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# TERRA BELLA INVESTMENT FUND

## Private Sector Investment in Smallholder Agriculture and Climate Change Mitigation

USAID, in partnership with Terra Global Capital, works with local nongovernment organizations, cooperatives, and community associations, to bring new sources of finance to fund smallholder agriculture, non-timber forest products (NFTP) and climate change mitigation projects in Colombia. By increasing the income stream for smallholders, these investments strengthen their technical capacity and productivity and enhance their ability to access finance and manage their businesses. This increases the participation of smallholders and communities to reduce emissions and removals, which builds the investment track record for smallholder sustainable landscape management.

### COMPONENTS

The Terra Bella Colombia Fund works as both a technical assistance facility and an investment fund.

#### TECHNICAL ASSISTANCE FACILITY

The technical assistance facility operates alongside the fund to bridge the gap that smallholder's face in accessing investment capital. This is done by leveraging Terra's experienced international finance team, combined with a local portfolio management team. The technical assistance facility is awarded on a case by case basis after close evaluation and determination by the Fund Manager and Investment Committee. Successful implementation of this activity will improve smallholder productivity, generate climate change mitigation benefits and demonstrate the investment viability of sustainable landscape for private investment in Colombia.

## KEY OBJECTIVES

- Provide sub-awards ranging from \$50,000 to \$250,000 to projects that demonstrate the ability to become investment ready.
- Provide technical assistance to potential projects/businesses, so that they can receive funding to increase their long-term financial viability.
- Support local governance structures in implementing minimum standards of good corporate governance, such as improving transparency and better decision making, thus turning the project/business into one that is better run and more profitable.
- Provide customized technical assistance to increase investment viability, both directly and through local implementing partners.
- Assist projects/businesses in:
  - Completing the community/small holder agreement for project participation
  - Building project partner capacity for the establishment, governance and management of the smallholder investment entity
  - Quantify emission reduction potential
  - Develop a detailed project implementation plan that aligns livelihoods improvements, agricultural/NTFP production and climate change mitigation
  - Determine benefits sharing and funds management arrangements to enhance project sustainability
- Support projects in completing investment transactions with the Fund.

## INVESTMENT FUND

The Terra Bella Colombia Investment Fund supports the establishment of “*Fondo de Capital Privado*,” a Colombian registered fund. The Fund makes early stage investments to provide the project finance capital needed to build additional income streams for smallholder producers growing high value crops and high value NTFP that reduce deforestation in priority areas in Colombia.

## KEY OBJECTIVES

- Establish and register a local private equity fund with \$12.8 - \$15 million in funding from first close.
- Provide finance to smallholders building agricultural, NTFP streams and climate change mitigation.
- Execute investment transactions with 3-6 smallholder projects
- Provide funding and managerial support for projects to:
  - Increase productivity, quality of crops and NTFPs
  - Expand producer-based processing capacity
  - Improve market access, pricing and finance
  - Develop verified emission reductions
- Build investment track record to demonstrate the investment viability of smallholder and climate change mitigation projects.