
Case study: Project Developer of the Year

This award recognises organisations that initiate projects and create the opportunity for social impact by other stakeholders. The nominee is an intermediary or “arranger” of stakeholders that together deliver impact and financial returns.

Asset Owner of the Year

This award is for asset owners and investors including pension funds, corporations, banks, governments and development finance institutions that deploy their capital to impact investments.

Impact for Africa S.p.A

Founding date	2021
Geography	Rwanda and Namibia
Sector	Financial services
SDGs	1 [no poverty], 4 [quality education], 5 [gender equality], 6 [clean water and sanitation for all], 8 [decent work and economic growth], 9 [industry, innovation and infrastructure], 10 [reduced inequalities], 13 [climate action]
Web	https://www.instagram.com/impact_for_africa/

Background

Impact for Africa (IFA) is an impact investment company, incorporated in Italy, that focuses on value chain initiatives with social and climate impact in Rwanda and Namibia. The corporate structure is designed to maximise transparency and minimise costs, offering an investment opportunity in climate finance with low correlation to capital markets.

Originality of design

IFA specialises in impact investment in frontier markets and undeveloped value chains and bottlenecks. The company focuses on regenerative agriculture and agro-processing and aims to achieve a full circular economy by verticalising through the value chain. IFA leverages its local and global networks of partners such as One Acre Fund, the UN World Food Programme (WFP) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) [German Development Cooperation]. IFA's investment and divestment timeframe is seven years. The company aims to achieve competitive returns with low correlation to capital markets and a lower risk profile through its alignment with social and climate finance. The company's corporate structure consists of a holding company, incorporated in Italy, which directly invests in special purpose vehicles residing in the two target countries. IFA's structure was designed to maximise transparency and minimise costs and facilitate capital flow from the northern to the southern hemisphere. During its first round of capital raising, IFA attracted a group of private individuals who invested their savings to sustain impact projects in Africa.

Meeting unfilled needs

IFA's first couple of initiatives are: (a) in Rwanda through Avocado Oil Industries Ltd (AOI) in partnership with One Acre Fund and (b) in Namibia through Impact Africa Farms Pty Ltd (IFARMS) in partnership with the WFP. AOI is the first company to produce avocado oil at industrial scale in Rwanda with the aim to export a significant portion to premium markets. AOI believes in sourcing its avocados from smallholder farmers with a focus on export rejects and to transform the waste from the oil production into natural fertiliser to achieve a circular economy. IFARMS and the WFP have partnered to implement the first project that utilises seven hectares of land belonging to the Namibia Correctional Services to develop regenerative agriculture, provide knowledge transfer to offenders and employ the local community's workforce. The project promotes sustainable use of land, mitigates climate change and promotes decent work and economic growth. The project will be replicated on a larger scale, contributing to Namibia's food self-sufficiency.

Theory of change

If IFA provides capital and knowledge to frontier markets to unlock intrinsic values in undeveloped value chains and bottlenecks, then a circular economy can be achieved.

Impact thesis

IFA invests in frontier markets and unlocks the intrinsic values in undeveloped value chains and bottlenecks. In so doing, the company prioritises regenerative agriculture and agro-processing to achieve a full circular economy by verticalising through the value chain. IFA's projects focus on reducing food waste, developing regenerative agriculture practices, promoting food self-sufficiency, creating employment opportunities for local communities and supporting smallholder farmers with alternative income streams. This is achieved using cutting-edge technology such as smart drip irrigation systems, satellite-based decision-making tools and tech-enabled traceability tools. Additionally, IFA aims to develop climate resilience through carbon sequestration and capture, contributing to global efforts to mitigate the impacts of climate change.

SDG linkages

IFA strives for balanced and diversified teams and commits to having less than two-thirds of one gender predominant. IFA aims to create jobs through more than 100 direct long-term employment contracts, more than 2,000 part time aggregators and engaging 40,000 farmers. Moreover, 10% of labour costs are dedicated to employee education, research and development and knowledge transfer. As such, IFA contributes towards the attainment of the following SDGs.



Impact

The environmental and social impact IFA plans to achieve include, but is not limited to:

- Increased food self-sufficiency and reduction of food waste, leading to improved food security for the population.
- Working towards no poverty, decent work and economic growth, and reduced inequalities.
- Promotion of sustainable land use practices, including regenerative agriculture and afforestation, leading to improved environmental outcomes such as carbon sequestration.
- Creation of job opportunities for local communities, leading to improved economic outcomes and poverty reduction.

To measure its environmental and social impact, IFA tracks several metrics such as litres of water used, number of hectares of land under regenerative agriculture and afforestation practices, quantity and quality of food produced, number of local jobs created and sustained, carbon sequestration rates measured by monitoring the amount of carbon stored in the soil and biomass, biodiversity and education as a share of labour costs.

IFA aligns its impact measurement with frameworks such as the Global Reporting Initiative and Principles for Responsible Investment to ensure that its metrics are in line with global sustainability standards. By tracking these metrics, IFA can continuously assess and improve its sustainability practices and contribute to a more sustainable future for all.

Financial performance

The target ticket size is €10m (raising in multiple tranches is allowed) with an investment period of four years and divestment period of three years.

Potential for replicability

The IFARMS project in particular promotes the sustainable use of land, mitigates climate change and promotes decent work and economic growth. The project will be replicated on a larger scale, contributing to Namibia's food self-sustainability.

Risks

Risk	Mitigation
Political	Namibia and Rwanda are politically stable with very low corruption indexes
Foreign exchange	Self-hedged portfolio with 50% of proceeds in hard currencies
Market	Clear off-takers and/or strongly mitigated market risks
Exit	Established relationships with private and public secondary market funds

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