AGROECOLOGY INVESTMENT FUND (AIF)

A CONCEPT NOTE – OCTOBER 2025

AGROECOLOGY FUND



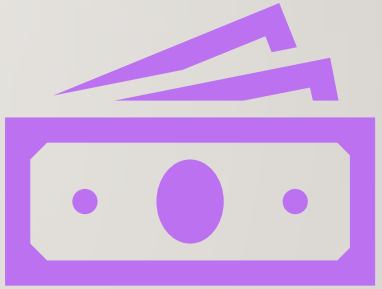
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1. THE PROBLEM - A MISSED OPPORTUNITY



Agroecological entrepreneurs lack access to affordable credit and finance.



Investors lack access to investment opportunities which focus on agroecology

THE PROBLEM'S CONTEXT

While agroecology is recognized and funded as a holistic long-term solution, scalable investment vehicles for investing in agroecology are non-existent.

Scaling of agroecological businesses is under resourced and slowing the adoption of agroecology. Mainly it is self-financed by farmers, cooperatives, and farmers organizations.

Investors have difficulty assessing investments against agroecology principles which is why this effort is tied to an assessment tool.

Farmers and entrepreneurs in agroecology are producing surpluses and seek markets and income yet have little access to finance.



2. THE SOLUTION

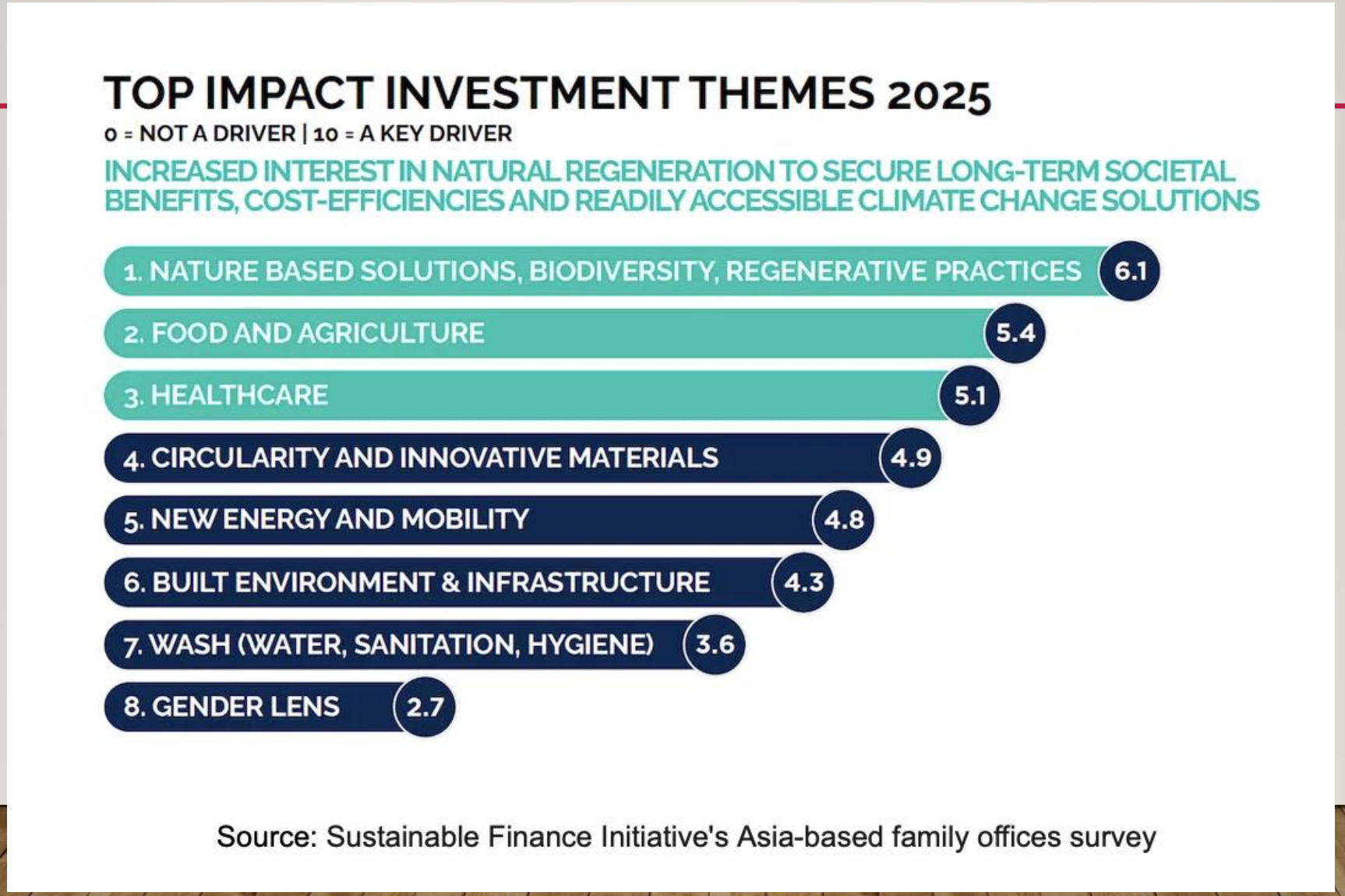
AGROECOLOGY INVESTMENT FUND - AIF



- The Agroecology Investment Fund will attract donors and investors ready to invest in a regenerative, realistic return based on well-established and recognized 13 principles.

- The 13 principles articulate a comprehensive way of transforming food systems for the well-being of people and the planet.

DEMAND EXISTS



3. INVESTMENT THESIS

The Agroecology Investment Fund (AIF) will scale existing investment opportunities (funds) using the 13 agroecology principles with a combined return of:

1) measurably advancing the holistic well-being of communities and biodiverse ecosystems, and
2) providing a regenerative and realistic financial return.

PROPOSED STRUCTURE

AGROECOLOGY INVESTMENT FUND (AIF)

Size:	$20 million open-ended fund, first close $5M
Geography:	Global
Length:	7- and 10-year notes
Return:	Metrics on agroecological outcomes
	Capital preservation with 1% return
Borrower:	Investment fund making 5 to 7-year loans
Admin:	Third party manages the loan portfolio
Fees:	To be determined
Governance:	AEF incubates AIF & sits on board

AGROECOLOGY FUND

INVESTMENT FUNDS FLOW

Agroecology Investment Fund

- Multiple investors create a pooled investment fund
- AIF identifies & due diligences investment funds
- Investors get due diligence & reporting efficiencies
- Creation of diversified portfolio with some positions under $1M

Investment funds embracing 6 of 13 agroecological principles

- Funds have reduced time to raise funds & manage investors
- Funds receive larger sums
- Funds can focus on supporting companies and managing portfolio

Examples: FINAPOP, a $10M Brazilian investment fund

Cooperatives, businesses & entrepreneurs

- Investments can be made at the $25-250K range and higher as needed
- Borrowers get support from investment funds that understand their businesses
- A vibrant network of coops, businesses and entrepreneurs is supported

4. WHY AN AGROECOLOGY INVESTMENT FUND NOW?

EFFICIENCIES



Investors access a diversified agroecology portfolio with professional management, reducing transaction costs (e.g. ,due diligence, metrics).



Borrowers access a larger investment instead of many smaller ones, reducing transaction costs of interacting with multiple investors.

ASSUMPTIONS

- Smallholder farmers, farmer organizations and cooperatives have scalable, marketable solutions.
- Current tools to assess agroecological principles (B-ACT) Agroecology Coalition Finance Assessment Tool (AFAT) and other tools will enable AIF to move forward with analysis and measurement effectively and efficiently.
- Many of AEF's 53 funders could be investors in AIF through their Program Related Investments strategies, thus providing a community of first investors to capitalize the fund.
- Agroecology Fund is a trusted organization in agroecology that will uphold the 13 principles.

TIME IS RIPE

- Existence of agroecological funds ready for investment
- Growing interest in agricultural investing funds
- Practice of using 13 principles in multiple investment analyses
- Creation of efficiencies for investor and borrower are huge



5. TARGET BORROWERS (FUNDS)

- Incorporate 6+ agroecological principles
- Promote inclusive finance meriting catalytic capital
- Can deploy $500K to $2 M in 18-24 months
- 3 years of operations with revenue
- Demonstrated ability to repay investors



PROFILED POTENTIAL BORROWERS

Investment Funds	FINAPOP	Reciprocity Fund	The Lirio Fund
Fund Stage	**growth**	**growth**	**growth**
Years of operation	5	5.5	7
Size of Fund in millions	$10.6	$4.0	$12.8
# of loans funded	130	53	31
Management**	**strong**	**strong**	**strong**
Ownership & governance***	xxx	xx	xx
(1 x each for social mvt, cooperatives / local ownership & management)	**excellent**	strong	strong
Market-orientation	**local**	export/local	export
Financial Return (multiple)****	**1 / 2 / 3%**	0%	**3 / 5%**
(length & types)	5- 10 year terms, 3 types of finance	commit to 80% return of capital	4 to 6 year notes, recoverable grants

** Evaluation based on funds raised, capital deployed and returned capital at promised rate.

*** One point each for social movement, cooperative organization and local ownership.

**** Note "/" indicates multiple ROI for different products and different term lengths

TARGET INVESTORS

Not investing due to lack of agroecology aligned funds

Skeptical of social enterprise funds targeting agriculture

Seek to invest in local entrepreneurs and local resilient food economies

Seek to complement an existing agriculture investment portfolio

See philanthropy's role as catalytic capital investor - additionality

THEORY OF CHANGE

With appropriate financial capital, agroecological businesses will scale.

They will find markets more efficiently and quickly, be more resilient and create a larger force in the economy thus attracting more capital, consumers and the policy changes necessary to benefit smallholders, consumers and the environment.

AIF LONG TERM INFLUENCE

- Demonstrate the market viability of agroecological food systems
- Encourage governments to shift policy to create enabling conditions for agroecological businesses
- Raise the profile of agroecology as an investable theme
- Provoke copycat funds
- Challenge fund managers to embrace a more holistic framework in food systems investing

6. NEXT STEP:

A FEASIBILITY STUDY

GOALS

1. Advance AIF from concept to a draft investible structure
2. Assess whether AIF is compelling to potential investors & what needs refinement
3. Identify more investment funds and cooperatives that fit AIF criteria
4. Identify potential administrators and fees
5. Identify and recruit anchor investors
6. Based on findings, AEF makes an informed decision about whether to launch with the AIF to fulfill both AEF and investors' objectives

FEASIBILITY STUDY - KEY ELEMENTS

- Determine **fund structure options** & blend of investments to meet its goals.
- Identify **universe of agroecological** qualifying investment opportunities.
- Explore **legal structures** to best support the fund: where should it be domiciled and what are legal, tax, compliance and reporting implications?
- Describe what **fund reporting, administration and legal counsel** services are required & identify example service providers
- Describe **governance and oversight** to ensure AEF engagement and alignment
- Draft a **simple financial model** illustrating the estimated cashflow of the fund, due diligence costs, investment returns, expenses, and financial target
- Identify **minimum viable fund size** based on the financial projections

OTHER CONSIDERATIONS

- What is the role of AEF in leveraging catalytic capital, oversight, governance and donor relationships for launch?
- How will we manage the feasibility study process (TOR, oversight) as well as pay for study?
- How will we pay for the term sheet definition, identification of fund manager and administrator?

7. FEEDBACK

- What fund elements do you find compelling?
- What elements are problematic or require more information?
- What other questions or comments do you have?
- What information would your organization need to make a significant commitment?
- Would your organization be interested in supporting the feasibility study?

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