

PART 1: Description and all information of the outcome/impact reported

TYPE

OICR: Outcome Impact Case Report

TITLE

A science-based investment due diligence & screening methodology co-developed with Africa Enterprise Challenge Fund (AECF) to assess CSA impact in their \$20 million Agribusiness in Africa Window Round 2 program

STATUS

New

YEAR

2022

OUTCOME IMPACT CASE REPORT

Study #4701

Stage of Maturity of change reported: stage 1

GEOGRAPHIC SCOPE: REGIONAL



COUNTRY: Sub-Saharan Africa.

AICCRA countries: Kenya, Zambia, Ghana, Ethiopia

Spillover in non AICCRA countries: Zimbabwe, Uganda, Tanzania, Malawi

OUTCOME STORY/IMPACT STATEMENT

The Africa Enterprise Challenge Fund (AECF) identified and prioritized funding to CSA business models with the potential to implement and scale climate mitigation and adaptation practices. Using the AICCRA co-designed improved science-based approach for investment, due diligence and screening, AECF evaluated and recommend cost-effective implementation of CSA practices and monitoring of CSA impact post investment, thus catalyzing further funding into the sector.



Contributing external partners:

- Contributing Regional programs: EA-SA: Eastern and Southern Africa
- Contributing external partners: AECF - Africa Enterprise Challenge Fund

CGIAR INNOVATION(S) OR FINDINGS THAT HAVE RESULTED IN THIS OUTCOME OR IMPACT

As a result of AICCRA's engagement work with AECF, an improved methodology for investment screening and due diligence was developed. The new methodology relies on CGIAR derived science & technical approaches, which can be incorporated in a typical investment decision making processes to enhance CSA impact potential of investments. Furthermore, the methodology ensures climate considerations are embedded into the underlying financial architecture and processes of investors. The methodology was piloted on 5 existing investments.

GENDER, YOUTH, CAPACITY DEVELOPMENT AND CLIMATE CHANGE

- **Climate relevance:** 2 - Principal. Through the partnership, a CGIAR developed methodology and approach was tested to assess climate related risks of investors portfolio and estimate the mitigation and adaptation impact potential of their operations.

ELABORATION OF OUTCOME/IMPACT STATEMENT

AECF is a prominent impact investment firm based in Kenya that has supported over 375 businesses in 26 countries over the past 13 years in Sub-Saharan Africa, impacting more than 30 million lives, creating over 27,000 jobs, and leveraging US\$ 771 million in investments. [1] However, the potential to harness climate change and food security co-benefits in AECF's portfolio had not been analyzed comprehensively to date. Through the partnership with AICCRA, a science-based methodology that relies on climate research and evidence was co-designed, tested and implemented.[2]



The CGIAR hub for Sustainable Finance (OneSF) team developed the Rapid CSA Impact Tool to conduct a rapid impact potential assessment of five agri-food companies supported by AECF on 1) the mitigation, adaptation, and productivity key performance indicators (KPIs); 2) the major climate hazards they face; and 3) their financial performance. [2]

Through this pilot the Rapid CSA Impact Tool was validated and refined to incorporate climate risk modelling and CSA impact assessments in AECF's screening and due diligence processes going forward. The methodology enabled AECF to (i) assess the potential impacts of their portfolio of investments on productivity, mitigation, and adaptation of a representative sample of commercial agriculture companies and value chains; (ii) identify appropriate agriculture mitigation and adaptation options; (iii) support learning among companies on CSA and opportunities for reducing climate impacts and enhancing food security; and (iv) encourage investor matchmaking with CSA business models in the region. [2,3]

While AECF recognized the need to quantify CSA impact of their investments, they identified their internal capacity gap in doing so. [4] With the partnership with AICCRA they have now tested a methodology that equips them to track the impact of their investment on climate change and food security. They can now prioritize investments based on potential CSA impact and therefore increase AECF's overall impact. [4] They can also identify, early on, appropriate risk-mitigating interventions and align portfolios with climate goals by ensuring that impact and risks are measured and monitored over time. [4]

AECF will scale the CSA Rapid Assessment Tool to evaluate the \$20 million invested in the Agribusiness in Africa Window – Round 2 (AAW-R2) program. [4]

This experience has demonstrated that the use of science-based tools can potentially transform the whole financial ecosystem by providing detailed risk and impact assessments, enhancing the transparency of potential agri-food investments, and influencing capital allocation to the agricultural sector.

REFERENCES

1. AECF 2021 Annual Report [here](#)
2. Wamicwe P, Burra DD, Costa Jr C, Masika D, Alarcon M, Grosjean G, Newman R, Hientz LM. 2023. Scaling Up Climate-Smart Funding in East and West Africa. AICCRA Info Note. Accelerating Impacts of CGIAR Climate Research for Africa (AICCRA).
3. Millan A, Limketkai B, Guarnaschelli S. 2019. Financing the Transformation of Food Systems Under a Changing Climate. CCAFS Report. Wageningen, the Netherlands: CGIAR Research Program on Climate Change, Agriculture and Food Security (CAAFS). [here](#)
4. AECF internal communication [here](#)

PART 2: Mapping to Alliance strategy and structure

KEY CONTRIBUTORS



Lever 3 - Climate Action

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The Alliance is part of CGIAR, a global research partnership for a food-secure future.



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