



Jake Lyell for LWR

IMPACT INVESTING AT LUTHERAN WORLD RELIEF

To unlock agriculture's potential to catalyze economic development in rural, frontier markets, Lutheran World Relief uses an enterprise-based approach, which seeks to harness mission-driven companies as agents of change. By monetizing the unrealized potential of smallholder farms, enterprises can generate profits for both farmers and the enterprise, creating shared value and improving the lives of marginalized farmers on a commercially sustainable basis.

We invest in startup or growth stage companies that are creating meaningful change for rural households by rethinking what it means to do business with smallholder farmers. Through inclusive models that engage low-income men, women, and young adults in the production of agricultural products for local, regional and international markets, our portfolio companies are working to improve incomes, build assets, increase resilience, and ultimately provide smallholder farmers pathways out of poverty.

OUR APPROACH

We invest in enterprises that have the potential to increase smallholder farm productivity and add value by improving product quality and reducing intermediation between farmers and consumers through direct marketing. This enables farmers to capture more value from their crops. Our portfolio companies generate increased value for rural economies by paying farmers higher prices, delivering improved agricultural products/services, creating employment opportunities and facilitating the entry of other service providers into communities.

We invest philanthropic capital as equity, which enables us to take greater risk and hold investments over longer time

horizons than traditional investors. Our equity investments range from \$50,000 to \$500,000. We take an active role in providing post-investment technical assistance that builds organizational capacity and improves our portfolio companies' performance. This approach, called accompaniment, is one of Lutheran World Relief's core values. Our accompaniment model reduces risk for investor and investee and enhances the ability of our portfolio companies to positively impact smallholder farming communities and generate financial returns. To scale their impact, our portfolio companies replicate their innovative business models in new geographies and value chains.

We source deals that build upon our existing rural development programs as well as opportunities outside of our current programs that have the potential to deliver significant social impact and create opportunities for Lutheran World Relief to provide complementary social services (e.g. supporting farmer diversification of food crops and introducing climate-smart agricultural practices). By collaborating with our portfolio companies and other key actors on development-focused activities, we can address systemic challenges and deliver collective impact through progressive partnerships. In this way, we attract and leverage additional human, financial, and social capital in the communities we serve.



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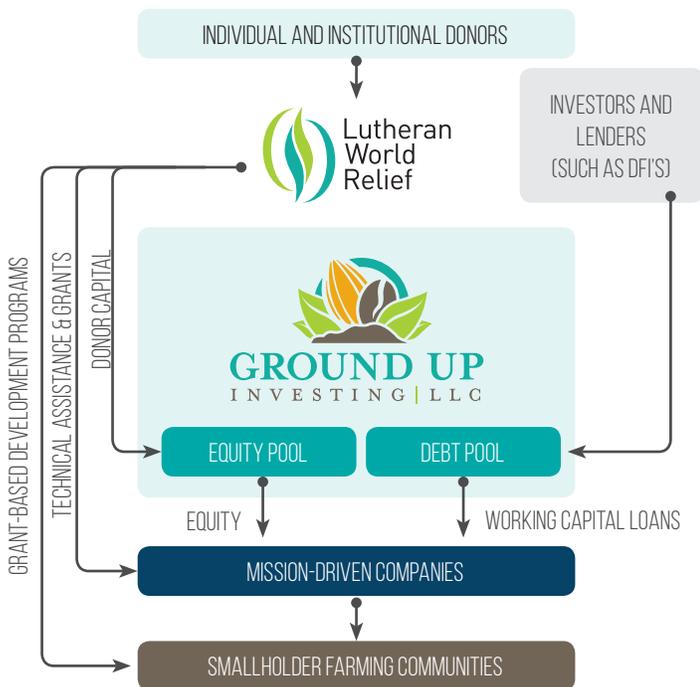
OUR STORY

Founded in 1945, Lutheran World Relief is an international non-governmental organization that responds to emergencies and seeks lasting solutions to rural poverty. Our core thematic areas are agriculture, climate change and emergency operations.

In 2016, we began exploring how we could incorporate impact investing into our smallholder-based agriculture work. We found several investment opportunities within our existing agriculture value chain programs. By 2017, we had created a wholly-owned investment holding company, Ground Up Investing LLC, through which Lutheran World Relief makes all our investments.

Lutheran World Relief delivers a comprehensive blend of capital, including human (technical assistance) and financial (investment and grants), to enable our portfolio companies to overcome barriers and inefficiencies in the markets where they operate, magnify their impact on rural farming communities and increase financial returns (see Our Innovative Investment Model). We are excited about the potential of this unique and holistic approach to amplify the impact of our work.

OUR INNOVATIVE INVESTMENT MODEL



PORTFOLIO HIGHLIGHTS

COMPANY NAME: Mountain Harvest

GEOGRAPHY: Mount Elgon region, Uganda

INVESTMENT TERMS (AMOUNT/TYPE): \$280,000 (Equity), \$770,000 (Working Capital Facility)

COMPANY PROFILE: Mountain Harvest is a startup coffee production company that seeks to improve quality of life for Arabica coffee farmers on Mount Elgon, Uganda, by elevating the quality of their coffee into the premium segment of the specialty coffee market, building relationship-based trade with roaster-retailers that pay higher prices for quality and impact (social and environmental), and investing at the farm level through an intense, service-oriented engagement with farmers. In its first year, Mountain Harvest generated \$740,000 in revenue from coffee sales and delivered improved terms of trade to farmers and social premiums that supported collective investment at the community level. The company continues to grow and deepen its engagement with farmers and with its customers around the world.

COMPANY NAME: Nevacos

GEOGRAPHY: La Sierra Nevada de Santa Marta, Colombia

INVESTMENT TERMS (AMOUNT/TYPE): \$400,000 (Equity), \$150,000 (grant-funded program support)

COMPANY PROFILE: Nevacos is a startup coffee production company operating in the Sierra Nevada de Santa Marta mountain range. This investment replicates the business model of its management teams' highly successful first venture, La Palma y El Tucan, an established premium coffee-producing company in Cundinamarca, Colombia that increases household incomes of farming families by promoting innovative and ecologically sustainable farming practices. Nevacos produces unique, premium quality coffee products for the top tiers of the specialty coffee market. The company is able to achieve a significant multiple over prevailing prices in the specialty coffee market through a luxury branding and marketing strategy that generates higher margins, which enables the company to pay farmers higher prices and invest in propagating environmentally beneficial farming practices.

If you would like to learn more about our work, please contact **Frederick Kellett**, Managing Director for Impact Investing (fkellett@lwr.org) or **Sylvia Dimiti**, Program Manager for Impact Investing (sdimiti@lwr.org).