

Growing Impact

The eco.business Fund
Impact Framework

The Fund's Impact Goal

The eco.business Fund aims to promote business and consumption practices that contribute to biodiversity conservation and the sustainable use of natural resources, as well as to mitigating climate change and adapting to its effects.

A Two-Pronged Strategy

Healthy ecosystems not only provide habitats for animals and plants, they are also vital for human beings. By providing financing for practices that conserve nature and foster biodiversity, the eco.business Fund seeks to integrate economic development with support for sustainable ecosystems.

The fund therefore takes a comprehensive approach to conservation finance that involves not only improving the sustainability of individual practices, but also strengthening the systems that surround and enable these practices to generate deep, long-term impact.

To this end, the fund applies a two-pronged strategy:

Sector focus

The fund's activities focus on those economic sectors that are highly consumptive of natural resources – and affected by climate change. These especially include agriculture, forestry, fisheries and aquaculture, and tourism.

Country focus

The fund is currently active in Latin America, home to some of the world's most biodiverse regions and especially vulnerable to the effects of climate change.

Impact Framework

This discussion presents the key elements of the eco.business Fund's impact framework. It maps out how the fund pursues its goal by connecting actions to defined outcomes and final impacts, how progress is measured and reported, and, importantly, how impact reporting and results serve as a guiding tool for the fund's operative work. Regular publications ensure the transparency of impact results and learnings.



The Pathway to Impact

The eco.business Fund raises capital from private and public institutions to provide dedicated financing and technical assistance to local financial institutions and businesses who are committed to implementing sustainable business practices. Financing is provided to companies either directly or indirectly through financial institutions.

Irrespective of the financing channel, all eco.business Fund sub-borrowers must meet at least one of the following criteria: hold an eligible sustainability standard or implement a "green list" activity.

Sustainability standards

This approach connects sustainability standards with finance to tap the respective strengths of each side. Financial institutions are motivated to take a proactive, inclusive approach to financing agricultural producers and businesses that meet robust, ambitious sustainability standards (such as those issued by Fairtrade International, Rainforest Alliance, and others). Working with existing standards constitutes a cost-effective approach to financing sustainable production, as the monitoring and verification of the businesses leverages certified and independent bodies.

It further enables the eco.business Fund to deliver deeper analysis of the benefits of its investments and draw upon the standard's work on impact measurement and baselines.

Green List

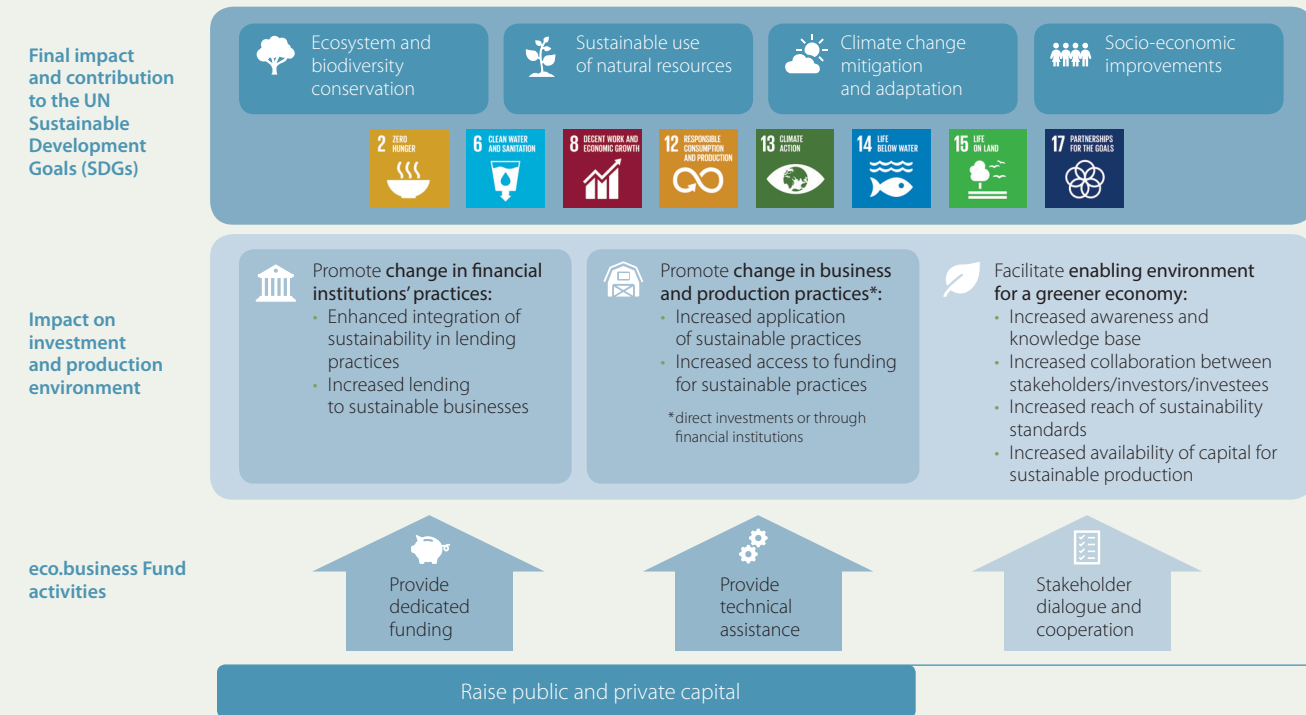
The "Green List" contains screened and pre-approved activities with a significant, positive impact on conservation which are eligible for eco.business funding. Activities on this list include the purchase and installation of water-saving drip or micro-sprinkler irrigation systems; the renewal or establishment of cocoa plantations and shade-grown coffee under agroforestry systems; or obtaining the infrastructure and equipment required to produce compost and organic fertilizers.

By raising awareness of the importance of sustainable production practices, engaging with sustainability standards, and connecting conservation finance practitioners, the eco.business Fund also promotes the adoption of natural resource conserving practices among investment professionals and contributes to building an enabling environment for a greener economy.

The eco.business Fund's impact pathway and underlying assumptions are continuously verified through the fund's own impact management system. They are also backed by documented evidence and causal linkages from relevant institutions, such as impact evidence from industry networks (for example, the International Social and Environmental Accreditation and Labelling – ISEAL – Alliance), data and statistics from international organizations (such as the International Labour Organization or the Food and Agriculture Organization), parameters and proxies from academia and relevant think tanks, and thought pieces by conservation NGOs. For example, it is well documented that switching to agroforestry, such as shade-grown coffee or cocoa, has a number of positive environmental and economic impacts, including protection from excessive winds, a micro-climate beneficial to plant growth, storage of CO₂, reduced use of agrochemicals, and lower irrigation needs.



Figure 1: Impact Pathway





Impact Assessment Approach

The eco.business Fund continuously monitors and assesses its impact based on a framework of key performance indicators that reflect the fund’s impact pathway. Impact results are reported on a regular basis, including through the fund’s annual Impact Report.

In order to assess progress against these indicators, the eco.business Fund combines first-hand information from the sub-loan reports submitted by the fund’s partner institutions

with technical parameters derived from third-party evidence (academia and international organizations) as well as case studies conducted by the fund. For example, to assess CO₂ captured, parameters were calculated considering different production systems, agro-climatic zones, shade tree species, and crop varieties. These can now be combined with the sub-loan reporting of hectares per investment to arrive at the overall CO₂ capture estimate. Field visits to financial institutions and businesses supported by the fund further contribute both qualitative and quantitative impact information.

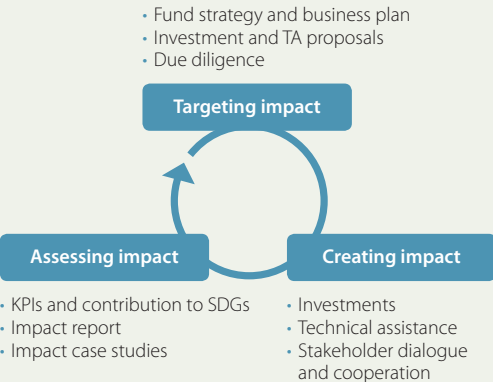
Figure 2: Impact Assessment Approach



Our Impact Management System

For the eco.business Fund, impact monitoring is just as important as tracking financial performance. It provides a constant feedback loop of how well the fund is progressing towards its goals and provides insights and learnings. This enables the eco.business Fund to continuously fine-tune its strategy and to flexibly react to changing conditions in order to further enhance the reach and depth of its impact. Impact management is therefore integrated into every step of the investment and technical assistance (TA) cycle.

Figure 3: Impact Management Cycle



Key Performance Indicators (KPI): Final Impact

Ecosystem and biodiversity	• # ha of agroforestry supported • Change in Biodiversity Score	   
Soil	• # ha of land where low or no-till practices are supported • # m³ of avoided soil erosion	 
Water	• # m³ of water saved • # liters of agrochemicals prevented	 
Waste	• # tons of solid waste treated or recycled • # tons of liquid waste treated or recycled	 
Climate change	• # tons of CO₂ stored by agroforestry activities	
Socio-economic	• # end borrowers supported • # jobs supported	

For example, when assessing investment opportunities, the eco.business Fund carefully considers whether the business, its product, location and approach are aligned with the fund’s mission. Only if an investment meets both the financial return and development impact requirements will it proceed.

For more information on the eco.business Fund, please see: www.ecobusiness.fund



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About us

The eco.business Fund is spearheading the promotion of business practices that contribute to the preservation of biodiversity, the sustainable use of natural resources, and climate change mitigation and adaptation through private enterprises. By providing financing for business practices that conserve nature and foster biodiversity, the fund seeks investments with both financial and environmental returns. The fund mainly provides loans

to qualified local financial institutions that lend the money to eligible borrowers, which include holders of recognized certifications or those making improvements in line with conservation and biodiversity goals. The fund supports sustainable operations in the sectors of agriculture, fishery, forestry and tourism. For additional information please visit www.ecobusiness.fund or email us at: info@ecobusiness.fund.

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