

# CROPITAL

## Impact Investment Primer

*Grow your money. Help our Farmers.*



# What is **CROPITAL**?



Cropital is a crowdfunding platform that connects anyone to help finance farmers.



Cropital is a globally recognised organisation whose development is being supported by institutions in the US, Netherlands, Malaysia and the Philippines. This is a social enterprise providing farmers access to scalable and sustainable financing.



Cropital provides “you” (user/donor/investor) an opportunity to directly impact a life and at the same time grow your money. Your decision to join our community, brings our small farmers a step closer to the hope of a better life.



In Cropital, doing good comes with great rewards. Net profit sharing scheme has been put into place to secure sustainability and scalability. Use cases and historical statistical data show rates of returns for users.

# How It Works



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## Sign-up

Users can sign up at [www.cropital.com](http://www.cropital.com) to join the community.

2

## Select farms

Members can view farms and select which farms to invest on.

3

## Farm successfully funded

Once the farm has been fully funded, the farmers will be provided with the resources they need to start farming.

4

## Gain returns

After the harvest and once the produce has been sold, the capital will return to the investor's wallet together with the profit shared.



# Return on Investment

Return is a fixed percentage of the net profit of the farm invested. This is dependent on the terms agreed upon by the farm community, considering the level of risks involved. This is explicitly shown at the profiles of the farm.

# Risk Management Structure

However, it is a fact that there are risks involved in farming. This is where the core business of Cropital comes in, providing structures that reduces risks and increases profitability.

There are different risks in farming. These factors are faced and endured by our small farmers every day. Their limited resources and financial debts hinder them from opportunities to enhance their lifestyle.

Cropital plays a part in reducing these risks, to protect both the users and the farmers. Below are the major risks with the corresponding measures to mitigate them.



## Farmer Risks

All farmers have been verified and selected through the assistance of the local government unit. Farmers are required to submit an application form, and barangay clearance and has to undergo an interview with Cropital. Only those who will pass the process will be allowed to join the program.



## Weather Risks

Farmers are provided with access to Crop Insurance. The crop insurance under Philippine Crop Insurance Corporation has already been integrated in the amount of capital raised to these farmers. .



## Pests Risks

This usually occurs when farmers have very limited capital. With the access to capital, pests can be prevented. Farmers are also provided with access to agriculturist to infuse best practices in pest prevention/mitigation. Crop insurance also covers damages from pests.



## Market Risks

For high value crops, prices are volatile and may drop and spike at different times, depending on the supply and demand in the market. This is managed by recommending diversification of crops for each farmer, and by clustering different farmers together to further distribute the risks.

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Aside from this, Cropital sets a cap on the amount of money you can invest on a farm. This is to encourage spreading out your money to different farms so as to lessen the risk to the user in case of unfortunate events.

# FAQs



## How does Cropital transfer money to farmers?

The local community partner disburses resources in the form of inputs and working capital to these farmers. Farmers are provided with the resources only at the time the product is already needed and only when the labor has been finished.

## Is this the first time you will be doing this?

No. For the initial run of Cropital, we have funded 5 hectares of rice farms in Bulacan. Funds were disbursed July 2015. Rate of total return is 8% of the total amount funded.

## How do you manage farmers?

Farmers are grouped into clusters and are managed by one local community partner. The local community partner visits the farms regularly and monitors the progress of each farmer in reference with the farm plan they have submitted. The farm plan shows the schedule of activities along with the resources and labor needed. Selling of produce will be coordinated by the local community partner and the farmer. The buyer will be authorised by Cropital and shall pay directly through Cropital.

## How does funding actually help the farmers?

Traditionally, farmers needed to approach informal lenders and loan sharks to get the capital they needed to start a farming cycle. This made them profit less due to the high interest rates put upon them. With Cropital, farmers get paid for labor and at the same time take majority of the profit - significantly better than other lenders. Hence, their great reception of the services of Cropital.



# One of our Magic Beans: Trust

Cropital has set extensive control measures to manage all forms of risks in farming. However, we do not remove the possibility of something going wrong. The most important part that we are building is the “TRUST” from our farmers. Our farmers find the scheme of Cropital very helpful. Most of our farmers have resorted to doing different jobs just to have food for their family. For them, the money they earn from working very hard and long hours is just “enough” for their family to eat. They have very limited opportunities and more often than not, are at a disadvantage. Cropital for them is a sign of hope for a better life for their children. We, in Cropital, are working the best that we can to fill all the loopholes in the system, but we believe that there will never be a perfect system. However, we invest heavily in our relationship with our farmers. We believe that building a culture of trust will fill all the holes in the system.





# Supported By





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