Module 4: Connecting Impact to Finance

Module 4: Connecting Impact to Finance

> **Module Overview:** A verified SUI is only valuable if it changes your financing conversations. This module teaches you how to present your SUI to different types of investors, how to map it to blended finance instruments, and how to use it as a negotiating tool to reduce your cost of capital. Allow 2–3 hours.

Learning Objectives

By the end of this module, you will be able to:

1. Explain your SUI to a commercial VC, an impact investor, and a DFI in terms each will find compelling
2. Estimate the greenium effect on your next debt financing
3. Design a blended finance milestone structure using your SUI as the trigger metric
4. Identify the three most relevant blended finance instruments for your current stage
5. Build the financial section of your Impact Investor Package

4.1 Tailoring the SUI Message by Investor Type

Different investors respond to different aspects of the SUI. Tailor your pitch accordingly:

Commercial VC (Impact-Agnostic)

What they care about: Market size, defensibility, financial returns. Impact is a secondary concern unless it creates moat or regulatory advantage.

SUI message: "We've quantified the environmental benefit of our product at [X] kg CO?e per [unit] — independently verified. This gives us access to green finance instruments and DFI co-investment that our competitors don't have. It means our next debt round will be [X] bps cheaper than theirs, and we have a pathway to blended finance structures that reduce our equity dilution over the next two rounds. Impact verification is our financial moat."

Impact VC (Dual Mandate)

What they care about: Achieving both financial returns and verified, scaled impact. They need to report impact metrics to their LPs. They fear "impact washing" accusations.

SUI message: "Our SUI is [Name] — [magnitude and unit], independently verified by [verifier name] against our SSOT data system. This maps to IRIS+ [code] and contributes to SDG [number]. We accumulate SUI events in an auditable ledger that you can access directly. Your LP impact report for [company name] will show [X] events per year by [date] — verifiable, not estimated. Here is our last annual verification statement."

Development Finance Institution (DFI)

What they care about: AIMM score, MDB taxonomy alignment, additionality, systemic market impact, ability to count this investment in their climate finance reporting to shareholders.

SUI message: "Our SUI is aligned to EU Taxonomy [objective] and we've completed an AIMM self-assessment scoring [X]/100. Our impact is additional — the counterfactual baseline uses [national statistics source] and our net displacement of [magnitude] is net of what would have happened through market forces alone. We have an independent verifier contracted and SSOT Level 2 in place. This investment can be counted in your climate finance reporting as [X] tonnes CO?e avoided per year at scale."

4.2 The Greenium Calculation for Your Deal

Even if you are not issuing public bonds, you can estimate the greenium effect on your next financing:

```
Step 1: Estimate your next debt financing amount: $[X]M

Step 2: Identify the applicable greenium range for your instrument type:
  - Sustainability-Linked Loan: 10–25 bps rate reduction for hitting verified milestones
  - Green Revenue Note: 15–40 bps vs. conventional equivalent
  - DFI concessional loan: 100–300 bps below market (depends on DFI programme)

Step 3: Calculate annual interest saving:
  $[X]M × [bps]/10,000 = $[Y] per year

Step 4: Calculate NPV of interest saving over loan tenor:
  $[Y] × [tenor years] × [discount factor] = $[Z] NPV
```

```
Step 5: Compare to SUI verification cost:
  Cost: $[verification cost + SSOT implementation]
  Benefit: $[Z] NPV + strategic optionality (blended finance, MDB access)

  Net benefit: $[Z - cost] — this is the minimum case argument for SUI investment
```

4.3 Designing Your Blended Finance Milestone Structure

If you want to pursue blended finance, you need to propose a milestone structure — the specific SUI thresholds that trigger concessional capital events. Here is a design process:

Step 1: Define Your Milestones

Choose 3 milestone thresholds that represent meaningful scale for your business:

- **Milestone 1:** A threshold you are confident of reaching within 12–18 months (low risk for the first-loss provider)
- **Milestone 2:** A threshold representing successful early scaling (18–36 months)
- **Milestone 3:** A threshold that demonstrates market-transforming scale (36–60 months)

Express each milestone as a cumulative SUI count, not an annual rate. *Example: "5,000 verified SUI events (hectares treated)" not "5,000 per year."*

Step 2: Attach Capital Events

For each milestone, propose what happens to the concessional capital:

- **Guarantee trigger:** First-loss guarantee amount reduces pro-rata as milestones are hit (reducing commercial investor risk)
- **Rate reduction trigger:** Interest rate on concessional loan reduces by [X] bps per milestone hit
- **Conversion trigger:** Grant or recoverable grant converts to equity or debt at pre-agreed terms

Step 3: Verify the Verification Mechanism

For each milestone, specify how achievement will be verified:

- Verifier: [Name of contracted third-party verifier]
- Verification timing: [e.g., within 30 days of claimed milestone date]
- Data access: [Verifier has read access to SSOT dashboard; milestone claimed when SUI Ledger shows N verified events]
- Dispute resolution: [If verifier and company disagree, independent expert appointed by [mechanism]]

4.4 Blended Finance Instrument Selection

Use this decision tree to identify your most relevant blended finance instruments:

```
Is your SUI verified by a third party?
  NO → Technical Assistance Grant (fund the verification first)
  YES → continue

Is your SSOT at Level 2 or above?
  NO → Recoverable Grant (to build SSOT to Level 2)
  YES → continue

Do you have 12+ months of verified impact data?
  NO → Concessional Equity (angel-stage DFI)
  YES → continue

Is your cumulative SUI above [sector-specific threshold]?
  NO → First-Loss Guarantee (to de-risk commercial investment)
  YES → Results-Based Finance (milestone payments from DFI programme)
```

4.5 Building the Financial Section of Your Impact Investor Package

The financial section of your Impact Investor Package should contain:

1. **SUI-WACC analysis (1 page):** Show the five WACC reduction mechanisms and your estimated effect on each, with conservative/base/optimistic scenarios
2. **Blended finance milestone structure (1 page):** Three milestones with capital triggers and verification mechanism
3. **Instrument eligibility map (1 page table):** Which instruments you are currently eligible for and which require what additional verification steps
4. **Greenium calculation (half page):** Estimated interest saving on next debt financing with and without SUI verification
5. **Impact capital provider target list (half page):** 5–8 specific DFIs, foundations, or impact funds most likely to invest in your combination of geography, sector, and SUI type

---

Next: Module 5: Verification and Audit — preparing for and passing a third-party SUI verification.

Revisión #1
Creado 2026-06-08 20:35:24 UTC por Angelica Diaz
Actualizado 2026-06-08 20:35:24 UTC por Angelica Diaz