Evidences

Study #571

Contributing Projects:

- P57 - Mainstreaming CSA practices in mixed tree/food crop systems among smallholder farmers in W Africa & Latin America

Part I: Public communications

Type: OICR: Outcome Impact Case Report

Status: On-going

Year: 2018

Title: Root Capital uses CCAFS data to evaluate 251 loans including 199 for coffee worth 146 million USD

Short outcome/impact statement:
Root Capital introduced CCAFS data on climate change risk into its process for underwriting and prioritizing loans to producer organizations in cocoa, coffee, and other commodity and food crop supply chains across 20+ countries. CCAFS analysis was translated into a climate change hotspot indicator to inform the underwriting of loans and formally launched in January 2017. To date, the approach has been used to review and close 251 loans, including 199 loans totaling $146 million to coffee and cocoa businesses.

Outcome story for communications use:
Outcome statement: Impact investor Root Capital introduced CCAFS data on climate change risk into its process for underwriting and prioritizing loans to producer organizations in cocoa, coffee, and other commodity and food crop supply chains across 20+ countries in Africa, Southeast Asia, and Latin America.

Research Outputs: Climate vulnerability analysis by CCAFS identified regions of the global tropics where agriculture is particularly exposed to climate change risk. CCAFS researchers evaluated critical climate thresholds for key cropping systems, including reductions in the length of the growing period and high-temperature stress.
Research Partners: CCAFS

Activities: Root Capital translated CCAFS climate vulnerability analysis into a binary 'climate change hotspot' indicator to inform the underwriting and prioritization of loans to producer organizations in cocoa, coffee, and other supply chains. Root Capital created an internal, location-based lookup table for use by its staff. Root Capital formally launched the 'climate change hotspot' indicator as a required input to its lending process in January 2017. While CCAFS data used predates this project, Root Capital learned about and started using the data due to its project relationship with and learning from CIAT.

Non-Research Partners: Root Capital led the integration of CCAFS data into its internal systems and processes.

Output Users: Root Capital

Evidence Outcome: Root Capital cited CCAFS data in its publication _Toward the Efficient Impact Frontier_ in the Stanford Social Innovation Review (Winter 2017 issue).

Output Used: Since the adoption of the 'climate change hotspot' risk screening approach based on CCAFS data, Root Capital has used the approach to review and close 251 loans, including 199 loans totaling $146 million to coffee and cocoa businesses.

Links to any communications materials relating to this outcome:

Part II: CGIAR system level reporting

Link to Common Results Reporting Indicator of Policies : No

Stage of maturity of change reported: Stage 1

Links to the Strategic Results Framework:
Sub-IDOs: <Not Defined>

Is this OICR linked to some SRF 2022/2030 target?: Too early to say

Description of activity / study: <Not Defined>

Geographic scope:

- Multi-national

Country(ies):
- Côte d'Ivoire
- Indonesia
- El Salvador
- Guatemala
- Uganda
- Mexico
- Peru
- Honduras
- Nicaragua
- Kenya
- Ghana

Comments: Root Capital currently lend in Mexico and Central America, East Africa, South America, West Africa and South East Asia. I may be missing some countries.

Key Contributors:
Contributing CRPs/Platforms:
- CCAFS - Climate Change, Agriculture and Food Security

Contributing Flagships:
- FP2: Climate-Smart Technologies and Practices

Contributing Regional programs:
- WA: West Africa
- LAM: Latin America

Contributing external partners:
- Root Capital

CGIAR innovation(s) or findings that have resulted in this outcome or impact:
Climate vulnerability analysis by CCAFS identified regions of the global tropics where agriculture is particularly exposed to climate change risk. CCAFS researchers evaluated critical climate thresholds for key cropping systems, including reductions in the length of the growing period and high temperature stress.

Innovations: <Not Defined>

Elaboration of Outcome/Impact Statement:
Root Capital translated CCAFS climate vulnerability analysis into a binary “climate change hotspot” indicator to inform the underwriting and prioritization of loans to producer organizations in cocoa, coffee, and other supply chains. Root Capital created an internal, location-based lookup table for use by its staff. Root Capital formally launched the “climate change hotspot” indicator as a required input to its lending process in January 2017. While CCAFS data used predates this project, Root Capital learned about and started using the data due to its project relationship with and learning from CIAT.

The above was possible base on the use of the climate vulnerability analysis developed by CCAFS scientists in which they identified regions of the global tropics where agriculture is particularly exposed to climate change risk. CCAFS researchers evaluated critical climate thresholds for key cropping systems, including reductions in the length of the growing period and high-temperature stress (4,5,6).

The engagement with partners enabled the success of this uptake. Root Capital was able to translate CCAFS climate vulnerability analysis into a binary 'climate change hotspot' indicator to inform the underwriting and prioritization of loans to producer organizations in cocoa, coffee, and other supply chains (Ref 1). Root Capital created an internal, location-based lookup table for use by its staff. Root Capital formally launched the 'climate change hotspot' indicator as a required input to its lending process in January 2017. While CCAFS data used predates this project, Root Capital learned about and started using the data due to its project relationship with and learning from CIAT (Ref 2).

The major achievement is that Root Capital, a non-researcher partner, has used the approach to review and close 251 loans, including 199 loans totaling $146 million to coffee and cocoa businesses (3).

References cited:
1. McCreless, M., 2017. Toward the Efficient Impact Frontier, Stanford Social Innovation Review, Winter 2017 issue. -- https://cgspace.cgiar.org/handle/10568/100134
2. Root Capital's Expected Impact Rating. Companion piece to "Toward the Efficient Impact Frontier" Stanford Social Innovation Review, Winter 2017. -- https://cgspace.cgiar.org/handle/10568/100135
3. Personal communication from Mike McCreless, Senior Director, Impact, Root Capital -- https://cgspace.cgiar.org/handle/10568/100194 [document 1]
4. A Report on: Engaging Private sector actors in cocoa value chains in adopting Climate Smart Cocoa (CSC) Practices in Ghana: https://ccafs.cgiar.org/publications/report-engaging-private-sector-actors-cocoa-value-chains-adopting-climate-smart-cocoa#.XP7eTIhKiMo
5. Prioritization of Climate Smart Practices for Cocoa in Peru: Climate analysis and Cost Benefit Analysis of climate smart practices in cacao production in Peru to evaluate the adaptation and scaling potential: https://ccafs.cgiar.org/publications/prioritization-climate-smart-practices-cocoa-peru-climate-analysis-and-cost-benefit#.XP7ePYhKiMo
6. Climate Smart coffee in Honduras: https://ccafs.cgiar.org/publications/climate-smart-coffee-honduras#.XP7eQ4hKiMo

Quantification: <Not Defined>

Gender, Youth, Capacity Development and Climate Change:
Gender relevance: 0 - Not Targeted
Youth relevance: 0 - Not Targeted
CapDev relevance: 1 - Significant
Main achievements with specific **CapDev** relevance: Built partner capacity to make use of CCAFS science
Climate Change relevance: 0 - Not Targeted

Other cross-cutting dimensions: No

Other cross-cutting dimensions description: Root Capital seeks to improve the lives of rural farmers by connecting them with the formal economy. They invest in the growth of agricultural enterprises so they can transform rural communities. These businesses purchase crops such as coffee, cocoa, or grains from thousands of smallholder farmers. They connect members to markets and help improve their farming practices. With growth, these businesses become engines of impact that can raise incomes and create jobs, empower women and young people, sustain peace, and preserve vulnerable ecosystems.

Outcome Impact Case Report link: Study #571

Contact person:
Mark Lundy, Principle Scientist, CCAFS, CIAT m.lundy@cgiar.org