Introducing F3 Life

F3 Life is a social enterprise which enables the provision of “green credit” to farmers, fishermen and forest users. Under a green credit system, credit scores, interest rates and credit limits are set according to the quality of environmental management practised by the credit-user, as well as conventional credit criteria.

Our systems, the “F3 Life Toolkit”, are designed for companies, NGOs and financial institutions which want to use green credit to cost-effectively improve the way in which agricultural land, fisheries and forests are managed.

Our objective

Our objective is the sustainable increase of farming, fishing and forestry incomes through the restoration of environmental health and improved management of environmental resources. The F3 Life Toolkit helps our client organisations and local people achieve these objectives with ongoing returns - rather than costs. We meet our objective through the provision of innovative IT systems and methodologies for supporting credit and environmental compliance at scale.

Our system

Our credit system allows access to progressively higher levels of credit at progressively lower rates of interest, conditional upon (i) debt repayment, and (ii) a credit-user progressively improving their standards of farm/resource/environmental management. The F3 Life Toolkit consists of:

• A credit-scoring tool
• Loan tracking software
• An environmental compliance monitoring tool

In addition, we provide loan contract templates and manuals and the training necessary to operate our system. Importantly, the system is designed to be highly customisable for a range of contexts and applications.

Why use our system?

Our system is replicable, scalable and adaptable for a variety of agricultural or natural resource value chain and ecosystem management contexts. Furthermore, the F3
Life Toolkit achieves its objectives in a more rigorous and cost-effective way than other approaches.

More Rigorous
Preliminary data indicate that while conventional environmental and natural resource management projects result in a lower than 15% annual rate of uptake of new practices or technology, F3 Life’s approach has to date resulted in a 94% uptake.

More Cost Effective
F3 Life’s approach is cost neutral or can even generate positive returns. By contrast, we estimate that costs for conventional agri-environmental projects lie in the range of USD 100 – 300 per beneficiary over three years.

Proof of concept
F3 Life provides a demonstration site for its system in Kenya’s southern Aberdares, in Nyandarua county. A first proof of concept in partnership with Farmer’s Life East Africa (a related company) has been achieved with 50 farmers, and is scaling to 350 farmers in 2016. To date our trials with 50 smallholder clients have demonstrated substantial success.

Additionally, as a result of the success of the proof of concept, Farmer’s Life East Africa has raised credit through Kiva (a crowd-lending platform) at 0% interest for its second phase – demonstrating the concept’s ability to raise low-cost debt finance.

Why we do what we do
F3 Life’s approach rests on the recognition that environmental degradation is frequently driven by economic activity. Economic activity is in turn underpinned by systems of credit which are blind to natural resource overuse. In order to achieve resource sustainability, credit terms need to be adjusted to ensure investment in natural resource management as well as simple repayment of outstanding debt. This means that credit provision can be used both to (i) promote environmental restoration as an affordable condition of the terms of borrowing and (ii) finance income-generating assets that also have environmental benefits.

F3 Life’s methodology and systems form part of a new generation of financial innovations being developed around the world to address pressing global environmental and climate change challenges. F3 Life’s approach is a radical departure from the past where efforts to address environmental degradation have frequently failed, partly due to unsustainable, poorly-scalable and short-term financing. F3 Life’s model seeks to address this for both (i) environmentally-concerned investors, and (ii) rural land and natural resource users. It does this by providing a highly scalable and sustainable financial model and tools which can be linked to carefully designed environmental interventions appropriate for each ecosystem or agro-ecological context. The overall performance of F3 Life’s approach is therefore measured both in terms of the number of clients economically benefiting from access to carefully designed credit products, and the cumulative impact their leveraged actions have at landscape scale on improved environmental outcomes.

Who we are
The team behind F3 Life comprises a credit product development specialist, an agricultural and environmental economist, and a community natural resource management specialist, with substantial organisational management and development experience. The team shares a vision that the approach and systems that they continue to develop form the basis for using green credit to build a sustainable and wealthier future, particularly for farmers, fishermen and forest-users in developing countries.

Green finance for a wealthier future