

## **Fund manager for Dairy Impact Fund**

### **Request for Proposals**

*August 1, 2025*

Manager: Josh Torres, Manager, Sustainable Finance, Environmental Defense Fund  
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#### **Vision and context**

Dairy is a vital part of the U.S. agricultural economy and a core component of many Americans' daily diet. Milk is produced in all 50 states, with the highest producing states in the western and northern areas of the United States. In 2024, there were just over 24,000 dairy herds in the U.S., and a total of almost 9.4 million head.<sup>1</sup> The U.S. dairy sector also accounts for 11% of U.S. methane emissions.<sup>2</sup> Methane (CH<sub>4</sub>) is a short-lived climate pollutant, having more than 80 times the warming power of carbon dioxide (CO<sub>2</sub>) in the first 20 years. Even though CO<sub>2</sub> has a longer-lasting effect, methane sets the pace for warming in the near term. Reducing global methane emissions by at least 30% from 2020 levels by 2030 is one of the fastest ways to slow global warming by midcentury.<sup>3</sup>

The U.S. dairy industry has set ambitious voluntary environmental stewardship goals for 2050, including to achieve greenhouse gas emission neutrality, optimize water use while maximizing recycling, and improve water quality by optimizing utilization of manure and nutrients.<sup>4</sup> To reduce methane emissions and achieve its other sustainability goals, the U.S. dairy sector is collaborating through existing industry organizations aimed at achieving sustainability-related objectives.

Major dairy companies are also setting sustainability goals and highlighting the importance of methane as a near-term climate pollutant that must be abated. Announced at COP28 in 2023 and now up to 11 members, the Dairy Methane Action Alliance global initiative accelerates action and accountability on methane across the dairy sector. Signatory companies, including Danone, Kraft Heinz, and more, commit to annually account for and publicly disclose methane emissions within their dairy supply chains and to publish & implement a comprehensive methane action plan by the end of 2025. Environmental Defense Fund and the sustainability nonprofit Ceres will hold these companies accountable as their plans are implemented.<sup>5</sup>

There is urgent need to increase implementation of practices and technologies that reduce dairy methane and provide additional co-benefits such as improved productivity, animal health and

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<sup>1</sup><https://downloads.usda.library.cornell.edu/usdaesmis/files/h989r321c/mg74sh83p/nc582h285/mkpr0225.pdf> (page 8 & 18)

<sup>2</sup> EDF. "Methane Emissions in Animal Agriculture" (n.d.).

<sup>3</sup> United Nations Environment Programme/Climate and Clean Air Coalition. "Global Methane Assessment: 2030 Baseline Report." (2022).

<sup>4</sup> <https://www.usdairy.com/sustainability/environmental-sustainability>

<sup>5</sup> <https://business.edf.org/dairy-methane-action-alliance/>

welfare, and water quality – especially those that are scientifically proven yet under-adopted by farmers. Examples include capital-intensive alternative manure management technologies such as cap-and-flare, solid-liquid separators, and composting equipment. A persistent barrier to adopting these technologies is the absence of fit-for-purpose financing.

Over the course of 2024, EDF and the Innovation Center for U.S. Dairy convened a series of roundtables focused on this challenge. The roundtables brought together dairy farmers, cooperatives, processors, and brands with agricultural finance institutions to discuss approaches to address financial barriers to dairy sustainability practices, and innovative and collaborative models to overcome those barriers. These discussions resulted in the report [“Financing Dairy Climate Solutions: How the dairy value chain and financial sector can collaborate to reduce GHG emissions and generate other sustainability benefits from U.S. dairy.”](#) which profiles eight financial models that can foster collaboration and increase adoption of sustainable practices and technologies on U.S. dairy farms. Many of the models also incorporate “catalytic capital” – below-market rate, flexible capital that can enable agricultural finance providers to take on more risk or reduce interest rates further to make solutions more economically viable.

Since the publication of the report, EDF and the Innovation Center for U.S. Dairy have continued to engage potential partners in developing these models. One that has emerged with particular interest is a Dairy Impact Fund. An “impact fund” in this case is a blended finance approach that facilitates collaboration among multiple parties. One or more catalytic capital providers contribute to a fund, which is managed by a fund manager. Funds are then used as part of blended finance solutions with agricultural finance institutions to offer loans with favorable terms to farmers to improve affordability of a technology or solution. When loans are repaid, the catalytic capital portion can be recycled back into the fund to revolve into new loans. This model enables multiple capital sources (commercial and concessional), financial institutions (agricultural finance providers) and members of the dairy value chain to participate. The Dairy Impact Fund aligns with dairy value chain initiatives to provide financing alongside additional sustainability incentives, technical assistance (TA), and measurement, reporting and verification (MRV) services.

EDF has identified a key partner that will provide a \$10 million seed investment<sup>6</sup> in the Dairy Impact Fund, and we are in discussion with other potential partners to bring this vision to life. We are now seeking a fund manager to help us develop and launch the fund.

### **About Environmental Defense Fund (EDF)**

Environmental Defense Fund is a non-profit environmental advocacy group with a long history of working collaboratively with companies to support business and environmental win-wins. We have built a robust portfolio of engagement with companies to support the transition to a net-zero future, focusing on setting ambitious environmental goals, implementing climate action through engaging within complex value chains, advocating for effective public policies, and investing in innovations that move us further, faster. We have an extensive network of company

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<sup>6</sup> Grant funding, intended to continue revolving within the fund

collaborators within the dairy and agricultural finance sectors, as well as relationships with farmer-serving organizations.

### **About the Innovation Center for U.S. Dairy**

Innovation Center for U.S. Dairy® was established in 2008 by farmers through the dairy checkoff to foster collaboration that progresses the industry's goal of building a healthy and sustainable future for the dairy community, the people it serves, and the planet we all share. The Innovation Center convenes diverse stakeholders and leaders to advance the U.S. dairy community's positive impact on shared social responsibility and sustainability priorities that include nutrition and health, food security, the environment, animal care, workforce and food safety. Through these efforts, the U.S. dairy community contributes to a more sustainable world for future generations. For more information, visit [usdairy.com/about-us/innovation-center](https://usdairy.com/about-us/innovation-center).

### **Scope of Work**

EDF seeks a fund manager to join our collaborative effort to design and build a first-of-its-kind blended finance fund to accelerate the adoption of methane mitigating farm solutions. The Dairy Impact Fund seeks to unlock agricultural finance towards innovative farm loans for sustainable practices and technologies on dairy.

The development of the Dairy Impact Fund will take place in two key phases: **Fund Design** and **Fund Launch & Implementation**.

During the **Fund Design Phase**, the fund manager will work closely with EDF and its partners to build the foundational structure of the fund. This includes modeling the financial mechanics of the fund and shaping the governance structure, legal framework, and impact reporting structure. The manager will also help test capital deployment strategies with agricultural lenders and dairy farmers, and align stakeholders around a clear vision and operating model. During this phase, EDF will play an active role in shaping the composition of the Investment Committee with the fund manager. EDF will lead fundraising efforts, with contributions in fundraising expected from the fund manager – including joining due diligence calls and identifying prospective investors not in EDF's network. Local agricultural finance providers and dairy company partners will lead loan origination efforts. EDF and the Innovation Center for U.S. Dairy will design the fund's environmental impact measurement framework, with support from the fund manager and guidance from dairy company partners.

In the **Fund Launch & Implementation Phase**, the fund manager will oversee capital deployment, coordinate with lending partners, manage investor relations, and ensure transparency and impact reporting. They will be responsible for deploying grant and concessional capital into the overall blended fund, managing capital flows and repayment, and supporting pipeline development through engagement with agricultural finance providers and dairy sector partners.

Important roles of the fund manager are as follows:

- Advise EDF and partners on optimal fund structure and governance mechanisms, tailored to the U.S. dairy context.

- Build a robust financial model for the fund, including capital structure, return expectations, repayment schedules, risk-sharing mechanisms, and concessionality thresholds.
- Model different capital deployment scenarios and sensitivities to understand the level of concessional capital (e.g., grant or below-market rate debt/equity) needed to crowd in commercial funders (agricultural lenders).
- Co-develop success metrics with EDF and partners, covering financial performance, partner and farmer participation, and environmental metrics.
- Ensure the fund and all related activities comply with local regulatory requirements, anti-money laundering (AML) protocols, and environmental/social governance (ESG) best practices.
- Manage catalytic capital and deploy it through a blended finance structure in partnership with traditional agricultural finance providers, who will originate and manage farmer-facing loans for the purchase and installation of methane-mitigating manure management systems (MMS). The fund itself will not lend directly to farmers.
- Co-develop and execute comprehensive risk management protocols, including strategies for credit, operational, and reputational risk within the fund and among intermediaries or investees.
- Serve as the fund's central coordinator and reporting agent, managing communication and reporting across grant makers, first-loss providers, concessional investors, commercial investors, agricultural finance providers, and value chain partners (e.g., dairy companies and co-ops).
- Advise on the development or integration of necessary data infrastructure and digital tools for portfolio monitoring, reporting, and stakeholder communication, with clear expectations around interoperability and dataflow.
- Participate in public communications about the fund vision and impact.

### **Governance and Decision Rights:**

EDF, as initiator, will retain certain key decision rights in early phases, such as final approval on Investment Committee structure, overall fund strategy, and selection of catalytic capital uses. The fund manager will lead day-to-day operations, financial decision-making within pre-agreed parameters, and investor management, subject to oversight and alignment with EDF and key fund partners, and the Investment Committee once established.

### **Technical Assistance and MRV Coordination:**

While the fund manager is not expected to independently deliver technical assistance (TA) or impact measurement, reporting, and verification (MRV) services (including methane and other co-benefits), they will coordinate with EDF and its partners who will provide those services. The manager will ensure appropriate alignment between capital deployment and the availability of TA and MRV resources to ensure effectiveness and credibility of the overall fund strategy.

### **Intended Product**

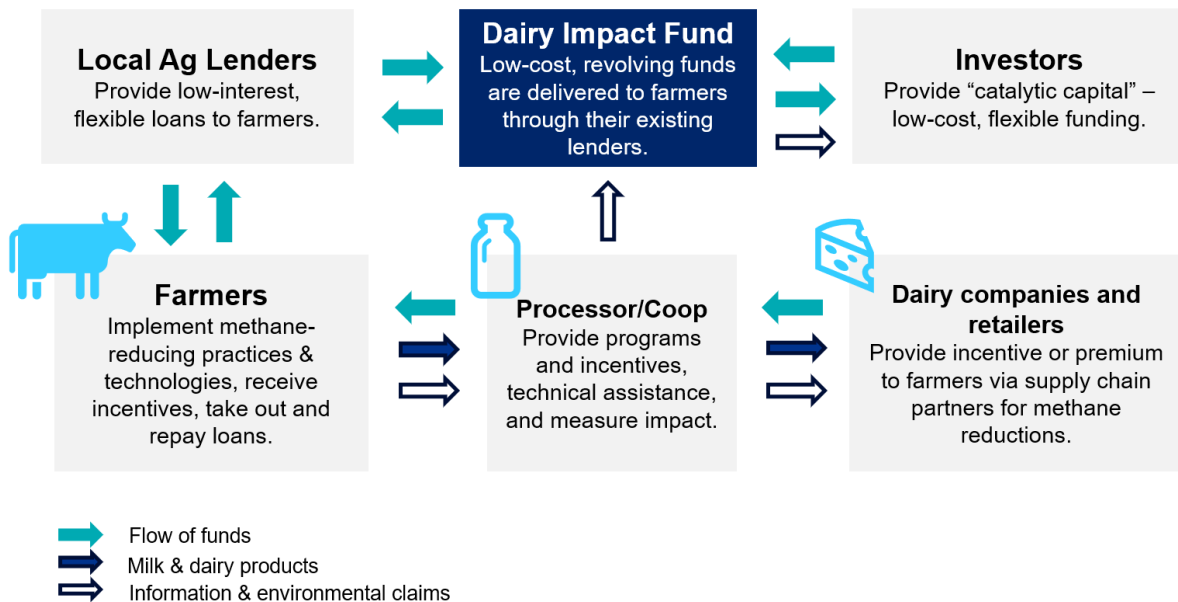
The Dairy Impact Fund ultimately seeks to unlock agricultural finance and expand access to loans for sustainable practices and technologies related to Manure Management Systems (MMS)

for dairy farms in the United States. These systems can deliver significant methane reductions and generate additional environmental co-benefits, such as improved water quality and animal health.

The Fund will initially focus on supporting practices and technologies such as solid-liquid separators, cap-and-flare systems, and composting equipment, with the potential to expand into other eligible MMS solutions over time. It will partner with local agricultural lenders to deliver blended finance products, combining catalytic capital with conventional lending, to dairy farmers. This financing will be aligned with sustainability programs delivered by dairy companies, who will provide additional farmer incentives in exchange for the ability to claim methane reductions in their supply chains.

To meet the needs of this sector, catalytic capital in the Fund is expected to be concessional compared to prevailing interest rates for agricultural debt, may feature longer tenors, and will be positioned to absorb higher risk than traditional agricultural debt. Once a loan is repaid, the catalytic capital portion will recycle back into the Fund, enabling additional deployment.

The Fund will prioritize access for a range of dairy operations, which may include small to medium and underserved farms, while maintaining alignment with dairy methane reduction objectives. An investor has the intention to make a \$10 million seed investment and EDF is leading efforts to raise additional capital.



### Desired Qualifications

We welcome proposals from fund managers with experience in structuring catalytic capital vehicles. We also encourage applications from emerging managers, or boutique impact firms with deep expertise in climate-smart agriculture, dairy, or blended finance. Teams of more than one individual or organization are also welcome to apply.

The selected fund manager will share the mission of EDF and its partners to develop farmer-centric financial solutions that accelerate the deployment of sustainable practices and technologies on dairies, generating benefits to climate and water.

The fund manager will also:

- Have a strong track record of fund management, with experience in blended finance facilities, ideally in the United States.
- Strong financial controls vis-a-vis fund management and disbursements.
- Experience in the agricultural sector.
- Be committed to participating in the fund design period (see timeline below).
- Have connections with investors and grant or concessional capital providers who may be interested in participating in the fund.
- Experience managing impact funds and communicating both financial and impact results to investors.

### **Roles of Partners**

The fund manager will be part of a strong team of organizations that will collaborate in the development and deployment of the Dairy Impact Fund. In addition to EDF and the Innovation Center for U.S. Dairy, additional partners will include agricultural lenders and dairy value chain companies. The contributions of those partners will include, but are not limited to the following:

- EDF and the Innovation Center will manage partner engagement and coordination.
- Local agricultural finance providers and dairy value chain companies will perform the loan origination and pipeline development. This will include existing customers of agricultural finance providers, farmers in dairy cooperatives, and farmers in the milksheds of dairy companies.
- EDF will play a major role in fundraising. We welcome support from the fund manager but plan to perform the majority of fundraising activities during the fund establishment period and first few years of operation.
- EDF and the Innovation Center will provide technical expertise on agricultural projects, impact on GHG reductions, and other associated environmental and community benefits.
- EDF, the Innovation Center, and dairy value chain companies will support due diligence by advising the fund manager on the types of projects to be financed, selection criteria for agricultural applicants for funding, and the evaluation of agricultural applicants against those criteria.
- EDF, the Innovation Center, and local agricultural finance providers will support in evaluating specific project categories including project feasibility and risk and designing agricultural loans that will enable farmers to adopt methane-mitigating MMS, including getting dairy farmer feedback.
- EDF, the Innovation Center, and dairy value chain companies will establish systems for environmental measurement, reporting and verification.

- EDF and the Innovation Center will lead outreach, education, and communication, including recruiting additional partners and sharing success stories about dairy climate solutions and the role of finance.
- EDF, the Innovation Center, and local agricultural finance providers partners will advise the fund manager on opportunities to standardize and scale agricultural finance solutions, e.g. standardized investment structures and use cases for blended finance products.
- Dairy value chain companies will provide any necessary technical assistance to participating farmers.
- A formal governance structure will be established to clarify leadership, decision-making roles, and advisory responsibilities. EDF will serve as the coordinating entity, while other partners will participate in an advisory or working group capacity, to ensure strategic alignment, effective oversight, and streamlined decision-making without duplicative input processes.

**Compensation**

Given the smaller fund size, we understand that conventional management fee structure will not be applicable. Therefore, we expect to provide grant funding for the fund manager. This will be phased out over time as the Dairy Impact Fund grows to a scale that could support a more traditional management fee structure. With that in mind, please propose a breakdown estimate of management fees that you would need to perform the duties outlined in this request for proposals. We are open to creative compensation models, including up-front grant support, tiered fee structures, or incentive-based compensation aligned with fund performance and mission impact. This could also be broken into a fee-for-service during the design phase, and then a different funding model once the fund is launched.

**Timeframe**

The request for proposals timeline includes a question-and-answer period. After reviewing the RFP, please send any additional questions to Josh Torres at [jtorres@edf.org](mailto:jtorres@edf.org). EDF will respond to those questions through a FAQ document that will be released the week of August 18<sup>th</sup>.

RFP Released	August 1, 2025
Q&A Period	August 1 – August 15, 2025
FAQ released	Week of August 18th
<b>Proposals Due</b>	<b>September 1, 2025</b>
Candidate Interviews	Week of September 15
<b>Candidate Selected</b>	<b>Project Kickoff October 1, 2025</b>
Fund Design Phase	October 1, 2025 – October 1, 2026
Initial Fund Capitalization	Prior to January 1, 2026
Fund Launch Target	Prior to January 1, 2027

**Bidder’s Primary Contact for RFP**

Please provide the contact information for the bidder, including name, title, organization, mailing address, phone number, and e-mail address.

**General Proposal Requirements**

Proposals should be 5 pages or fewer, single-spaced. They should include a high-level overview of how you plan to approach the above request, including your suggested fee structure for the fund design phase and once the fund is operational. Please include a summary of experience in fund management and climate-smart agriculture. If applicable, include any relationships with investors or other stakeholders that would bring value to the project. In an appendix, please include a resume for all members of the project team.

**Submit proposals in written form (5 pages or fewer, single-spaced) to Josh Torres by September 1, 2025 at [jtorres@edf.org](mailto:jtorres@edf.org).**

## Frequently Asked Questions

### Dairy Impact Fund RFP

#### Scope of Eligible Projects

**Q: What types of projects will the fund support? Can it extend beyond dairy?**

A: The fund will focus on methane mitigation in U.S. dairy, especially manure management systems (MMS) such as solid-liquid separators, cap-and-flare, and composting equipment. While we may draw learnings from beef or other supply chains, the fund's priority is dairy-specific investments. Dairy alternatives (e.g., nut milks, cellular agriculture) are not within scope. Expansion to regenerative practices (e.g., grazing) may be considered over time.

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#### Fund Structure and Governance

**Q: Will the fund sit within EDF or separately?**

A: The fund will be a **separately managed vehicle** housed with the selected fund manager. EDF will not house the fund internally.

**Q: What is EDF's vision for the Investment Committee (IC)?**

A: EDF anticipates an IC including the fund manager, catalytic investors, and possibly technical experts. Farmer or cooperative voices may be included in an **advisory role**. Decision thresholds and final governance details will be co-developed with the fund manager.

**Q: How will partner roles be structured?**

A: EDF will serve as the coordinating lead. Partners (Innovation Center, ag lenders, dairy companies) will provide technical and advisory input. A **formal governance structure** will be developed to ensure clarity and avoid decision-making bottlenecks.

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#### Investor Base and Capital Structure

**Q: Who are the expected investors?**

A: We envision a mix of family offices, foundations, corporates, and government entities providing catalytic capital.

**Q: What is the role of the \$10M seed investor?**

A: The anchor investor is catalytic in nature. EDF is targeting a first close of at least **\$20M** and expects further fundraising. The fund manager may support additional investor cultivation.

**Q: What returns are expected for catalytic capital?**

A: Catalytic investors should expect **0–4% returns**, longer tenor, and/or first-loss risk-sharing. Concessionality ratios will be refined during the design phase.

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#### Fund Model and Deployment

**Q: Has EDF built a financial model yet?**

A: Not yet. Developing the fund model — including capital structure, return expectations, and concessionality needs — will be a **core deliverable** for the fund manager during the design phase.

**Q: Will the fund lend directly to farmers?**

A: No. The fund will **deploy capital through agricultural finance providers** (traditional ag lenders, co-ops, or value chain finance channels). These intermediaries will structure loan products and manage farmer relationships, including loan servicing and collections.

**Q: What size and number of loans are expected?**

A: Loan ticket sizes, number of loans per year, and geographic spread have not been finalized. These will be developed with the fund manager and ag lenders.

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## Types of Investments

**Q: Will the fund support new technology start-ups?**

A: The fund will prioritize deployment of **proven methane abatement solutions**. Select innovative technologies may be considered if they are close to commercialization and align with fund goals.

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## Impact Measurement and Technical Assistance

**Q: How will impact be measured?**

A: EDF and the Innovation Center will lead the development of the **environmental impact framework**, with methane abatement as the core KPI. Additional metrics may include water quality, nutrient management, and farmer co-benefits.

**Q: What role does the fund manager play in MRV?**

A: The fund manager will not deliver MRV directly but must **coordinate with EDF's TA/MRV partners** and integrate impact data into reporting for investors.

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## Roles of EDF vs. Fund Manager

**Q: What will EDF's role be compared to the fund manager?**

A:

- **Fund Manager:** Build and operate the fund structure, manage catalytic capital, oversee investor relations and reporting, and diligence agricultural finance providers.
  - **EDF & Partners:** Fundraising, impact framework design, partner engagement, TA/MRV provision, and communications. EDF expects to have an advisory role in IC processes, but **deployment decisions will rest with the fund manager**.
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## Logistics

**Q: When is the RFP due?**

A: While listed as Sept. 1 (Labor Day), we will accept submissions until **Sept. 2, 2025 (next business day)**.

**Q: What materials are required?**

A: Detailed team bios are acceptable in place of formal resumes.

**Q: Will EDF share responses to all bidder questions?**

A: Yes, this FAQ document consolidates submitted questions and will be shared with all applicants.