Impact Indicators eco.business Fund

The eco.business Fund monitors and manages its impact based on a framework of key performance indicators (KPIs) that reflect the fund's impact focus and pathway. Assessment methodologies have been developed for each KPI, which are summarized in this document.

To assess progress against some impact KPIs, the fund combines primary data from reports by its partner financial institutions with technical parameters derived from third-party evidence. Field visits to partner financial institutions and end-borrowers as well as studies conducted through the Development Facility further contribute both qualitative and quantitative information. Methodologies as well as parameters used are reviewed and updated as required on a regular basis.

In the assessment, each end-borrower is considered only once for the impact assessment to avoid double counting. The fund reports all impact figures since inception and aligns its impact results to the Sustainable Development Goals.

Impact Area: Biodiversity and conservation

Hectares of (agro-)forestry promoted: Agroforestry systems provide multiple services which contribute to preserve the fauna and flora within farms and their surroundings. This indicator reflects the reported hectares under agroforestry, which includes cultivation of shade-grown coffee and cocoa, tea (in SSA) as well silvopastoral systems.

Hectares of farmland protected from deforestation: Reducing deforestation preserves species, diversity and strengthens the provision of ecosystem services. This indicator estimates the fund-supported area that is protected from deforestation through the production practices incentivised by the fund. This represents the reported hectares of selected sustainability standards that are frequently utilized to certify tree crops in combination withstrong compliance criteria in deforestation in different forms such as forms prevention and remediation of deforestation or enhancement of conservation of forests.

Hectares of farmland under sustainable management: Financing sustainable producers and production practices is a key component of the fund's strategy to preserve ecosystems, biodiversity and natural resources and is supported through the fund's eligibility criteria: hold an eligible sustainability standard or implement a "Green List activity". The indicator represents all reported hectares in agriculture, fishery and aquaculture, and forestry.

Impact Area: Sustainable use of Natural Resources

Hectares of farmland under soil conservation practices supported: Soil forms the basis for biodiversity as well as for the productivity and fertility of land. Implementing conservation practices is a key activity to support healthy and productive soils. This indicator estimates the fund-supported area where low- or no-till practices are implemented, and soil conservation practices are promoted. The indicator is calculated using the area reported by sub-borrowers holding selected sustainability standards, which specifically include explicit and rigorous requirements for soil preservation, such as limitations in the use of agrochemicals, the cultivation of cover crops or the adoption of low-till practices.

Hectares of soil erosion avoided: Soil forms the basis for biodiversity as well the productivity and fertility of land. Avoiding its erosion is a key activity to support healthy and productive soils. This indicator

represents the cumulative results for avoided soil erosion through sustainable production practices (e.g. soil-levelling). It is calculated by combining the reported hectares under specific practices with technical parameters extracted from scientific literature.

Liters of herbicide use avoided: Avoiding herbicides/agrochemicals during agricultural production contributes to the protection of water resources and biodiversity. This indicator estimates the quantity of herbicides saved through the fund's support to banana producers that implement sustainable practices for the prevention of water pollution. The indicator is calculated based on reported hectares under banana production that is certified under a specific sustainability standard that mandates strict criteria for the use and control of agrochemicals, in combination with the average herbicide use per hectare in conventional banana production and the percentage of sustainability-certified banana growers. These parameters are obtained from third-party sources and scientific literature.

m^3 of liquid waste treated or recycled: Agricultural and agroindustry activities generate both solid and liquid waste which, if not treated and discarded properly, can lead to the contamination of soils and water streams, and affect ecosystems and biodiversity. The treatment or recycling of such waste is therefore key to the protection of the ecosystems in which farms and agribusinesses operate and to the quality and safety of the production it supports. This indicator estimates the amount of additional liquid waste that the fund is contributing to treat by incentivizing sustainable coffee production practices through its financing conditions. The indicator is calculated based on two scenarios: the amount of treated waste water generated by the milling of coffee by the fund's sub-borrowers, and the amount of water treated if these sub-borrowers would use average farming practices. Each scenario is constructed based on data provided by the sub-borrowers and technical parameters collected from third party sources such as the percentage of farms with water treatment systems, the prevalence of sustainability certification, coffee yields and the liters of water used in the milling of coffee.

Kilograms of antibiotics avoided: Conventional shrimp production has often been tied to overuse of antibiotics. Besides posing serious risks to human and veterinary health, their overapplication pollutes soil and water ecosystems and affect natural microbial communities, which play a key role in fundamental ecological processes, especially the maintenance of soil and water quality. This indicator estimates the amount of antibiotics that the fund is contributing to avoid by incentivizing shrimp production under sustainability certification that restricts the use of antibiotics in the production. Based on third-party sources the amount of antibiotics for non-certified and certified production is obtained, the difference between these two scenarios is calculated and multiplied by the hectares of certified shrimp reported by the sub-borrowers.

Kilograms of nutrient load avoided: Managing nutrient load in water bodies is important to protect ecosystems. The indicator estimates the amount of nitrogen and phosphorus that the fund is contributing to avoid by incentivizing certified shrimp production through its financing. The indicator is calculated based on reported hectares of certified shrimp production and by comparing the nutrient levels discharged by non-certified shrimp production with those that are produced under specific sustainability certification (with clear limits on nutrient discharge). The difference in nutrient levels between non-certified and certified production is calculated using third-party sources and multiplied by the number of hectares of certified shrimp reported by sub-borrowers.

Impact Area: Climate change adaptation and mitigation

CO2 stored by (agro-)forestry activities (net): CO2 storage is key in addressing climate change. This indicator represents the additional quantity of carbon dioxide which is stored in shade-grown coffee, cocoa and tea (for SSA) plantations which receive financing by the fund. It represents the difference between the absolute CO2 storage supported by the fund, and a baseline scenario. The absolute CO2 amount is calculated based on the reported hectares for the mentioned crops in combination with average CO2 sequestration factors obtained from third-party sources and scientific literature. The baseline scenario estimates CO2 storage assuming that the fund's investments would not specifically target agroforestry systems but would reflect the share of production area of shade and full-sun exposure (i.e. without shade trees) systems prevailing at country level.

m^3 of irrigation water saved: Saving water resources during agricultural production is key to reduce stress on available water resources. This indicator represents the volume of water saved through the implementation of sustainable production practices (e.g. soil-levelling) in crops that are water intense in production (e.g. rice). It is calculated based on the reported number of hectares of specific crops by sub-borrowers in combination with specific Green List items in combination with difference between the quantity of water used per hectare of conventional production methods and the estimated quantity of water used per hectare with sustainable production methodologies. These factors are obtained from third-party sources and scientific literature.

Impact Area: Socio-economic improvements

Indirect jobs supported by end-borrowers receiving financing through partner institutions: This indicator estimates the number of jobs supported by end-borrowers in the priority sectors. It is calculated drawing on reported hectares (or turnover, for non-farming activities) and sector-specific job intensity parameters, such as average jobs per hectare or per unit of turnover (for non-farming activities). These are derived from fund studies and labour statistics of international organizations.