AMBERS CAPITAL PRESENTATION OUTLINE - RESPONSIBLE AGRICULTURAL INVESTMENTS

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Presented by Luca Torre

Introduction of Ambers

a. Ambers&Co Capital Microfinanzas is a fund advisory company focused on impact investing. Its mission is to leverage capital markets to support business models that provide financial returns for investors and enable poor and marginalized people in developing countries to lift themselves out of poverty.
b. Our final objective is social impact – the financial returns are necessary to tap into large pool of private capital and to foster sustainability of project
c. Ambers&Co Capital Microfinanzas has raised and manages the GAWA Microfinance Fund - a €21 million fund investing in microfinance institutions and in other companies that promote financial inclusion, 70% of borrower we support are rural.
d. Our investors are European Private investors who want to put their money to work to improve lives at the bottom of the pyramid while still receiving a return: large family offices, institutional investors, high net worth individuals

Introduction of the Rural Fund for Africa

a. Rural fund for Africa aims at providing African smallholder farmers with access to capital, technical assistance and markets
b. We have built a consortium of leading players in their respective fields, to provide smallholder farmers with:
   (i) **Access to capital** to purchase quality inputs and to make needed investments in infrastructure by investing in either organizations (cooperatives or companies) that aggregate a large number of smallholders or in rural microfinance institutions. Ambers will manage a 20 million Euro fund.
   (ii) **Technical assistance** (TA) to increase productivity, promote sustainable farming, aggregate producers, link them to markets, and other activities which will strengthen the value chain. Technoserve, a leading TA provider in Africa, will be responsible for delivering technical assistance by managing a grant facility of 4 million Euros.
   (iii) **Access to markets** by linking farmers with international buyers.
c. The consortium has started to select the value-chains/ products it will support. These offer the greatest potential for productivity improvements and market demand. We expect to work with producers with whom Technoserve has been working and that have proved their potential to successfully export products.
d. The project will provide capital to smallholder farmers through:
   (i) **Loans/ quasi-equity/ equity investments to rural microfinance institutions** with a clear mission of serving the agricultural sector. The fund will make senior unsecured debt investments and work with institutions to improve products and promote improved and more sustainable farming techniques among their clients.

(ii) **Loans/ quasi-equity to organizations that aggregate farmers** (e.g. exporters, farmers' cooperatives). Loans are collateralized by purchase agreements with well-established international buyers and they will be granted to support various stages of the value-chain.

e. The fund is expected to have 2 classes of shares to distribute risks and returns among different investors:
   (i) Class A shares – 2-4% preferred return with priority on cash flows generated by the portfolio
   (ii) Class B shares – subordinated to class A with higher risk/ return profile

Introduction of impact investing

a. Impact investments are investments made into companies, organizations, and funds with the intention to generate measurable social and environmental impact alongside a financial return.
b. The impact investing industry has the potential to steer significant sums of money to market-based solutions to the world's most pressing challenges, including sustainable agriculture, affordable housing, affordable and accessible healthcare, clean technology, and financial services for the poor.
c. It is estimated the sector could grow from its current $50 billion in assets to $1 trillion in assets by 2020 (JP Morgan estimate)
d. A wide variety of investors has invested in this sector: Development Financial institutions, Family offices, Private Banks, Private Foundations, Wealthy individuals, companies.
e. Investments have been made to meet different social needs: access to financial services (microfinance), access to affordable affordable housing, improving agriculture, SME development
f. The industry has been building clear metrics to measure social impact so that different investments could be compared not only from a financial return but also from a social impact standpoint. The most accepted standard for measuring social impact is called IRIS and it has been developed by a consortium of organizations led by, among others, the Rockefeller Foundation
g. Impact investors are aligned with other stakeholders represented in CSF on alleviating poverty

Need to mobilize investments to support agriculture and strengthen food security by building partnerships

a. A large community of investor interested in investing in sustainable agriculture that strengthen food security and alleviate poverty exists
b. To tap into this community, many agriculture-related risk needs to be mitigated
c. Best way to mitigate risks is to build partnerships among different stakeholders – NGOs, Development Financial Institutions, Governments, Companies
   (i) *NGO*: foster aggregation of smallholders through cooperatives or other forms, strengthening value chains
   (ii) *Development Financial Institutions*: support project by investing in higher risks and higher return tranches, providing credit guarantees, or helping mitigate FX risk or other risks difficult to mitigate otherwise
   (iii) *Governments*: provide a stable and transparent legal framework and functioning public infrastructure
   (iv) *Companies*: build market linkages with sustainable product sourcing, supporting information exchange with producers with activities which go beyond limited corporate social responsibility
d. Partnerships have to be built around clear principles and dialogue and coordination are essential