Webinar 2

Impact KPI's: Current Trends & New Challenges

KPIs Driving Green Agricultural Transformation

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Webinar Objectives

Four key objectives for this session on impact KPIs

Analyze emerging trends in impact

Analysis

Economic, social, and environmental dimensions

- Economic impact assessment
- Social impact measurement
- Environmental metrics

Link with major transitions

Transitions

Financial inclusion, agroecology, biodiversity, climate, Climate Smart Agriculture

- Financial inclusion
- Agroecology
- Biodiversity
- Climate adaptation

Connect KPIs with financial innovation

Finance

Green/social/blue/Sustainability/resilience bonds & Sukuk, Sustainability Linked Loan

- Green bonds
- Social bonds
- Sustainability-linked loans

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Part I: Context and Challenges

Setting the scene for impact measurement in agri-finance

Global Context

Understanding the current landscape of agricultural finance and impact measurement

- Acceleration of climate, biodiversity, and social inequalities crises
- Rising regulatory expectations (ISSB, EU CSRD, taxonomy alignment)
- Investor demand for credible, comparable impact data
- Shift from outputs to real outcomes and impact
- Digitalization of data and MRV enabling scale
- Need for place-based, climate-smart solutions

Agricultural Sector Challenges

Key challenges facing the agricultural sector today

- Smallholder vulnerability to climate shocks
- Productivity vs. sustainability trade-offs
- Limited access to finance and risk mitigation
- Data gaps at farm level
- Fragmented monitoring systems
- Need for climate-smart solutions

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Economic KPIs: Measuring Transformation

Key performance indicators for economic impact assessment

IRIS+

Clients/Beneficiaries

Segments: smallholders, agri-SME, cooperatives

12,450

+15%

Smallholders: 8,200

SMEs: 3,250

Jobs Created

FTE, permanent positions

3,280

+8%

Direct: 2,150

Indirect: 1,130

Agricultural Income

Proxies, sampled surveys

$4.2M

+12%

Avg: $3,200

Target: $4,500

Productivity & Investment

Yields, post-harvest losses, value chains

85%

+5%

Yield: 4.2t/ha

Loss: 12%

IRIS+ Metrics

Standardized impact measurement

42

Indicators

Economic: 15

Social: 18

Data source: IRIS+ metrics, Q1 2024

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Social KPIs: Who benefits and how?

Measuring social impact across stakeholder groups

Stakeholder Groups

4 groups

Women, youth, remote territories, indigenous peoples

Women · Youth · Indigenous

Financial Inclusion

Inclusion

New/underserved borrowers

Access to finance · Underserved

Access to Services

Services

Training, advice, insurance

Training · Advice · Insurance

Food Security

Nutrition

Nutrition according to funded products

Food security · Nutrition

IRIS+ Indicators

Metrics

Standardized impact metrics

PI9991 Smallholders · PI8330 Female clien · PI7954 Households

PD2541 Targeted

4 IRIS+ indicators

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Part II — Impact KPIs: Foundations and Evolution

From theory of change to measurable performance

What Is an Impact KPI?

Understanding the fundamentals of impact measurement

- A specific, measurable indicator tracking outcomes or impact
- Aligned with a theory of change and material topics
- SMART: Specific, Measurable, Achievable, Relevant, Time-bound
- Levels: inputs → activities → outputs → outcomes → impact
- Example: % farmers adopting CSA practices; GHG intensity per tonne

Evolution of Impact Measurement

How impact measurement has evolved over time

- **Past:** Activity/output focus; ad-hoc metrics
- **Now:** Outcome/impact focus; standardization (IRIS+, ICMA, SDGs)
- **Next:** Interoperable taxonomies; digital MRV; geospatial and remote sensing; assurance by design

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What Is an Impact KPI?

Understanding the key components of impact measurement

Impact KPI Definition

A specific, measurable indicator tracking outcomes or impact

- **Specific, measurable indicator** tracking outcomes or impact
- **Aligned with theory of change** and material topics
- **SMART criteria:** Specific, Measurable, Achievable, Relevant, Time-bound
- **Levels:** inputs → activities → outputs → outcomes → impact
- **Example:** % farmers adopting CSA practices; GHG intensity per tonne

Example KPI:

"Percentage of smallholder farmers adopting Climate-Smart Agriculture practices by 2025"

SMART Criteria:

S	M	A	R	T
Specific	Measurable	Achievable	Relevant	Time-bound

Evolution of Impact Measurement

From activity focus to outcome-based impact assessment

Past

Activity/output focus

- Activity/output focus; ad-hoc metrics
- Limited standardization
- Manual data collection

Completed

Now

Outcome/impact focus

- Outcome/impact focus; standardization (IRIS +, ICMA, SDGs)
- Standardized metrics and frameworks
- Digital data collection

Active

Next

Interoperable taxonomies

- Interoperable taxonomies; digital MRV; geospatial and remote sensing; assurance by design
- AI-powered analytics
- Real-time monitoring

Future

Key Insight

Impact measurement has evolved from simple output tracking to comprehensive outcome assessment with standardized metrics

IRIS + ICMA SDGs

Evolution timeline

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Part III — Current Trends in Impact

Signals from markets, policies, and practice

Current Trends: 4 Major Transitions Shaping Impact Indicators

Key developments in economic, social, and environmental impact measurement

Targeting vulnerable populations: smallholder farmers, women and youth, indigenous peoples

Preserving ecosystem services: soil health, biodiversity, natural resources

Managing climate risks: extreme events, carbon footprint, resilience

Active: 10 minutes remaining

Impact Areas to Monitor

Key performance indicators across three dimensions

- Economic: Financial inclusion, productivity, value chains
- Social: Gender equity, youth employment, health
- Environmental: GHG emissions, biodiversity, water
- Governance: Data quality, verification, reporting

Economic Impact Trends

Current trends shaping economic outcomes in agri-finance

Financial Inclusion & Access

+15%

Expanding access to affordable financing for smallholders

- Smallholder access
- Affordable credit

Productivity & Value Chain

+12%

Enhancing productivity across agricultural value chains

- Yield improvement
- Value addition

MSME Growth & Jobs

+8%

Supporting MSMEs and creating decent employment

- Job creation
- MSME growth

Price Stability & Market Access

+5%

Ensuring market access and reducing post-harvest loss

- Market access
- Price stability

4 key economic trends

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Social Impact Trends

Key social dimensions shaping impact measurement

Gender-responsive finance

Gender

Women's empowerment in agriculture

- Women's access to finance
- Leadership roles

Youth employment

Youth

Skills development in rural areas

- Job creation
- Skills training

Health & safety

Safety

Decent working conditions

- Working conditions
- Health protection

Community benefits

Community

Stakeholder engagement

- Local engagement
- Benefit sharing

4 social impact dimensions

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Three Impact Trends Reshaping Agri-Finance in 2026

Understanding the forces driving change — and why they matter for your portfolio

Agroecology & Biodiversity

- Soil degradation affects 40% of global farmland
- EU Deforestation Regulation reshaping supply chains
- New market access conditions for export crops

Climate-Smart Agriculture (Water)

- Drought & erratic rainfall = #1 physical credit risk
- Drip irrigation reduces water use by 30–50%
- Water efficiency = portfolio resilience

Carbon Mitigation

- Solar, biogas, renewable energy for agro-processing
- GHG accounting unlocks Green Climate Fund
- 2–5 tCO_2e avoided per €10k financed

Each trend = a credit risk to manage + a funding opportunity to capture

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Trend 1 — Agroecology & Biodiversity

From soil health to market access and regulatory compliance

Why now?

- 40% of agricultural land affected by soil degradation
- EU Deforestation Regulation: full enforcement 2025+
- Soil carbon = new bankable asset class
- Regenerative = premium market access for exporters

3 Practical KPIs

KPI 1

% farms adopting regenerative practices (crop rotation, cover crops, no-till)

KPI 2

Hectares under agroforestry (trees + crops combined systems)

KPI 3

Soil organic matter (%)
Proxy for long-term soil health

Product Example

Agroforestry Credit Line

Rate: −30 bps vs standard
TA included: technical diagnosis + farmer training

KPI covenant:
≥40% farm under agroforestry by Year 3

Agroecology KPIs are becoming market access requirements — and a way to de-risk climate-vulnerable portfolios. They open doors to impact investors and blended finance.

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Trend 2 — Climate-Smart Agriculture: Water Efficiency

Water stress is now a direct credit risk — and an efficiency opportunity

⚠ Credit Risk Reality

+15–30%

default rate increase
in drought-stressed regions

Why track water KPIs?

- Water = top physical risk for agri-portfolios
- Efficient irrigation de-risks the borrower
- Required by climate funders (GCF, EIB)

3 Practical KPIs

KPI 1

Water consumption per hectare (m³/ha)
Target: −30% vs baseline

KPI 2

Hectares under efficient irrigation
(drip, micro-sprinklers)

KPI 3

% farmers with climate alert services
or indexed insurance

Product Example

Climate-Resilient Irrigation Line

Eligibility: drip / precision irrigation
Covenant: ≥20% water savings
(verified annually)

Add-on: free water diagnostic
+ weather alert subscription

Water efficiency is not only environmental — it is credit quality protection. A borrower with drip irrigation and climate alerts is a lower-risk borrower.

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Trend 3 — Carbon Mitigation: Unlocking Climate Finance

GHG accounting as a passport to green funding

Key KPI: tCO_2e avoided

Parametric approach — use standard emission factors
(IPCC, CDM methodologies — no field measurement needed)

Examples: solar pumps, solar drying, biogas digesters
Estimated: 2–5 tCO_2e avoided per €10k financed

Funding unlocked:

Green Climate Fund • AfDB / EIB green lines • Green & Social Bonds • Blended finance

Product Example

Renewable Energy Loan – Agro-Processing

Target: ≥30% solar in total energy mix
Guarantee: AfDB partial (50%)
Impact: 2–5 tCO_2e avoided / €10k financed

Report: parametric tCO_2e for green bond KPIs

How parametric estimation works:

1. Count financed units (solar pumps, m² panels, digesters)
2. Apply standard emission factor per unit
3. Multiply → tCO_2e avoided (no field survey needed)
4. Document source + methodology in KPI dictionary

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Green Finance & Climate Risk: The Double Challenge for Agri-PDBs

Climate is both a threat to manage and an opportunity to capture

⚠ Climate as Credit Risk

- Droughts, floods, heat stress
- +15–30% default rate increase in exposed portfolios
- Your target populations are on the front line
- Smallholders have zero financial buffers
- Climate events erode repayment capacity directly

✓ Climate as Funding Opportunity

- Green Climate Fund (GCF): billions available
- AfDB / EIB green lines at concessional rates
- Blended finance mechanisms growing rapidly
- Sustainability-Linked Loans: lower borrowing costs
- Requirement: credible governance + robust KPIs

The governance framework (Webinar 1) + the KPIs (Webinar 2) = your key to access climate finance

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Two Families of Climate Risk to Integrate into Portfolio Management

Understanding what you're exposed to — the first step to action

Physical Risks

Direct impact on borrower repayment capacity

- Droughts → crop failure → income loss
- Floods → asset destruction → default
- Heat stress → livestock mortality
- Erratic rainfall → unpredictable yields
- Gradual: rising temperatures, shifting seasons

Transition Risks

Regulatory & market changes affecting client viability

- EU Deforestation Regulation (2025+)
- Carbon pricing mechanisms emerging
- Sustainability certification requirements
- Consumer demand shifting toward green products
- New supply chain traceability requirements

Immediate priority: Physical risk mapping — which zones and crops in your portfolio are most vulnerable? Start with publicly available data from national meteorological services, WB climate portals, or FAO ABC Map.

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Realistic Climate KPIs for Agri-PDBs — Start Simple

A practical framework: three groups, 2–3 KPIs per product maximum

⚡ Mitigation KPIs

What emissions do we avoid?

- tCO_2e avoided (parametric)
- Investment in low-carbon tech (solar, biogas)
- % renewable energy in financed operations

Adaptation KPIs

How do we protect borrowers?

- Hectares under climate-smart practices
- % farmers with climate alerts or indexed insurance
- Hectares under drought-resistant varieties

Resilience KPIs

How do we diversify risk?

- Income diversification ratio (crop + livestock + processing)
- Water management efficiency index
- % farm income from non-climate-sensitive sources

Golden rule: Select 2–3 KPIs MAXIMUM per product. Quality + traceability > quantity. Start with what is material to your borrower segments.

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Green Finance in Action: Three Real-World Examples

From a single KPI to measurable funding access — a clear pattern

MA Crédit Agricole du Maroc

PRODUCT

Efficient Irrigation Credit Line

MECHANISM

Loan eligibility requires certified drip/precision irrigation; water savings verified annually by CAM field technicians against baseline consumption records.

KPI Water consumption −40% (m³/ha)

DOCUMENTED RESULT

+25% access to GCF resources; enrolled in GCF accreditation process as direct access entity.

KEY LESSON

A single verifiable water KPI, audited by field staff, meets GCF eligibility requirements.

Pattern across all three: Simple KPI + Credible tracking + Governance discipline = Access to green finance

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Green Finance in Action: Three Real-World Examples

From a single KPI to measurable funding access — a clear pattern

Aceli Africa

PRODUCT

Climate-Resilient Agricultural SME Lending (East Africa)

MECHANISM

Origination bonuses + first-loss coverage triggered only when lenders meet climate, gender, food security or youth criteria — KPIs written into legal agreements.

KPI % SMEs meeting ≥1 impact criterion (climate, gender, food security, youth)

DOCUMENTED RESULT

63% of portfolio met ≥1 criterion in Year 1; 48% first-time borrowers — both exceeding targets.

KEY LESSON

Embedding KPIs in the incentive structure changes lending behaviour durably — it is product design, not reporting.

Pattern across all three: Simple KPI + Credible tracking + Governance discipline = Access to green finance

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Green Finance in Action: Three Real-World Examples

From a single KPI to measurable funding access — a clear pattern

eco.business Fund

PRODUCT

Agroecology Financing (Latin America & Sub-Saharan Africa)

MECHANISM

Partner institutions report activity data via standardised templates; eco.business applies validated third-party emission coefficients for portfolio aggregation; independently verified by BlueMark.

KPI 50% of crops under regenerative practices; tCOe sequestered + avoided

DOCUMENTED RESULT

3× blended finance mobilised; verified 'advanced' by BlueMark — highest assurance level for impact funds.

KEY LESSON

Proxy-based portfolio KPIs + external verification = institutional investor credibility without borrower-level surveys.

Pattern across all three: Simple KPI + Credible tracking + Governance discipline = Access to green finance

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Three Green Finance Instruments for Agri-PDBs

Use-of-proceeds bonds vs KPI-linked instruments — different mechanics, same prerequisite

Green Bond

USE OF PROCEEDS

Capital raised is ring-fenced and allocated exclusively to pre-defined eligible green projects.

KPIs REQUIRED

- tCO_2e avoided or sequestered
- Hectares under sustainable land management
- Renewable energy capacity (MWh/year)
- Water saved (m^3/year)

FRAMEWORK REQUIREMENT

Second Party Opinion (SPO) + annual allocation & impact reporting

EXAMPLE

FIRA Mexico — Green Bond Framework: tCO_2e/year, water savings, hectares under sustainable management. Annual external audit required.

Blue Bond

USE OF PROCEEDS

Specialised green bond financing ocean, freshwater, and aquatic ecosystem sustainability.

KPIs REQUIRED

- Volume of water saved or treated (m^3)
- Hectares under watershed protection
- % reduction in agricultural water pollution
- Area of aquatic ecosystem restored

FRAMEWORK REQUIREMENT

SPO with specific water/ocean framework + alignment with UN SDG 14 & 6

EXAMPLE

World Bank / Seychelles model adapted for Agri-PDBs: irrigation efficiency + watershed KPIs open IFI blue finance lines.

Common prerequisite for all three: a credible, documented, externally verifiable KPI framework — that is your KPI dictionary.

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Three Green Finance Instruments for Agri-PDBs

Use-of-proceeds bonds vs KPI-linked instruments — different mechanics, same prerequisite

Sustainability-Linked Bond

KPI-LINKED INSTRUMENT

Financial terms (coupon) adjust based on whether the issuer meets pre-defined Sustainability Performance Targets (SPTs).

KPIs REQUIRED

- KPI 1: % portfolio meeting climate criteria
- KPI 2: tCO_2e avoided (cumulative)
- KPI 3: % women / youth beneficiaries
- SPT: ambitious, verified externally

FRAMEWORK REQUIREMENT

ICMA SLB Principles + external KPI verification + annual performance report

EXAMPLE

FIRA SLB: −75 bps margin if renewable energy SPT met. Aceli Africa: first-loss coverage conditioned on KPI achievement.

Common prerequisite for all three: a credible, documented, externally verifiable KPI framework — that is your KPI dictionary.

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From KPI to Bond: The 5-Step Issuance Mechanism

What investors and verifiers actually check at each stage

1

Build KPI Framework

Define eligible categories, KPI definitions, data sources, methodology, and known limitations.

INVESTOR / VERIFIER TEST

Investor test: Is the KPI anchored in your mandate or imported from donors?

2

Write KPI Dictionary

Document each indicator: formula, frequency, responsible function, data source, limitations, IRIS+/HIPSO alignment.

INVESTOR / VERIFIER TEST

Investor test: Can the methodology be replicated by an external auditor?

3

Second Party Opinion (SPO)

External reviewer (Sustainalytics, ISS, BlueMark) validates your framework against ICMA, OPIM, or sector standards.

INVESTOR / VERIFIER TEST

Investor test: Does the framework meet ICMA Green/SLB Principles?

4

Issue Bond / Access Credit Line

Green bond, SLB, or concessional IFI credit line issued with KPI reporting obligations written into legal covenants.

INVESTOR / VERIFIER TEST

Investor test: Are SPTs ambitious enough vs sector benchmarks?

5

Annual KPI Report + Verification

Publish allocation & impact report. For SLBs: performance against SPTs triggers coupon adjustment. External audit confirms figures.

INVESTOR / VERIFIER TEST

Investor test: Do reported KPIs match the methodology in the dictionary?

Steps 1 & 2 are entirely internal and within your control. If the KPI dictionary is rigorous, Steps 3–5 become routine. If it is weak, no SPO provider or investor will proceed. The dictionary is the bottleneck — and it costs nothing to build.

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KPIs Mobilising Capital: Four Documented Examples

What was measured, how funds were unlocked, and what it took

MX FIRA Mexico

Green + Social Bond

KPIs	MECHANISM	RESULT
tCO_2e/year avoided • Water savings (m^3/year) • Renewable energy (MWh/year) • Ha sustainable management	*KPIs documented in public framework; annual external audit planned; proceeds ring-fenced to eligible categories in green taxonomy.*	Sustainability bond framework approved; direct investor access to international capital markets at reduced cost. → Capital markets access

eco.business Fund

Impact Investment Fund

KPIs	MECHANISM	RESULT
tCO_2e sequestered + avoided • Ha sustainable management • Water savings • Harmful inputs reduced	*Proxy-based portfolio aggregation using third-party coefficients; IRIS + taxonomy; BlueMark 'advanced' independent verification.*	3× blended finance mobilised; verified 'advanced' by BlueMark — opened institutional investor co-investment. → Institutional investors + DFI co-investment

Common denominator: in all four cases, the KPI framework was built BEFORE approaching investors — not in response to their requirements.

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KPIs Mobilising Capital: Four Documented Examples

What was measured, how funds were unlocked, and what it took

MA Crédit Agricole du Maroc

Green Value Chain Credit Line

KPIs	MECHANISM	RESULT
Water consumption (m³/ha) • Energy savings (MWh) • Ha under sustainable practices • # beneficiaries trained	*KPIs embedded in on-lending conditions; EIB/EBRD verify allocation and impact reporting annually as condition of drawdown.*	+25% access to GCF resources; EIB/EBRD green line renewed and scaled; accreditation process as GCF direct access entity initiated. → IFI concessional credit lines + GCF

Aceli Africa

Sustainability-Linked Facility

KPIs	MECHANISM	RESULT
% loans meeting climate criteria • % women beneficiaries • % first-time borrowers • Food security outcomes	*KPI targets written into legal agreements; origination bonuses + first-loss coverage conditionally triggered on KPI achievement; annual third-party review.*	Over $200M in agricultural SME loans facilitated; 63% of portfolio met ≥1 impact criterion; DFI capital mobilised at 5:1 leverage. → 5:1 DFI leverage + origination incentives

Common denominator: in all four cases, the KPI framework was built BEFORE approaching investors — not in response to their requirements.

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Roadmap: Practical First Steps

A phased approach — start small, prove it works, then scale

STEP 1

ASSESS: Climate Risk Mapping

- Map portfolio exposure by zone and crop
- Identify vulnerable segments (drought, floods)
- Use public data: met services, WB climate portal, FAO ABC Map

Output: 1-page climate risk heat map

STEP 2

PILOT: Select KPIs + Launch Test Product

- Choose 2–3 climate KPIs (water efficiency, renewable energy)
- Design 1 pilot product (irrigation line or solar loan)
- Target 10–20 pilot deals to test the process

Output: KPI dictionary v1 + first pilot portfolio

STEP 3

SCALE: Dashboard + Document Success

- Monthly climate dashboard for DG and Board
- Document first green operation for funders
- Align external reporting with internal system

Output: Green finance readiness proof

Capabilities needed: Read external climate analyses ✓ Manage simple green product conditions ✓ Partner with TA providers and insurers ✓
You do not need to become a climate research centre.

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Thank you!

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