to sustainable sourcing and other related operations. Specifically, it offers debt and equity financing tailored to the investee's needs and technical assistance through grant funding and in-kind

support to support business growth including financial management, corporate governance, operations, marketing and sustainable seafood best practices, such as achieving Marine Stewardship Council (MSC) certification.

The fund attracts a range of public and private investors such as the Global Environment Facility (GEF), FMO (Dutch Entrepreneurial Development Bank), the Jeremy and Hannelore Grantham Environmental Trust, the US Agency for International Development (USAID), and JPMorgan Chase & Co, among others. The fund's technical assistance facility, which offers grants and in-kind support to investees, is supported by the State Secretariat for Economic Affairs of Switzerland (SECO) and FMO.

As the fund demonstrates its impacts and financial returns, Deliberate Capital LLC is looking to attract more commercial investors for the Global Fund for Coral Reefs, the second blue economy fund that it is serving as the day-to-day lead.





Bringing in the catch. Credit: Meloy Fund

## Who does The Meloy Fund invest in?

The Meloy Fund pursues investments in small-scale fisheries and seafood-related enterprises that are willing to engage responsibly in relevant supply chains or otherwise support a transition to sustainability. They invest in businesses that are too big for microfinance but too small for large-scale private equity funds, supporting growth-stage enterprises that form the backbone of coastal economy supply chains. Investees are largely identified by the fund's in-country investment teams. Investee organisations must be commercially viable with strong management and should directly benefit, or have the potential to benefit, 500–2,000 coastal fishers.

Currently, about half of the fund is invested in small and medium-sized enterprises (SMEs) and family businesses, while the remaining is invested in startups. Their **portfolio** ranges from seafood processors to aquaculture startups, including those providing enabling technologies. The fund's focus is primarily on export-oriented species, as these tend to hold a higher market value.

## Current scale of investments and impacts

The fund's US\$22 million portfolio is currently distributed across 13 investees, each receiving an investment of US\$1–3 million. As of 2023, the fund has already achieved the following impacts:

- 1,360 jobs (temporary and permanent) created
- US\$41 million aggregate annual purchases from fishers/farmers
- 77,727 household members positively impacted, and
- Almost 1.5 million hectares of seascape under improved management.

## How The Meloy Fund manages social, climate and nature risks and impacts in its portfolio

The fund has in-country investment teams who help to identify investees and nurture trust with those investees. The fund's technical assistance facility is also key to managing risks since it enables the fund to offer grant funding, in-kind support or technical assistance to its investees, to help strengthen their business operations and improve impacts on local communities and the coastal ecosystem. Through direct interactions with their investees and the community they work with, the fund has developed a better understanding of both the common and unique challenges faced by their investees and fishery

communities. To help tackle these challenges and minimise risks and optimise impacts, the fund seeks out local NGOs and government collaborators to provide support for local communities so they can pursue their livelihoods in a safe and sustainable manner. The direct engagement with local communities then helps the grantees to cultivate better relationships with their smallholder producers and local communities to minimise risks and optimise impacts along their supply chains.

Building on a better understanding of their investees' needs and the local communities' challenges, the fund has also been able to adapt its monitoring and learning approaches for managing and measuring risks and impacts across its portfolio. For example, the fund initially used an impact measurement and management (IMM) framework based on the International Finance Corporation's performance standards to identify environmental, social and corporate governance (ESG) risks and develop tailored corrective action and technical assistance plans for its investees. However, guidelines under this framework are too general to identify specific areas that require improvements at the coastal communities and ecosystems level; the fund therefore adapted and strengthened its IMM approach by introducing an ESG scorecard and indicators that better reflect ESG risks observed first-hand across their investment portfolio. The strengthened framework provides investees with better guidance to address ESG risks specific to their supply chains and enhance overall performance levels. The fund also incorporates an impact management framework based on the [Impact Management Project](#) that has been developed through engagements with over 3,000 enterprises, investors and experts between 2016 and 2018.

## Resources

Webpage: [The Meloy Foundation](#)

Webpage: [The Meloy Fund's investment portfolio](#)

Webpage: [The Meloy Fund's approach to impact](#)

Webpage: [The Meloy Fund: earning returns for people, nature, and impact investors \(Rare\)](#)

GEF (2017) [Innovative finance project for sustainable fisheries launched with leading investors.](#)

The Meloy Fund (2023) [The Meloy Fund impact report 2022–2023.](#)

Video: [From passion to profession: careers in impact & impact investment — an interview with Veronica Yow, The Meloy Fund](#)

Video: [Impact investing for the oceans: a blueprint for a triple bottom line return](#)



Keeping record. Credit: Jalatech



# Case study 13.

## Root Capital



Harvest of coffee beans. Credit: Root Capital

### Background

Founded in 1999, Root Capital supports agricultural enterprises in some of the world's most economically and environmentally vulnerable places across Latin America, sub-Saharan Africa and Southeast Asia. Those places are often considered 'too risky' by investors but need investment the most. It adopts a 'credit plus capacity' approach, providing financial capital and training to help enterprises grow. Root Capital expands access to

finance for enterprises whose credit needs are too big for microfinance and too risky for commercial banks. It pairs this credit with customised training in financial management, governance, agronomy and climate resilience, gender equity and more. It has a blended finance model that includes investor capital, donor capital and specialised risk-sharing instruments. It disbursed over US\$110 million in loans to agribusinesses in 2023.



Partnership. Credit: Root Capital

## Who does Root Capital invest in?

Root Capital invests in agricultural businesses that are improving lives of their employees as well as farmers and communities in their supply chains. Root Capital investment often starts in the form of free advisory services to agricultural businesses with high impact potential but that are yet not ready to apply for or manage external financing. Companies must be legally established in Root Capital's 10-plus countries of operation. To apply for a loan from Root Capital, businesses must have been in operation for three years with audited or management-prepared annual financial statements, have a minimum revenue of US\$250,000, and have strong relationships with established buyers and at least two professional references. Businesses must also have a leadership team with a demonstrated track record of business success and positive impact on smallholder farmers, employees and/or the environment. Root Capital currently focuses on investing in businesses active in the following supply chains: coffee, cocoa, tree nuts, grains, oilseeds and other staple crops.

## Current scale of investments and impacts

To date, Root Capital has distributed US\$1.85 billion to over 760 enterprises, collectively reaching 2.4 million rural families. In 2023, 91% of Root Capital loans filled financing gaps unmet by commercial lenders. With access to financing, businesses are able to grow and thrive: on average, Root Capital loans help borrowers increase their revenue by 20% per year and 42% of borrowers have gained access to commercial finance within three years. Businesses typically pass on 80% of their revenues to farmers, meaning business growth translates into income growth for farmers: an independent study of Root Capital's portfolio found that its borrowers purchase 33% more

products from smallholder farmers at approximately 12% higher prices than the enterprise would have done without Root Capital's financing. Moreover, in 2023, 61% of borrowers were gender inclusive and 54% were making substantial investments in climate change mitigation or adaptation.

As an example of businesses' impact in relation to climate action, recent research by Root Capital and its partners found that Root Capital borrowers support organic agroforestry coffee farmers often operating at 'carbon negative', meaning their farms are capturing more carbon than they emit.

## How Root Capital manages social, climate and nature risks and impacts in its portfolio

Root Capital offers free advisory services to build their agrobusinesses' capacity to responsibly manage financing, as well as enhance their social and environmental impacts. These advisory services cover business and financial management, digital business intelligence, agronomic and climate resilience, gender equity and youth inclusion. Advisory services are **tailored to their clients' needs** to help fill capacity gaps and ensure these services help their clients to be ready to take on loans and other investments in the future.

Root Capital has local teams, including local loan officers, working in their countries of operation, who play an important role in identifying new borrowers. It also gets referrals from existing borrowers and applications from borrowers through its website. To help make decisions on which businesses to fund, Root Capital carries out impact



due diligence to predict a business's likely social and environmental impacts, in addition to credit due diligence. Impact due diligence includes a 'negative screen' to ensure businesses are not engaged in practices that might negatively impact community members or the environment.

As an impact-first lender, it prioritises giving out loans to high-impact businesses without access to similar financing from commercial sources, even though these businesses are often early stage and do not have much experience with formal borrowing. To lend to high-impact businesses without collateral that is often required by commercial banks (such as valuable equipment or property), Root Capital uses business sales contracts as a means of mitigating risk. It pre-finances businesses using purchase orders from international buyers, who then make payments to Root Capital once goods are exported. Root Capital then remits payments to its borrowers after deducting the loan principal and interest.

To measure the actual impact of their investments, Root Capital conducts in-depth impact evaluations on a smaller selection of borrowers using a **participatory and client-centric approach**. Evaluations rely on rigorous impact assessment methods such as econometric analysis, when appropriate, while ensuring that performing these studies does not generate an additional burden for its clients. Root Capital sees its clients as full participants in the impact evaluation: the clients are invited to take part of the evaluation and the evaluation will only proceed if the client also sees value in it. The clients contribute to impact evaluation design, implementation and results analysis. Root Capital shares evaluation data and results with its clients and ensures the evaluation will be useful to them and their affiliated farmers. Root Capital often partners with funders on impact evaluations to pursue common research goals and contribute evidence to specific field-building efforts, such as improving best practices in rural finance. Impact evaluation costs are covered by Root Capital rather than their clients and Root Capital has built an in-house impact team with experience of working collaboratively with farmers and their clients. These evaluations also help Root Capital validate that its programmes and services are fulfilling their theory of change and test the effect and scalability of new products or services.

## Resources

Website: [Root Capital](#)

Teague, E (2023): [Carbon, climate and coffee: paying farmers for their efforts to combat climate change](#). Root Capital.



Sorting. Credit: Root Capital



Drying. Credit: Root Capital



# Case study 14.

## Synchronicity Earth



Floro Ortiz Contreras (Asociación Pro Fauna Silvestre - Ayacucho) talks to members of the Tircus community, Ayacucho, Peru. Credit: Chris Scarffe

### Background

Synchronicity Earth was founded in 2009 and evolved out of the [Synchronicity Foundation](#). A UK-based environmental charity, its funding is research led, targeting overlooked and underfunded conservation challenges for globally threatened species, regions and ecosystems in ways that benefit both people and nature. The charity currently focuses on six core programmes (identified through extensive research and analysis carried out by an internal research team): the amphibians, Asian species, biocultural diversity, Congo Basin, freshwater and ocean programmes, each of which support key themes such as protecting species and building capacity.

By raising and distributing donor funding, it aims to maximise impact through programmes that pool knowledge and resources, while challenging traditional funder/grantee relationships built on imbalances of power. A core focus for Synchronicity Earth is to utilise long-term funding approaches that build lasting relationships with small and medium-sized grassroots and local or Indigenous organisations working in conservation, creating enabling environments that allow these organisations to develop and grow. In 2022, around 90% of its funding came from trusts and foundations, corporations, and a large one-off donation. Around 10% of funding was provided by government institutions and other NGOs.



## Who does Synchronicity Earth invest in?

Synchronicity Earth works with and funds a wide range of organisations including small, local NGOs (some individually run), international NGOs, alliances and coalitions, and international bodies such as the IUCN. There are no specific criteria dictating who receives funding; instead, Synchronicity Earth operates on a trust-based philanthropic model. Its approach involves identifying grantees (who it refers to as partners) who align with its values and programme goals and can collaborate effectively with other organisations. Synchronicity Earth has developed a due diligence process that is designed to reduce the burden on partners by limiting excessive paperwork and documentation requirements. The due diligence work is conducted mostly through conversations with partners, and is used primarily to flag any potential risks rather than to rule partners in or out of funding.

The Synchronicity Earth Programmes team carries out in-depth research and scoping to develop strategic programmes and identify impactful partners. All their research is available free of charge to anyone who is interested in providing funds.

Rather than funding project-based work, the charity is focused on funding long-term and meaningful relationships with people and organisations. It is particularly interested in funding grassroots and locally or Indigenous-led organisations: currently, 64% of its funding is provided to local or national grantees. However, Synchronicity Earth aims to increase this to 75% by 2027. It has simple application forms available in multiple languages to help guide partners to develop proposals.

## Current scale of investments and impacts

Since 2009, Synchronicity Earth has provided over £15 million in grant funding to more than 180 organisations. Over the last 10 years, funding has supported approximately 600,000 marginalised or underrepresented people, protected 690 million hectares of terrestrial, ocean and freshwater habitats, identified or listed 170 Key Biodiversity Areas, and monitored and researched 1,200 species.

## How Synchronicity Earth manages social, climate and nature risks and impacts in its portfolio

Synchronicity Earth adopts a trust-based philanthropy model and currently around 80% of Synchronicity Earth's partners receive core and flexible funding. It focuses on building mutual trust between donors and grantees and

works to shift existing power imbalances between them. Through flexible and core funding, Synchronicity Earth allows its partners to define how grants are best spent and where the funding need is greatest within the local contexts to create impacts.

Synchronicity Earth sees locally led initiatives as the most effective solution to conservation challenges and believes grassroots organisations, local communities and Indigenous Peoples are the most effective agents of change due to their in-depth knowledge and understanding of the local context. The charity recognises that these groups often lack access to funding, so it creates enabling environments to help small, local organisations to access funding, while simultaneously mitigating risks. For example, when providing funding to new organisations, Synchronicity Earth typically begins with a small seed grant, and then scales up funding over time once it has built a trusted relationship with the partner. For cases where risk is exceptionally high, it can provide increased support for these organisations with a focus on strengthening organisational capacity. Another example is how it supports many small, local organisations who lack the legal status required in their countries to access funding. Rather than rejecting organisations who are not legally registered, Synchronicity Earth will consider providing small consultancy contracts to these organisations or grant directly to an individual with legal status. If the organisation is interested in developing into a registered NGO, it is also able to provide additional support by working with them to develop a roadmap for organisational development.

Synchronicity Earth does not require log frames from its partners and supports partners to develop their own monitoring, evaluation and learning (MEL) indicators, evaluate their impacts and adapt their monitoring approaches as needed. Emphasis is placed on cultivating an environment which allows for genuine learning and enabling partners to achieve their goals (rather than reporting focused MEL). When gathering monitoring data from partners, Synchronicity Earth adapts its methods to suit the preferences of their partners, for example by allowing partners to give oral updates via Zoom rather than using written reports, or written updates in their native language.

Synchronicity Earth consolidates reports from its partners and communicates overall impacts to its donors, reducing reporting burdens on its partners. It has an increasing in-country presence through hiring local consultants (which it calls affiliates) who work closely with existing partners and identify new partners.



Alifa Haque (Bengal Elasmolab), during research into shark and ray populations in the Bay of Bengal, Bangladesh, interviewing members of the local fishing community. Credit: Alifa Haque



Maicon Elcenbach and Alexandre Krob (Instituto Curicaca) setting up a camera trap in Parque Estadual do Turvo, Atlantic Forest, Brazil. Credit: Chris Scarffe



Members of the GreenViet team undertaking survey work in Phu Ninh, Vietnam. Credit: GreenViet

## Resources

Webpage: [Synchronicity Earth](#)

Webpage: [Land Portal: Synchronicity Earth – Congo Basin Programme case study](#)

Webpage: [Unearthodox: empowering Indigenous voices](#)

Paul, R, Chick, J, Sulle, E and Nelson, F (2022) [Greening the grassroots: rethinking African conservation funding](#). Maliasili and Synchronicity Earth.



# Case study 15.

## Impact Investment Exchange (IIX)



Two women harvest Chayote fruits and vines. Credit: Qiubi, via Flickr, CC BY-NC 2.0

### Background

Founded in 2010, Impact Investment Exchange (IIX) seeks to 'push the limits of financial markets until a more inclusive, equitable and environmentally sustainable system exists'. It works across all 17 Sustainable Development Goals (SDGs) with a focus on empowering women, building resilient communities and expediting global climate and nature actions. It has two main pillars of work:

- Mobilising capital for SMEs with a range of finance options that cover all stages of a SME's growth journey (from seed stage to maturity), and
- Mainstreaming impacts by providing training, conducting research and developing affordable impact measurement and verification tools.

IIX tries to design all its financial instruments with entrepreneurs' needs in mind rather than just investors' needs. It recognises mission-driven enterprises can have diverse needs and interests. So it has crafted a variety of services and products to meet those diverse needs and interests through all stages of an enterprise's journey, from fledging entrepreneurs to mature enterprises. For example, IIX institutes offer courses to entrepreneurs who still need help in building their business case and vision; the IIX growth fund supports those who have a vision but need seed capital to grow; and its sustainability bond mobilises capital at scale for those who need it.

IIX blends public and private finance through its diverse range of products and has successfully used public finance to leverage private finance at scale. IIX receives support from governments, philanthropists, NGOs and thinktanks who share IIX's vision to transform the finance system to be more inclusive, creating financial returns while creating positive social and climate impacts.

## Who does IIX invest in?

To mobilise funds for early-stage SMEs, IIX created a growth fund and provides equity and debt finance. It provides patient capital to women-focused SMEs in Bangladesh, Indonesia, the Philippines and Cambodia.

To unlock mission-oriented capital at scale for developing countries, IIX developed its IIX sustainability bond (ISB). ISBs are debt securities that pool together a group of pre-selected mission-driven entities to access large amounts of capital that would not otherwise be available to them individually. The pre-selected borrowers are usually a combination of established microfinance institutes and varying sizes of mission-driven enterprises blending together different risk, impact and return profiles. On the impact profile, the pre-selection process can help ensure a balanced portfolio that can deliver a diversity of economic, social and environmental impacts that together can drive transformative change. IIX carries out rigorous due diligence processes based on impact and financial criteria to pre-select the portfolio of borrowers. Funded entities must be already established and have strong track records on both impacts and financial viability.

To mobilise capital for SMEs with diverse types of needs, IIX has created Impact Partners, an online platform that connects investors with impact enterprises. Through the platform, IIX provides customised assistance to SMEs at all growth stages, supporting them with raising capital, impact assessments, business plans and financial models.

## Current scale of investments and impacts

IIX has mobilised more than US\$281 million in investment capital and created direct positive impacts for over 159 million households. For its growth fund and ISB, there have been zero defaults. Its Impact Partners platform connects over 1,200 investors with more than 450 impact enterprises and has brokered 155 million investment deals. Its first ISB series – the women's livelihood bond (WLB) series – has raised over US\$128 million across five issuances.

## How IIX manages social, climate and nature risks and impacts in its portfolio

Some key innovations in IIX's impact and risk management approach are summarised below:

- **Moving away from pay-for-performance/impacts only to valuing mission and organisational strengthen and resilience:** As impacts and results can be difficult to measure and multiple factors can

influence achievements of impacts, IIX's impact valuation methods not only look at outputs and outcomes achieved (50% of their score on impacts) but also consider whether impacts are integrated into the mission of an enterprise (20%) and the practices put in place to drive impacts (30%). It also combines impacts with a risk score to help organisations consider practices that can help optimise their impacts in the long term. The risk score is weighted across exposure to harm (50%) and coping capacity (50%). The former assesses the extent to which an organisation has tried to reduce environmental, health, social, economic and natural risks. The latter assesses the ability of beneficiaries to adapt or respond to risks considering factors across human, natural, social, physical and financial capitals.

- **Building a data-driven, cost-effective and accessible impact valuation tool:** IIX uses its proprietary digitised platform IIX Values™ to conduct impact verifications. It provides accessible and affordable impact and risk monitoring and evaluations for borrowers while meeting various international standards for investors for impact benchmarking. Users can enter information and complete an impact assessment in under 30 minutes and generate free or paid reports. To keep impact evaluation costs down for resource-constrained enterprises, a paid unverified report only costs US\$99, while a paid verified report costs more than US\$350.
- **Giving voice to 'last mile beneficiaries' – individuals, family and communities – who are supported by mission-driven enterprises:** Leveraging mobile technology, IIX Values™ allows users to ask their end beneficiaries to verify impacts. This not only gives those beneficiaries (such as customers, employees or suppliers) a voice in the report but also makes the verification process more affordable compare to processes where a third party is hired to conduct interviews. The digital tool provides local language options and automated ways to collect verification from beneficiaries via phone calls, email or SMS.

Based on IIX's impact criteria, companies that work with smallholder producers are more likely to qualify for their range of products targeted at SMEs. IIX ISBs also supports microfinance facilities that can directly lend to smallholder producers.





Farmers in Ayalabe village, Karatu District, Tanzania. Credit: Roshni Lodhia/Panos/IIED

## Resources

Webpage: [Impact Investment Exchange](#)

Webpage: [IIX Growth Fund](#)

IIX (2022) [IIX impact report 2022](#).

IIX Global (2022) [Allowing SMES to better demonstrate their alignment with sustainable development goals using iris, SROI and ESG metrics](#).

IIX Foundation and Rockefeller Foundation (2019) [IIX Women's Livelihood Bond™ blueprint paper](#).



# Case study 16.

## Regen Network



Crops in the Gambia. Credit: UN Environment Programme via Flickr. CC BY-NC 2.0 DEED

### Background

Founded in May 2017, the Regen Network seeks to embed ecological health and values for people into society's monetary and financial system, so that economic models incentivise ecosystem regeneration rather than land degradation that fuels climate change. It leverages blockchain to create a decentralised system where local stewards of nature can work together with scientists and other partners to define regenerative actions, monitor and verify those actions and impacts based on their local values and context, and be rewarded for their efforts. The Regen Network utilises blockchain to verify data, facilitate direct payments to land stewards and enable smart contracts (so that issuing credits is automated and payments are made directly based on verifiable changes in ecological health). The Regen token created by the Regen Network

incentivises different communities with different values and different interactions with nature to come together via a common digital infrastructure and crowdsource funds for different types of activities designed to improve ecological health based on local contexts.

The Regen Network aims to mobilise diverse investors including investors and companies that wish to purchase carbon credits, companies that wish to reward activities that reduce climate change risks and improve resilience through nature-based approaches, consumers that wish to purchase products produced in a way that is good for nature, and those who would like to purchase data owned and generated by stewards of the land (including farmers).



## Who does Regen invest in?

Investments leveraged through the Regen Network are channelled to land stewards who want to participate in the Regen market and can demonstrate that they have land tenures rights to the piece of land managed. Interested land stewards or their partners can either submit a concept note to the Regen Registry (that then supports the applicant to develop a methodology for monitoring and verifying the ecocredits they seek to sell based on their context) or submit a developed methodology to be reviewed and approved by the Regen Registry. They must sign a monitoring contract and work with a monitor and a third-party verifier in order to issue credits and be paid on the Regen market.

## Current scale of investments and impacts

Since it was founded, the Regen Network has issued more than 2 million ecocredits and retired 588,448 ecocredits with positive impacts over 15 million ha of land. Through its decentralised model to develop credit standards and protocols, it has supported the development of more than 40 innovative methodologies to measure improvements in ecological state.

## How Regen manages social, climate and nature risks and impacts in its portfolio

The Regen Network allows groups of scientists and land stewards (farmers, community members) to use open-source development processes to develop their own protocols for managing social, climate and nature impacts. This approach is built on the understanding that ecological systems are inherently complex and there is no one-size-fit-all solution to restore ecosystem health or to monitor, report and verify impacts. It ensures that land stewards can be actively engaged in developing monitoring, reporting and verification (MRV) methodologies so local values for the land and natural resources can be taken into account.

Land stewards or their partners can choose to use existing open-source MRV methodologies or submit or create their own methodologies based on their needs and local contexts. The Regen Registry support those land stewards in creating their own methodologies and connects them with people and organisations in the Regen Network based on their needs to build partnerships to develop these methodologies. All new methodologies developed will go through a standard review process which includes: informal feedback from the Regen Network community, reviews by experts within Regen Registry, peer reviews by at least two experts from a public pool of experts following Regen's reviewers' guidelines, and a public comment process. This helps to ensure the integrity and quality of

the methodologies proposed by land stewards and boosts public and market confidence.

The decentralised methodology development approach takes into account complex implementation contexts and rewards not only outcomes but also stewardships where impacts can be tricky to measure, such as the enhancement of soil carbon. The approach also encourages learning by doing, where local stewards and their methodology-development partners can update their methodology based on learning from new projects trialling the methodologies.

In addition to ensuring the standards of its decentralised MRV protocol-development process, the Regen Network also ensures transparency of all projects listed by making all project documents including project plans, baseline reports, and monitoring and verification reports public.

Due to the technicality of MRV methodology development, smallholder producers alone are unlikely to fully engage in the platform unless supported or organised by partners who can understand existing MRV methodologies or propose and develop new ones. Existing MRV methodologies developed to benefit those smallholder producers such as participatory guarantee schemes, however, may gain market recognition quicker if they are listed on the Regen Network, if land tenure can be proven.



## Resources

Webpage: [Regen Network](#)

Webpage: [Regen Registry Handbook](#)

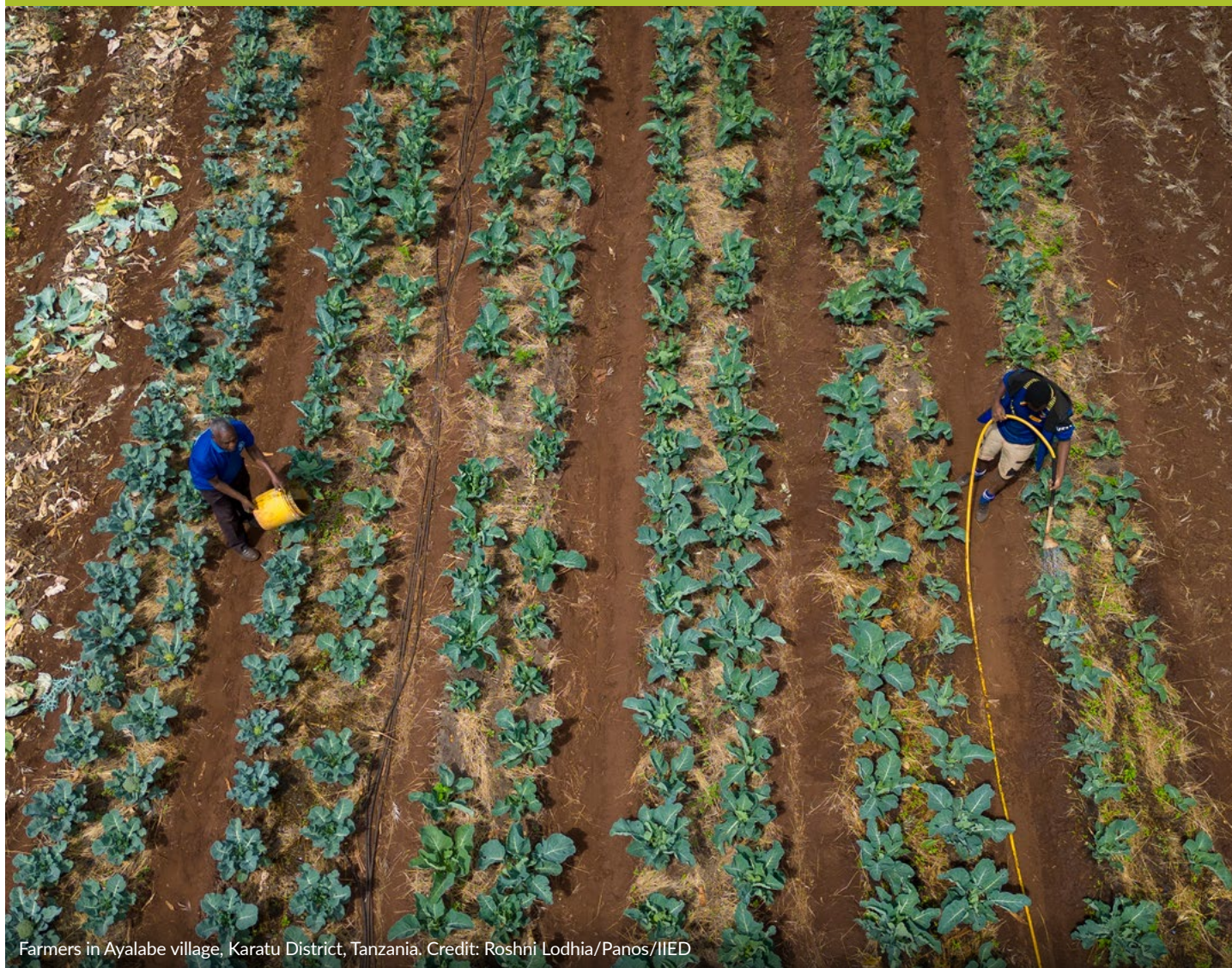
Video: [The top of the watershed with Gregory Landua of Regen Network](#)

Booman, G, Craelius, A, Deriemaeker, B, Landua, G, Szal, W and Weinberg, B (2021) [Regen Network whitepaper](#). Regen Network.



# Case study 17.

## Unconditional cash transfer programmes



Farmers in Ayalabe village, Karatu District, Tanzania. Credit: Roshni Lodhia/Panos/IIED

### Background

Poverty-alleviation unconditional cash transfer programmes (UCTs), often called cash transfer programmes (CTPs), have been implemented and studied across the globe. Building on evidence where poverty-targeted cash transfers have also delivered conservation outcomes, conservation basic income (CBI) is proposed as an unconditional cash payment to residents in important conservation areas but has only been trialled at small project scales. All types of cash transfers are set up to find alternatives to bureaucratic and top-down interventions and to empower those in need to make their own decisions on how to best spend the money and drive social or environmental transformation from bottom up.

Currently, such programmes are supported by governments, philanthropists, companies and individuals who want to alleviate poverty and support the vulnerable with no expectations of financial returns. They believe in UCTs as an effective way to invest in driving social and environmental impacts.

### Who do they invest in?

Most existing programmes tend to target poor and vulnerable populations: for example, those living on less than US\$1.9 per person per day (extreme poverty), widows, the elderly and low-income parents. CBI targets those who live in important conservation areas. Proponents of universal basic income (UBI) argue that non-targeted



and unconditional cash transfers will remove most of those conditions and reduce management costs to a minimum. Proponents also argue that UBIs remove stigma, administrative burdens, penalties for additional incomes and normalise basic income as a right for all people.

## Current scale of investments and impacts

Globally billions if not trillions of US dollars are invested by governments through various forms of CTP to address poverty. According to the World Bank, as of 2018, 552 million people living in developing countries receive some form of cash transfer from their governments. The biggest non-government-run cash transfer programme is GiveDirectly, a non-profit that transfers cash directly to the world's poorest households and has delivered more than US\$700 million in cash to over 1.5 million people living in poverty worldwide.

Evaluations and research of the impacts of those programmes have not found the negative impacts that were often feared by critiques of CTPs (for example, recipients becoming dependent on the transfer or wasting them on alcohols or drugs). Instead, a diverse set of positive impacts have been documented across income, diet, education, health, women empowerment, social cohesion, among others. The variety indicates different preference and priorities in recipients' lives. For example, GiveDirectly's own research based on a randomised controlled trial shows per US\$1,000 it transfers in cash, there is on average a US\$270 increase in earnings; a US\$430 increase in assets, a US\$330 increase in nutrition spending; and 0% increase in alcohol or tobacco use. Some argue that direct cash transfers are more efficient than other forms of development aid. Other research also indicates CTPs coupled with training of recipients have more long-lasting positive effects on recipients' lives.

CBI has only been trialled on very small scales. One study used RCT for unconditional payments to local communities living just outside of the Gola Rainforest National Park in Sierra Leon and found that such payments increased land clearance for agriculture use in the short term.

## How they manage social, climate and nature risks and impacts in their portfolios

CBI shifts away from top-down enforcement and let recipients tailor benefits to their specific needs. Proponents of CBI also argue that it shifts away from predominantly market-based approaches to conservation that have not worked well or have evolved into non-market mechanisms and put social justice at the centre of effective conservation approaches. Investors cannot exactly predict and control

how recipients will spend the funds and the impacts can be diffused and varied while governments and other investors alike may prefer to focus on only a specific set of impacts.

To capture/understand the impacts of those programmes and compare them to other ways to reduce poverty and biodiversity loss requires multiyear and large-scale research efforts that are often costly and difficult to administer. GiveDirectly, for example, collaborates with a wide range of independent researchers to measure the impacts of its programmes and makes them publicly available which has helped provide much-needed evidence for others to consider the use and design its implementation based on different country and local contexts.

Smallholder producers, if they meet the target criteria for cash transfers, will qualify for these unconditional payments. Though individual payments are small, producers can also pool resources together, for example through FFPOs, associations or savings societies, to reach the scale needed for investment into their businesses.

## Resources

Webpage: [Research on cash transfers](#)

Webpage: [GiveDirectly, Evidence: research on cash transfers](#)

Webpage: [GiveDirectly, Research at GiveDirectly](#)

Banerjee, A, Niehaus, P and Suri, T (2019) [Universal basic income in the developing world](#). *Annual Review of Economics* 11: 959–983.

de Lange, E, Sze, JS, Allan, J, Atkinson, S, Booth, H, Fletcher, R, Khanyari, M and Saif, O (2023) [A global conservation basic income to safeguard biodiversity](#). *Nature Sustainability* 6: 1,016–1,023.

Fletcher, R and Büscher, B (2020) [Conservation basic income: a non-market mechanism to support convivial conservation](#). *Biological Conservation* 244.

Johnson, L (2017) [Can a basic income stop the illegal wildlife trade?](#) *Nature Needs More*.

Wilebore, B, Voors, M, Bulte, EH, Coomes, D and Kontoleon, A (2019) [Unconditional transfers and tropical forest conservation: evidence from a randomized control trial in Sierra Leone](#). *American Journal of Agricultural Economics* 105 (payment or subscription required).



Farmland in Ayalabe village in Karatu District, Tanzania. Credit: Roshni Lodhia/Panos/IIED

## 5 Discussions and recommendations

### 5.1 Embracing complexity for regenerative and distributive forest and farm supply chains: three common approaches

The loss of biodiversity both in natural forests and in agricultural production systems in the face of business as usual was presented in the introduction of this report as a critical threat to humanity. Business as usual will not cut it. Transforming how society produces forest and farm goods is essential — and requires new approaches. It requires approaches that respect and nurture the interconnected complexity of social relationships, ecological interactions and economic transactions that make up resilient systems. It requires establishing patterns of business unusual,

finance, supply chain partnerships and investments that are resilient and can cope with unexpected events.

This report presents a limited sample from a wide pool of inspiring examples where FFPOs and businesses, their savings and credit cooperatives, their supply chain partners and pioneering investors alike are adopting practices that embrace complexity and interdependence. These practices challenge linear, top-down, mechanical (nature as a monoculture factory line) models. They chart new paths for how forest stewards and farm smallholders can organise themselves, mobilise their own flexible finance and engage in business partnerships that regenerate and distribute a diversity of social, natural and economic benefits — strengthening social bonds and bonds with nature.

“Instead of degenerating the living world, economies and enterprises must become regenerative by design, so that they help restore and then work within the cycles of the living world. At the same time, we need economies and enterprises that are distributive by design, sharing value, power, and opportunity far more equitably with all involved—throughout their supply chains—in creating that value.”

Kate Raworth (2017)



Three common practical approaches emerged from the case studies in this, as the following sections outline.

## **Embrace mission breadth in business, finance and value chain partnerships**

The FFPO businesses described in Section 3 pursue social, environmental and economic progress in an integrated way:

- Economic progress is measured not just in terms of profit, but also the distribution of that profit, and not at the expense of the environment.
- Environmental progress is measured not just in terms of sustainability, but also the enhancement of agrobiodiversity, and never at the expense of social inclusion.
- Social progress is measured not just in terms of organisational capacity but also its inclusion, without sacrificing the need for economic gain.

These business unusual examples embrace both the complexity and interconnectedness of social relationships, ecological interactions and economic transactions. The financial cooperatives that these organisations establish allow for investments to be tailored to that mission breadth (the diverse needs of multiple members) not just to the predictable returns from higher-performing monocultures.

The value chain partners documented recognise and invest in that mission breadth and the broader socio-organisational, landscape-scale, multi-market fabric to ensure the health and resilience of the systems from which they wish to acquire certain products. The pioneering investors also align with that mission breadth – and buy into that complexity – without imposing rigid conditions that force a focus on one element (such as profit) to the detriment of others.

## **Build trust and social capital**

The FFPO businesses described in Section 3 also build and nurture trust among their members through shared visions and transparent and participatory governance structures, processes and practices that deliver a wide range of social, environmental and economic benefits to their members. This includes setting up financial cooperatives to further help their members.

Each of the investors also invests heavily in trust building. For example,

- Aduna invests heavily in nurturing partnerships along its supply chains, fundraising and covering all operational costs for their local partners who provide

flexible and direct support to smallholder producers and their cooperatives.

- Both Cafédirect and Tony's Chocolonely have established long-term partnerships with farmers' cooperatives to support them to develop stronger organisational capacity and diversify and improve their land and businesses.
- Africa Eats invests in mission-driven entrepreneurs that they trust and build long-term supportive relationships with through a holding company model.
- Both The Meloy Fund and Root Capital have in-country investment teams and provide dedicated and tailored technical assistance for their investees so they can build trust and partnerships with each investee as well as the communities their investees work with.
- Synchronicity Earth builds mutual trust with those it provides funding to by giving them more power in deciding how they want to spend the grant, providing tailored support where needed, and working together to reflect, learn and capture impacts.
- UCTs are designed and built on trust that those in need of support know how to best spend the money and drive social or environmental transformation from the bottom up. In addition, UCT advocates like GivingDirectly have been investing in large-scale research to build evidence and cultivate trust in this funding model.

## **Nurture holistic learning relationships and dial back predefined impact metrics**

- Smallholder producers' collective financial cooperatives assess people's ability to access credit by combining quantifiable information and insights gained through long-term relationships and trust built with smallholder producers. These holistic assessments account for the context and are coupled with tailor-made products and non-financial services for their members.
- Mountain Hazelnuts has developed a business model that nurtures the bonds between its staff, producers and the communities they operate within. It provides a wide range of social and technical support to its producers to help them reach their personal and communal aspirations.
- Tony's Chocolonely takes a holistic approach to addressing the root causes of child labour and deforestation. Supporting individual farmer, child, household and communities to have better incomes, living standards, social networks and support means

that they do not need to resort to child-labour or deforestation activities.

- Cafédirect reinvest 50% of its profits in a diversity of support and community development programmes for its producers ranging from loans and financial services to building networks, providing training and improving producers' access to technology.
- Root Capital works in partnership with its investees in evaluating impacts. Through these partnerships, investees contribute to the design, implementation and results analysis so that impact analysis can provide valuable lessons for the investees' businesses and respond to the needs for the smallholder producers.
- IIX has developed complementary financial instruments that take into consideration the diverse needs of mission-driven entrepreneurs. It conducts holistic impact assessments which assess the intent/purpose of an organisation and its organisational strength and resilience while giving voices to the people for whom its investors are trying to create impacts for.
- The Regen Network believes that a holistic approach is needed to understand and manage social, climate and nature impacts in our complex world. Its blockchain-enabled platform gives land stewards the power to choose and develop MRV methodologies that consider their own values, priorities and operational contexts.

## 5.2 Recommendations for making finance work for regenerative and distributive forest and farm supply chains

Building trust and social capital requires long-term commitments and investments. Trust is often nurtured through holistic approaches that do not fixate on standardisation or short-term impacts with rigid requirements on how those impacts can be achieved and measured. It requires those who have access to markets and capital to relinquish the power they usually hold over producers who are stewarding natural resources and in need of market access and finance. It requires all to fight the urge and the temptation to use linear and reductionist approaches to drive change and impact in our complex world and gives up the pretence that we can simply 'predict and control' our impacts.

The organisations, businesses and investors highlighted in this report have all chosen to leave the beaten path, challenge existing paradigms and explore new ways of doing business and financing which leverage markets and capital for social and environmental goods and a

more regenerative and distributive economy. They are often pioneering approaches against formidable odds (including unfavourable policies, dominant or mistrustful investor mindsets that put quick wins and profits first, and competitors who are willing to cut all corners for easy wins). To enable them to succeed and for more to join them to challenge the existing paradigm, we put forward the following recommendations.

### **Governments must adopt policies to shift incentives towards businesses with more inclusive and distributive structures**

Trust-building and holistic approaches to doing business and channelling finance is fundamentally at odds with many company business models limited by shares (corporations or public limited companies or PLCs) or guarantees (limited or proprietary limited companies) that concentrate powers in the hands of the few and only seek to maximise financial gains for a small group of capital shareholders. Existing policies for corporations make them legally bound to optimise their financial returns to shareholders. Encouragingly, a diverse range of alternative ownership enterprises (AOE) are emerging around the globe with various degrees of legislative support (Armeni *et al.* 2023).

Transform Finance researchers define AOE as businesses that significantly shift economic value and decision-making power towards the non-investor stakeholders they impact, such as workers, producers, consumers, community members, or even a non-financial purpose (Armeni *et al.* 2023). They can do so in diverse ways that suit that operating contexts: for example, giving non-investor stakeholders (such as smallholder producers) ownership of the enterprise, creating different share classes to allow different stakeholder groups have power in influencing the governance of the enterprise, giving decision-making power and rights to stakeholders regardless of their ownership stake or establishing legal forms that ensures enterprises are held accountable by their stakeholders (Armeni *et al.* 2023). Many business cases included in this report are various types of AOE:

- FFPO businesses are owned and governed by their producer members.
- Aduna is certified B Corp which means it has made a legal commitment by changing its corporate governance structure to be accountable to all stakeholders, not just shareholders.
- Tony's Chocolonely is certified B Corp and had implemented a ground-breaking legal structure where 'golden shares' (non-economic shares in the company) are held by a fully independent legal entity in perpetuity to legally protect its mission regardless of shareholder structure or future leadership.



- Cafédirect uses its legally binding Articles of Association to ensure its operations are legally bound by its Gold Standards and has established an independent committee to oversee all its business decisions. The company also includes farmers on its board of directors.

By embedding other stakeholders' interests in company's decision-making and profit-sharing processes, AOE's share wealth more equitably and deliver social and environmental impacts more effectively (Armeni *et al.* 2023). They can help increase civic engagement (for example, volunteering in communities and voting in elections) and contribute to a more equitable and resilient economy (*ibid*). We need more favourable legislation and policies that can support the growth and adoption of AOE's, such as:

- Establishing legal frameworks that explicitly recognise and support more distributive types of enterprise model globally
- Providing tax incentives for companies adopting AOE's
- Giving preference in public procurement processes to AOE's
- Including the promotion of AOE's in national economic strategies, and
- Funding research, public awareness campaigns and educational programmes to document the management approach and benefits of AOE's.

In addition, governments can contribute to financial mechanisms that facilitate access to capital for AOE's. We will reflect on how to do that in more depth in the next two sets of recommendations. Trailblazing governments can also consider legally requiring all for-profit companies to transform how they are owned and governed, and ensure all companies are seeking to deliver benefits to all stakeholders rather than only shareholders. Like transitioning from fossil-fuel dependence to green energy, governments can set clear transitional goals to shift our economy away from inherently extractive and exploitive business models towards those that are distributive and regenerative.

## Public and private investors and businesses must adopt different ways to measure progress

*“It is impossible for organisations to ‘demonstrate their impact’ if they work in complex environments. Asking them to do so requires them to create a fantasy version of the story of their work. This corruption of data makes doing genuine change work harder because it is difficult to learn and adapt from corrupted data.”*

Toby Lowe (2023)

While only a small percentage of total businesses are AOE's, forms such as cooperatives are not peripheral economic players. There are 3 million cooperatives around the world with 1.2 billion members (12% of Earth's population) and the number is growing. Additionally, more businesses are concerned about the social and environmental risks in their operations and supply chains and want to demonstrate positive impacts for all stakeholders (B The Change and B Lab, undated). At the same time, billions of US dollars have been committed to nature and climate actions globally by public and private investors [Click or tap here to enter text.](#) (Campaign for Nature 2022; Naran *et al.* 2022; UNEP 2023). It is important for those businesses and investors to report on environmental, social and economic risks in their operations and share progress on how their investments are helping people, nature and climate so they can be accountable to their consumers, investors or taxpayers.

But too often, linear and reductionist approaches are used to measure progress and manage risks which do not match the reality of our complex world. Research has shown that only focusing on linear outcome metrics and impact measurements often stifle real-world outcomes, disincentivise learning and turn the management of interventions that aim to address social and environmental problems into an exercise of ticking boxes and producing good-looking data (French *et al.* 2023a, 2023b; Lowe and Wilson 2017; Tomkinson 2016). In addition, those risk and impact management approaches are often developed without inputs from local implementers nor the very communities these approaches are developed to deliver benefits to. As a result, narrowly focused impact assessments and onerous due diligence processes are becoming a barrier for finance to flow to FFPOs and pioneering businesses that are highly adapted to working in

complex environments. For example, FFPOs often lack the capacity and the resources needed to meet onerous due diligence and reporting requirements or may find it difficult to reduce their multiple aspirations and complex operating model into a linear matrix that does not resemble the reality they operate within.

Encouragingly, pioneering businesses and investors are demonstrating different and more effective ways to manage risks and measure progress that are built on trust and holistic approaches. There are also other innovative approaches being implemented and adopted more widely. We need more public, private investors and businesses to adopt these trialled and tested approaches:

- **B Corp Impact Assessment (BIA)** is a free holistic assessment tool of a company's operations organised into five areas: governance, workers, community, environment and consumers. It can be tailored to any company size, industry or geography and is being continuously improved by B Corp-certified companies.
- **Human Learning Systems** provides practical tools and case studies to guide governments and philanthropists on how to enable genuine learning and adaptive approach to drive desired outcomes.

Our case studies also show that technology can play an important role in lowering reporting barriers while ensuring local communities' voices are integrated into how we measure progress. For example,

- Mountain Hazelnuts has developed an Android app to allow its staff to capture information for their investors cost effectively while devoting most of their time to supporting their producers in a holistic way.
- Tony's Choclonely uses a mobile app, digital platform and remote sensing technologies to make its supply chain 100% traceable.
- IIX leverages its digitalised platform and mobile technology to support mission-driven businesses to conduct impact evaluations in a cost-effective way while giving a voice to individuals, families and communities whom those businesses are trying to support.
- The Regen Network leverages blockchain technology to allow land stewards to design and develop their own monitoring and reporting approaches that reflect their values and operational contexts.

## **Public funders and philanthropists must explore new ways to support the collective investment power of smallholder producers blending public and private finance**

For many FFPOs, savings groups and more advanced financial cooperatives are very common and widespread mechanisms that serve to mobilise finance and financial track records for tens of millions of forest and farm producers. Their scale is significant. Estimates suggest that roughly 25% of all rural agricultural finance delivered to smallholders is channelled through such groups (ISF Advisors 2019) in flexible, trust-based ways that allow a proliferation of many different income-generating schemes (Núñez del Prado Nieto 2024). External financiers could do much more to explore innovative ways of topping up or partnering with such financial mechanisms to deliver broader impacts. Public and philanthropic funding also has the potential to leverage more conventional private capital (such as banks and pension funds) into AOE and drive transformation in how we produce agricultural and forest products to be more regenerative and distributive. There are many cases where public and philanthropic funding are used to reduce expected financial returns on capital, provide more long-term finance and help businesses reach the scale needed to leverage conventional private capital. But increasingly, those blended finance mechanisms stagger onerous and rigid public and private funding requirements with a narrow impact focus. Many AOE and pioneering investment models covered in this report may seem too 'complex' to fit into linear risks and impacts measuring matrixes and are often deemed too 'risky' (Armeni *et al.* 2023). They may not provide the 'flashiest' quantifiable impacts in the short-term but they are shifting the power dynamics and the incentives embedded in our current economic system for a more distributive and regenerative economy.

To leverage such systemic change and the innovations unleashed by those pioneering organisations, businesses and investors, public and philanthropic funding have an important role to play and must not only consider how they can help reduce financial expectations but also how they can help conventional private investors embrace complexity and reduce the reporting and due diligence barriers for those who are driving changes on the frontline. They also must listen to and elevate local communities' aspirations rather than imposing their own values and desired 'impacts'. The approaches adopted by Synchronicity Earth and UCT advocates are providing inspiration on how public and philanthropic funding can put those principles into practice.



The case studies in this report, such as those from Ghana, provide a great illustration of how powerful it is when producers, investors and public funders are aligned in their mission breadth and acknowledge broad local aspirations and work together to build trust and take holistic approach collaboratively to drive impacts. KANBAOCU aggregates a variety of products from 12,376 women and 485 men members and delivers social, economic and environmental benefits to all its members. Such direct benefits to members are enhanced and supported through the following complementary financing mechanisms:

- Jwa Ngwana Cooperative Credit Union (owned and governed by KANBAOCU members) provides savings accounts, fixed deposits, tailor-made loans and agribusiness support to KANBAOCU members based on trust.
- ORGIIS Ghana (a local NGO) sources finance to support tailored capacity building to KANBAOCU and provides access to international markets for baobab.
- Aduna (a private-sector social enterprise) provides unrestricted funding to ORGIIS Ghana to support baobab producers and provides a market for their products.
- The Forest Farm Facility (a public multi-donor trust fund that blends finance from governments) and at least one private-sector foundation (IKEA) provide flexible funding to KANBAOCU to strengthen its organisation, shape more enabling policies, build sustainable businesses, undertake climate action, and provide social and cultural services to its members.

Working together, these financing mechanisms allow members of KANBAOCU to build a strong and inclusive social organisation, develop sustainable business models that also protect and restore biodiversity, and develop local finance and business models that both generate and distribute profits fairly.

## **Nurture partnerships to foster collaborations and drive system change together**

All of the organisations, investors and businesses highlighted in this report are challenging the dominant business and financing paradigm and nurturing more socially inclusive, economically distributive and environmentally regenerative land-use economies in different ways. For example, FFPOs are showing how forest and farm businesses can be organised differently to benefit many producers and nurture the land they steward. Tony's Chocolonely is transforming the whole chocolate supply chain by building an industry-led initiative that helps chocolate brands transform their cocoa supply chains, thereby demonstrating that chocolate businesses can be sustainable, equitable while being profitable and scalable. Cafédirect is creating podcasts, social media campaigns and other virtual engagement opportunities to inspire and mobilise its 15 million customers and consumers to become part of a positive movement for change. Africa Eats is showing different ways that venture capital and impact investments can be deployed. IIX is pushing the boundaries of existing financial markets, and Synchronicity Earth is challenging the existing power dynamics between philanthropists and their grantees.

As the Ghana example above shows, together, pioneers can really drive change at scale. Building and facilitating strategic partnerships among these pioneers can help build a stronger evidence base and create a support network to share learning and open new collaboration opportunities. Facilitating learning between pioneers and conventional businesses and investors and documenting success and lessons learnt can help shift mindsets and invite more to join the movement (see case study 18 of the UBS Optimus Foundation's Climate Collective).

This report is a small step towards joining the dots and shining more light on a new path being that is charted by a growing movement of pioneers. Together, they have a vision to help people and nature thrive together by embracing our complex interconnectedness.

# Case study 18.

## UBS Optimus Foundation's Climate Collective



A man plants mangrove plants in a mangrove replanting project, Nigeria. Credit: Jerry Chidi/Climate Visuals, CC BY-NC-ND 4.0

### Background

Recognising that societal challenges such as climate change and nature loss are complex problems, UBS Optimus Foundation (UBS) has been trialling a collective funding approach where it brings together like-minded philanthropists and organisations to work together on a common cause, such as fighting climate change, inequality or biodiversity loss. UBS has formed three Collectives (groups of clients who engage to pool their funds and drive collective philanthropy). UBS believes that by working together, philanthropists can pool their funding to affect system change. Investors from the Collectives and the

organisations they fund can also learn and work together to effect system change and tackle complex societal challenges.

After trialling and establishing Collectives focused on supporting children, UBS launched its first Climate Collective in 2021 to support nature-based solutions that build a blue carbon ecosystem in Southeast Asia, helping to mitigate climate change, build climate resilience for local communities, and protect and restore biodiversity.



## Who does UBS invest in?

Implementing partners are identified through research carried out by UBS and the Collective's 'backbone' organisation (an organisation that helps to identify and coordinate implementing partners, facilitates the design of programmes, and provides reporting against a common theory of change and impact pathway for the Collective's investors). To qualify for funding, implementing organisations are required to have offices in Southeast Asia and must meet UBS's due diligence and reporting requirements. They must also be interested and able to interact and collaborate with other Collective members. Implementing organisations frequently act as trusted intermediaries, helping the Collective's funds to reach local and grassroots organisations who may not meet their due diligence and reporting requirements, and often have complimentary expertise to effect systems change.

## Current scale of investments and impacts

Philanthropists must invest a minimum of US\$500,000 over two years to become a 'member' of the Collective and gain access to all learning opportunities (online and in person). However, they can also trial the programme for one year as an 'advocate' by donating a minimum of US\$50,000 or contributing as a 'ally', which requires no minimum contribution. Access to learning opportunities is more limited for these membership types. The first Climate Collective raised US\$6.6 million from eight donors (2021–2023 cohort), with UBS contributing 10% match funding to the Collective. There is no expectation of return on investments as all funds are grants funding. The length of investment is programme dependent, but average grant length is three years.

## Building a learning journey for investors and those they support

The backbone organisation gathers progress and impact data from all implementing partners on a quarterly basis and synthesises collective impacts on a biannual basis. The backbone organisation can also provide capacity-building support to implementing organisations where needed.

Philanthropists under the Collective are able to access a learning curriculum facilitated by UBS, where they can meet peer philanthropists and interact with organisations they support, as well as other experts and partners via online and in-person events. Philanthropists can self-fund field-learning trips to witness system impact in action and UBS also provides them with biannual impact reports.

Through this learning approach, the Climate Collective has been able to educate investors on the importance of a systems approach and gradually move investors away from focusing on a single-impact matrix. Using visual tools, directly engaging with implementing organisations and recurrently drawing attention back to 'big picture' thinking has helped to increase investors' appreciation for the systems change approach. The Climate Collective now works on a wide range of system drivers of mangrove degradation including policy advocacy, education, awareness and research, and 50% of investors from the first cohort are now voluntary ambassadors, championing the pooled-funding, systems-focused approach within their own networks. The Collective has also successfully shifted the funding model from project-based grants of 1–2 years to strategic grants, meaning implementing organisations can utilise funding with increased flexibility.

## Resources

Webpage: [UBS Philanthropy: what we do](#)

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An increasing number of pioneering businesses and investors operating along forest and agriculture supply chains are leading the charge to transform the deeply flawed dominating economic models for the benefit of people, nature and climate. This report documents and highlights success and lessons learnt from 18 inspiring examples of businesses and investors who are progressing from 'business as usual' to 'business unusual' by adopting practices that embrace complexity and challenge existing business and investment paradigms and power dynamics. These pioneers are charting new paths for how forest stewards and farm smallholders can organise themselves, mobilise their own flexible finance, leverage external public and private investments and engage in business partnerships that regenerate and distribute a diversity of social, natural and economic benefits while strengthening social bonds and bonds with nature. The report identifies three commonly adopted approaches and put forwards four recommendations for governments and public and private funders alike to support these pioneers to drive transformative changes for more distributive and regenerative forest and food supply chains.

IIED is a policy and action research organisation working to promote sustainable development —development that improves livelihoods in ways that protect the environments on which these are built. Based in London and working on five continents, we specialise in linking local priorities to global challenges. In Africa, Asia, Latin America, the Middle East and the Pacific, we work with some of the world's most vulnerable people to ensure they have a say in the decision-making arenas that most directly affect them — from village councils to international conventions.



Knowledge  
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## Case study collection

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