

NEFFA

THE NORTH EAST FOODSHED FINANCE ALLIANCE



Saturday, February 28th

1:55 – 3:10 BREAKOUT SESSION #2

NEFFA WORKING GROUP: INDICATORS FOR SUSTAINABLE AGRIBUSINESS INVESTING

The kickoff meeting to an ongoing working group around key performance indicators (KPI) for local financial stakeholders and enterprises across a range of investment tracks and partnerships. Participants will brainstorm ways in which existing social and environmental assessment frameworks can be adapted for local use.

Dialogue facilitated by Jody Rasch, who heads the Social Performance Group at Moody's Corporation and works on microfinance and social investing projects.

- 1:55 **Start**
 - Introduction: KPI Working Group
 - Presentation: Rating Methodology
- 2.15 Discussion: Examples of Rating "To"
- 2.30 Presentation: Existing KPI Frameworks
- 2:45 Discussion: Localizing Existing KPI Frameworks
- 3:00 Discussion: Operationalizing a Local Framework + Next Steps
- 3:10 **End**

Coordination: Shawn McLearen & Tyler Jackson
Research: Fordham University

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INTRODUCTION

'What is important' often depends on who or what is doing the measuring. We argue that key performance indicators (KPI) of "Sustainable Agribusinesses" emanate from shared goals, and that shared goals best emanate from shared values. Accordingly, in order to build an inter-sector evaluation tool, we must gather practitioners together to identify, evaluate and agree upon shared goals, values and metrics.

CHALLENGE

Despite a mostly shared vision of change, and often implicitly shared value systems, there is a lack of consensus amongst Impact Funders around how to more explicitly evaluate sustainable agribusiness when performing due diligence and deciding whether to place funds. After a funding decision has been made, there is a similar lack of consensus amongst Impact Funders around shared metrics to then track the performance of the Sustainable Agribusiness.

Without a clear method to evaluate Sustainable Agribusiness, Impact Funders tend to make placement decisions more slowly and inefficiently - reducing the overall quantity and velocity of capital deployed to the sector. Furthermore, without an explicit shared value framework, partnerships between diverse sector stakeholders such as Foundations and/or Commercial Lenders rarely find common ground.

Meanwhile, on the entrepreneur side, many enterprises are unaware of shared value indicator systems, question the impact of those systems, and/or lack the bandwidth necessary to their diligence.

OPPORTUNITY

Measuring Key Performance Indicators (KPI) through the lens of "Shared Values" is an approach already in use to assess how environmental, social and governance values impact the economic value of businesses (eg., ESGs, SRIs) and expand the capital within a given sector. We believe that by gathering Impact Funders, Impact Consultants, and Sustainable Agribusiness together to review and settle upon a simple set of KPI that's relevant to our region, a "Shared Value" evaluation tool can be used during various phases of investment such as due diligence and monitoring after the placement of funds. It is intended that the evaluation tool will result in greater collaboration between sectors, increase investment opportunities, and facilitate NEFFA's mission to

increase investment in sustainable food and farm business within the North East foodshed.

NEFFA ASPIRATIONS

To identify and consolidate key performance indicators (KPI) that can be utilized by financial stakeholders and enterprises across a range of investment tracks and partnerships. Specifically,

1. To create an inter-sector “Shared Value” KPI evaluation tool;
2. To create a permanent platform for KPI monitoring and matchmaking;
3. To increase the pool of Impact Funders and financial vehicles;
4. To increase the pool of sustainable Food & Farm Enterprises;
5. To increase the transparency and financial literacy of Food & Farm Enterprises;
6. To facilitate a greater quantity of matches between Impact Funders and sustainable Food & Farm Enterprises;

MEANS & METHODS

In an effort to aggregate best practices and facilitate a greater quantity of matches between investors and enterprises, the NEFFA KPI must reflect core value areas relevant to public and private financial partners such as, but not be limited to, Government Agencies, Bonding Authorities, Commercial Lending Institutions, Impact Investors, Pooled Impact Funds and Foundations (“Impact Funders”). Similarly, the KPI should identify, evaluate, measure and track the impact capacity of small, local sustainable food and farm enterprises (“Sustainable Agribusinesses”) that seek access to capital including, but not limited to, core cultural, social, and environmental value systems, business principles, and financials.

The Planning Group will formulate a list of potential Working Group participants with these process and operational goals in mind. After preparing a preliminary report of some kind, we will then reach out to our broader community for review and comment upon the Shared Values Tool before deploying.

Our intention is that the Working Group will attract ongoing funding support from charitable foundations, aligned individuals and/or government grantors that seek to fulfill the objectives that the group has outlined. The operational support will allow us to continue coordinating inter-sector stakeholders with shared missions to collaborate more effectively in the deployment of capital to a sustainable foodshed. In particular, the Working Group will endeavor to facilitate an ongoing public-private partnership that advances our Shared Values such as community development, economic development, environmental stewardship and enhanced access to and market share of healthy fresh foods. We firmly believe that the revitalization of local economies can be accomplished by increasing the resources necessary to a significant yet emerging business sector, resulting in more jobs and careers within the state and region.

Workplan:

With current funding from Russell Berrie Foundation, NEFFA will endeavor to do the following:

- (a) Assemble and convene a Planning Group;
- (b) Assemble desk analysis of relevant materials;
- (c) Devise start-point agenda for the Working Group;
- (d) Develop lists of potential participants;
- (e) Invite participants to Working Group F+E session;
- (f) Cause recording to be made;
- (g) Issue written recommendations for next steps or lessons learned; and
- (h) Convene follow-up sessions.

Additional support from a cadre of Fordham University students will help us to contextualize the existing KPI frameworks necessary to the Working Group.

Planning Group:

NEFFA Lead: Shawn McLearen

Research Coordinators: Sarah Gonsier & Marilyn Hoffman

Research: Fordham University students

F+E Coordinators: Shawn McLearen & Tyler Jackson

F+E Discussion Facilitator: Jody Rasch

EXHIBITS:

1. EXAMPLE RATING SYSTEM
2. RATING SYSTEM LEVELS OF ORGANIZATION
3. TIMELINE: EXISTING FRAMEWORKS
4. VENN DIAGRAM: RATING SYSTEM INDICES
5. CHART: EXISTING FRAMEWORK COMPARATIVE INDICES
6. CHART: EXISTING FRAMEWORK COMPARATIVE OVERVIEW

Examples of Existing Impact Rating Systems:

We may extract Key Performance Indicators from existing tools such as the following:

- How Good
 - <http://howgood.com/p/ratings/>
 - Alexander Gillett <Alexander@howgood.com>
 - Consumer- Facing Supermarket Foods Analyzed using 60 Factors

- B Impact Assessment
 - <http://bimpactassessment.net/> -
 - Investor-Facing, Measures Social AND Environmental Impact - Not Specific to Agribusiness
 - Example Assessment from Method Corp - www.bcorporation.net/sites/default/files/documents/Method_ImpactAssessment_Final_Locked.pdf

- Your Value! Rating System
 - www.communitymatters.org.uk/content/496/How-does-Your-Value!-work?
 - Funder-Facing for Charitable Organizations in UK

- Food Alliance Certification
 - <http://foodalliance.org/certification>
 - Consumer- Facing, comprehensive sustainability standards and criteria for a wide range of agricultural products for farmers, ranchers, processors, and distributors.

- SIAMT (FAST)
 - <https://www.fastinternational.org/en/node/1704>
 - https://www.fastinternational.org/files/SIAMT%20vs%20Existing%20Framework_0.pdf

- IRIS
 - <https://iris.thegiin.org/introduction>