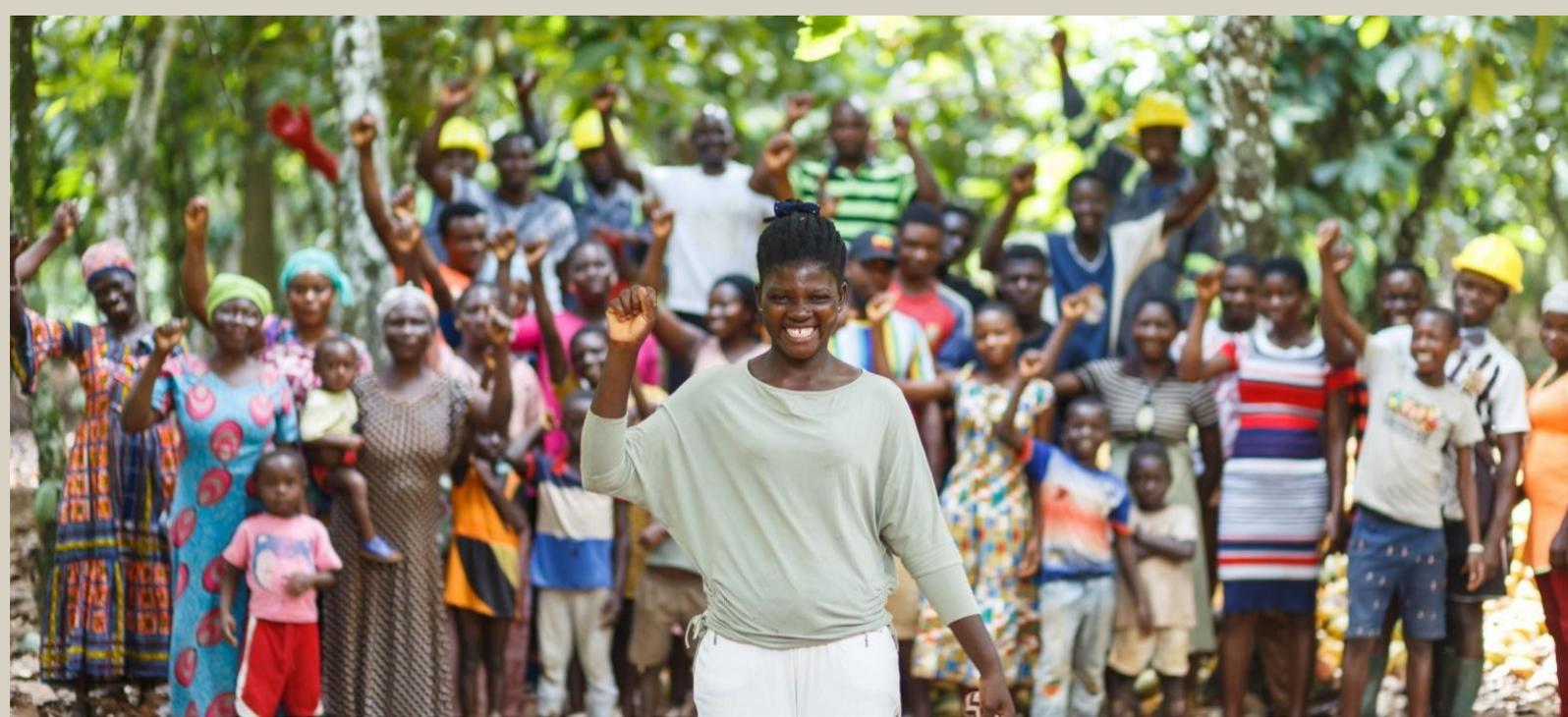


PlusPlus Foundation

Policy Plan 2021-2023



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1. Introduction

1.1 PlusPlus Foundation: creating an enabling environment for inclusive finance

The PlusPlus Foundation, established in September 2020, is an initiative of crowdfunding platform PlusPlus (www.plusplus.org)¹. The Foundation's aim is to create an enabling environment for underserved businesses and entrepreneurs in developing countries to get access to affordable finance for growing their business. The Foundation's focus is in particular, but not exclusively, on the agri-food sector in developing countries. It was founded to support crowdfunding platform PlusPlus in providing affordable finance for underserved agri-food SMEs in developing countries.

1.2 The issue: finance gap for underserved agri-food SMEs in developing countries

In most developing countries, the agri-food sector is the main source of income and food security for poor and vulnerable people. This is why investing in this sector makes a difference that benefits many: from millions of farmers and their families, to the people, often youth or women, working in agricultural businesses. Investing in agriculture means investing in job creation, in local food production and income generation. In short, investing in agri-food is investing in positive impact.

In spite of this enormous potential, the agri-food sector is underperforming in many countries. The sector relies heavily on smallholder farmers and small to medium sized agri-food enterprises (agri-food SMEs), who have potential to grow but lack the necessary funding. Often these companies are too large for affordable microcredit loans and local commercial banks and international investors shy away from financing these agri-food SMEs as they are highly influenced by climate risks, such as droughts or heavy rains. Breaking this bottleneck by providing these agri-food SMEs (the so-called 'missing middle') with affordable access to finance is essential for the sector in order to grow and the positive impact to be realized.

The estimated funding need for agricultural businesses in developing countries is estimated at USD 200 billion.² Of this, only USD 50 billion is met, leaving a funding gap of USD 150 billion. At the same time, there is approximately USD 5.000 billion³ in private savings sitting in banks in Europe alone. And that's aside private investment capital. So, with only a fraction of global private capital the funding gap can be bridged, thereby seriously moving the needle towards realizing the UN's Sustainable Development Goals.

1.3 The solution: crowdfunding affordable loans for underserved agri-food SMEs

PlusPlus is an online crowdfunding platform for impact investing, launched in August 2020 providing individual impact lenders in Europe the opportunity to directly invest in agri-food entrepreneurs in Africa, Asia or Latin America. The agri-food entrepreneur pays a moderate fee on the loan to PlusPlus. Every 6 months equal parts of the loan are repaid to the impact lenders, who in turn can

¹ Private limited company (BV)

² <https://www.raflelearning.org/post/inflection-point-unlocking-growth-era-farmer-finance>

³ Savings, in dollars in Europe

lend the same money to another entrepreneur. Thus, a revolving fund with that can have a positive ripple effect for many entrepreneurs. PlusPlus has a license from the Dutch Authority Financial Markets (AFM) to provide financial services to entrepreneurs in developing countries.

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Attention! This investment falls outside AFM supervision. No prospectus required for this activity.

Ibakaric

With a loan of EUR 10,000, Ibakaric can create 4 additional jobs and assist 155 additional small-scale farmers to increase their yields within two years. The farmers who enter into a multi-annual contract with Ibakaric see their income grow by about 60% in two years.

4 new jobs 155 people reached

Ibakaric Issuer	€10,000 Amount	24 months Maturity	Direct investment
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100% Fully funded in 14 days on 17 May 2021.

Continue reading

Screenshot of a project on the PlusPlus crowdfunding platform (www.plusplus.org)

PlusPlus is unique as it provides affordable access to finance for underserved agri-food entrepreneurs, which are too large for microcredit and considered too small or risky by local banks or other financial institutes. It is also the first European NGO-backed crowdfunding platform initiated by development organizations [Solidaridad](#) and ICCO Cooperation (since January 2021 merged with [Cordaid](#)) both active in developing agricultural value chains and private sector development, leading European crowdfunding platform for impact investing [Lendahand](#) and agri business booster [Truvalu](#).



The role of the PlusPlus Foundation is to raise funding and provide activities that will increase access to finance for underserved agri-food entrepreneurs in developing countries. These strategic activities will be further explained in the next chapter.

2. Objective & strategic activities

2.1 Overall objective

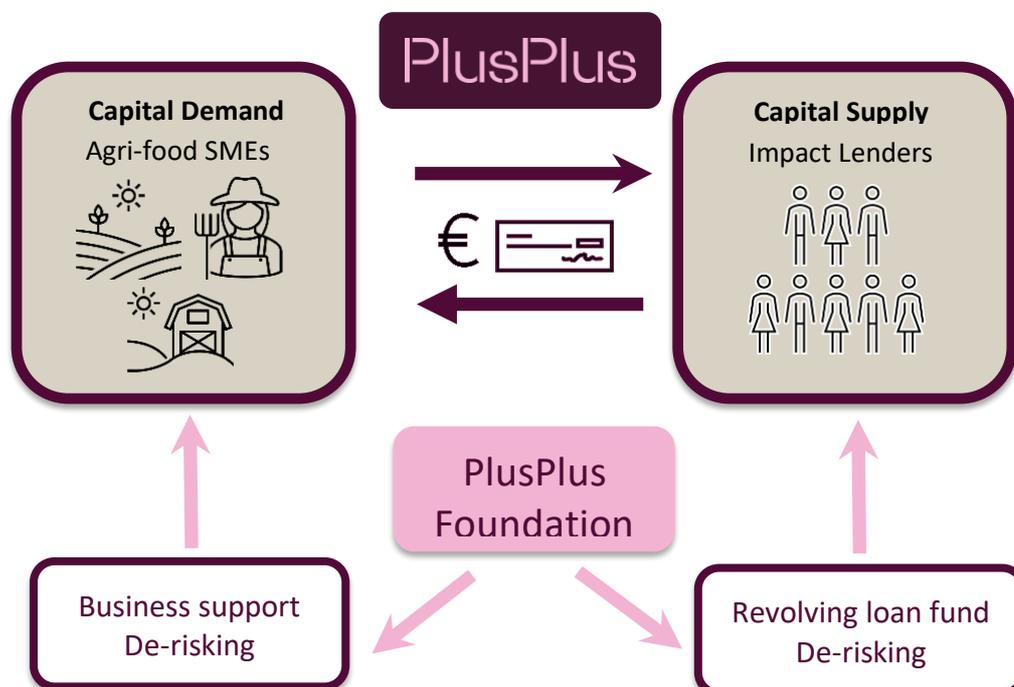
The PlusPlus Foundation's provides activities that create an enabling environment for increased access to affordable finance for underserved SMEs in in developing countries. The focus is mainly, but not exclusively, on agri-food businesses in Africa, Asia and Latin America. With this mission the Foundation intends to contribute to the following UN Sustainable Development Goals (SDGs):



2.2 Strategic activities

The PlusPlus Foundation support crowdfunding platform PlusPlus in its mission to provide affordable access to finance for agri-food SMEs in developing countries by providing the following strategic activities to create an enabling environment:

- providing pre- and post-investment business support to agri-food SMEs
- de-risking of agri-food SMEs
- managing a revolving loan fund for impact lenders
- de-risking of impact lenders



2.2.1 Pre- and post-investment business support for agri-food entrepreneurs

The Foundation will secure and manage funding to provide customized business support to agri-food entrepreneurs in developing countries. This support can be in the form of coaching (on the job or remote) or trainings with a twofold purpose:

- *Pre-investment business support*: for agri-food SMEs that want to enter into a loan arrangement with the PlusPlus crowdfunding platform to grow their business but need support to become investment ready. For instance, improvements in financial administration and reporting, social and environmental performance management impact data collection. The assessment for pre-investment business support will be an integrated part of the onboarding process of agri-food SMEs on the PlusPlus crowdfunding platform.
- *Post-investment business support*: for agri-food SMEs that already have a loan arrangement with the online crowdfunding platform PlusPlus but need support to strengthen their loan repayment capacity or to get them ready to graduate to another financial provider as their business grows. We want to provide our entrepreneurs with customized technical support such as training, coaching and business support. The assessment for post-investment business support will be an integrated part of the monitoring process of agri-food SMEs on the PlusPlus crowdfunding platform.

For business support the Foundation will seek close collaboration with the founding partners of PlusPlus and their local networks of partners. Our aim is to work as much as possible with local qualified trainers or experts for customized support to the entrepreneurs. The Foundation is currently reaching out to donors that are interested to co-fund these activities.

2.2.2 De-risking for agri-food SMEs

The PlusPlus Foundation will manage a loan guarantee fund to reduce the capital risks of agri-food entrepreneurs. For this fund the Foundation aims to attract funding from donors with guarantee programs that seek to increase the impact of affordable lending for financial services to agri-food SMEs in developing countries.

At this moment, PlusPlus is only providing loans in Euros. But many agri-food SMEs that operate with local currency cannot bear the foreign exchange fluctuation risk that comes with borrowing in Euros, and therefore cannot take full advantage of PlusPlus. The Foundation aims to mitigate this risk, so that it is taken neither by local agri-food SMEs, nor by the impact lender. The guarantee fund would cover for any foreign exchange losses the investees may incur due to currency fluctuations. Whenever there is a currency value fluctuation, the guarantee fund would be drawn upon to cover the foreign exchange losses, allowing impact lenders and agri-food SMEs to continue business as usual.

2.2.3 Revolving loan fund for impact lenders

The Foundation manages a revolving loan fund for donations from individual or institutional donors. These donations can be invested by PlusPlus in agri-food SMEs on its own crowdfunding platform. The revolving loan fund is attractive for donors that do not wish to lend directly through the crowdfunding platform but wish PlusPlus to do this on behalf of them. Loans repaid by agri-food SMEs flow back into the fund and can be lent again by PlusPlus to other agri-food entrepreneurs,

creating a revolving fund. The revolving loan fund is an enabling factor to mobilize more affordable capital for agri-food SMEs.

2.2.4 De-risking for impact lenders

The PlusPlus Foundation has a compensation fund to partially cover impact lenders for losses (up to 50%) in case of defaults or repayment problems of agri-food entrepreneurs. The board of the Foundation has set up e. As an impact first crowdfunding platform, lenders invest in a high social return without a financial return. Offering a compensation for financial losses is considered an enabling factor to attract and retain more impact lenders, and thus affordable capital for agri-food entrepreneurs.

Investing in the agri-food sector in development countries is generally prone to climate risks, which can scare away investors because of the risk to lose their money. This is unfortunate since investments in agri-food SMEs in developing countries yield a high social return. Crowdfunding platform PlusPlus is already trying to minimize the repayment risk by offering agri-food SMEs loans against an affordable, below market rate fee and close monitoring and contact with these companies. However, based on evidence-based research regarding investments in the agricultural sector in developing countries it is reasonable to expect that 10% of the companies are unable to repay their loan.

3. Budget & fundraising

For the PlusPlus Foundation to be able to provide customized business support and de-risking for agri-food entrepreneurs on the one hand and a revolving loan fund and de-risking of impact lenders on the other hand, funding needs to be attracted. This will enable the Foundation to have a catalytic effect on the mission of PlusPlus, bridging the affordable finance gap for agri-food entrepreneurs in developing countries.

The budget forecasted for the period 2021-2023 is € 650,000, which is allocated as follows to the strategic activities.

Strategic activities	Budget 2021-2023	Funding secured
Business support agri-food SMEs	€ 100.000	€ 0
De-risking agri-food SMEs	€100,000	€ 0
Revolving loan fund for impact lenders	€ 200,000	€ 8,153
De-risking impact lenders	€ 250,000 ⁴	€ 100,000
Total	€ 650,000	€ 108,153

The foundation has already secured € 108,153 in funding. For the revolving loan fund for impact lenders € 8,153 in funding has been raised from foundations and individual lenders. For the de-risking of impact lenders (guarantee fund) € 100,000 funding has been raised. Another € 541,847 in funding will need to be raised from (family) foundations and institutional investors. In the future, the PlusPlus crowdfunding platform will contribute up to 10% of its profits to the Foundation when it becomes commercially viable.

The overhead costs of the Foundation (fundraising, marketing & communication, reporting and financial management) are expected to be max. 10% of the forecasted budget. These costs will both be covered by the funding raised and the PlusPlus crowdfunding platform.

⁴ 10% of the outstanding loan portfolio

4. Key performance and impact indicators

The Foundation will actively monitor its activities. This will allow to assess to what extent the results of its activities and how these contribute to achieving the Foundation’s overall objective. For each strategic activity the following key performance and impact indicators will be used:

Strategic activities	Key performance and impact indicators
Business support agri-food SMEs	<ul style="list-style-type: none"> • Amount of business support provided to agri-food SMEs • Number of agri-food SMEs provided with customized business support • Proportion of agri-food SMEs receiving pre-investment business support qualifying for a loan from PlusPlus • Proportion of agri-food SMEs receiving post-investment support graduating for financial support • Proportion of agri-food SMEs receiving post-investment support saved from repayment delays or default
De-risking agri-food SMEs	<ul style="list-style-type: none"> • Amount of de-risking provided to agri-food SMEs • Number of agri-food SMEs that could additionally be onboarded by offering de-risking
Revolving loan fund for impact lenders	<ul style="list-style-type: none"> • Number of donors who donate to the fund • Amount of revolving funds received • Amount of revolving funds invested • Amount of revolving funds repaid • Amount of revolving funds reinvested
De-risking impact lenders	<ul style="list-style-type: none"> • Minimum amount required for guarantee fund in relation to total loan portfolio • Amount available in guarantee fund • Amount and percentage of defaults • Amount and percentage of guarantees provided to impact lenders

5. Governance

The Foundation will be governed by three board members, who devote their time on a voluntary basis:

- Peter Heijen (President), CEO and Board Member of crowdfunding platform PlusPlus.
- Suzanne Larsson (Secretary Treasurer), Head Corporate Engagement & Partnerships at Solidaridad and Board Member of crowdfunding platform PlusPlus.
- Lars van Doremalen (General board member), Investment & Operations Manager at crowdfunding platform PlusPlus.

These board members are already working closely together at crowdfunding platform PlusPlus. For now, this will ensure that the objectives and activities of PlusPlus and the Foundation are well aligned and can both grow in the upcoming years. In the future, at least one of the three board members will be external.