2.6 SAFI (SIMPLE AGREEMENT FOR FUTURE IMPACT)

Brief Description

The Simple Agreement for Future Impact (SAFI) is a non-dilutive growth financing instrument in which capital is repaid through a periodic share of the enterprise's revenues, with the total repayment linked to verified impact performance. It takes its inspiration from the Simple Agreement for Future Equity (SAFE), but instead of granting the investor a stake in future equity, the enterprise commits to future impact, retaining full ownership.

Repayment is bounded by a cap expressed as a multiple of the original investment. The maximum cap applies if no impact targets are met, the minimum cap when all targets are fully achieved. The more impact the enterprise creates, the less it repays, and the spread between the two caps represents the total impact incentive available.

SAFI is designed to be highly flexible. The core structure stays simple, but its terms can be tailored to the enterprise and the transaction where the revenue share percentage, tenor, grace period and repayment caps can each be adjusted to preserve liquidity while the enterprise grows. Repayment can also be based on alternatives to gross revenues, such as EBIT, a specific revenue stream or free cash flow. Lastly, the instrument can be designed for different levels of concessionality by setting the repayment caps accordingly: for example, caps of 1.3x to 1.6x position SAFI as an impact investment on near-market terms, while caps ranging from 1.0x down to zero make it highly concessional catalytic capital, with full forgiveness possible on full target achievement. This adaptability is what makes SAFI particularly enterprise friendly.

Purpose/Fit	Growth capital for high-potential enterprises without dilution, with the cost of capital falling as verified impact increases.
Can replace	Equity, convertible instruments, traditional debt, conventional revenue share agreements, and grants where the funder is willing to take capital back.
Risk/Return Profile	Set by the repayment caps. It ranges from near-market returns to fully concessional, depending on revenue share, cap, tenor, and other terms. Returns depend on the enterprise's performance as well as impact, and catalytic structures are typically subordinated and without collateral.
Enterprise Lifecycle	Revenue-generating enterprises with growth potential. A grace period can accommodate early-stage enterprises that need time to generate revenue.
Maturity	Fixed term, typically two to four years for catalytic structures and four to six years for investment structures. A final bullet payment closes any gap to the repayment cap.



Figure 2.10 – "SAFI", source: Roots of Impact.

Defining Criteria

1. **Revenue-based repayment:** capital is repaid through an agreed annual share of the enterprise's revenues (or others such as EBIT, EBITDA, a specific revenue stream or free cash flow) calculated on its annual financial statements.

2. **Impact-linked repayment cap:** the total repayment is capped as a multiple of the original investment. The maximum cap applies if no impact targets are met, the minimum cap when all are fully achieved.

3. **Non-dilutive:** no equity is exchanged and the entrepreneur retains full ownership. SAFI agreements are by default structured as debt-based instruments, with recoverable grants or redeemable equity as alternatives.

4. **If impact targets are not available** at the beginning of the transaction, the agreement could be signed upfront, with concrete impact targets and the incentive scheme agreed later through a side letter, normally within twelve months.

5. **Impact verification:** independent verification is commissioned and paid for by the investor, usually at the end of the term, and determines the actual repayment cap.

Variants and Optional features

Impact Investment SAFI

- Positioned as an alternative to traditional impact investment, with terms set to meet investors' expectations for risk, return and impact.
- Repayment caps of roughly 1.3x to 1.6x, typically over four to six years.

Catalytic SAFI

- Highly concessional terms offered in exchange for ambitious impact objectives, up to full forgiveness on full target achievement, with the aim of catalysing co-investment.
- Repayment caps from 1.0x down to zero, typically over two to four years, usually with no collateral, subordination and a co-investment requirement, for example 1:4 matching.
- Capital is paid upfront and effectively "repaid" through the achievement of impact targets, giving the enterprise immediate liquidity.

Sidecar SAFI

- Attached to an existing equity investment or loan as a simple way to embed impact incentives, with a term equal to the underlying investment.
- The SAFI amount represents the maximum incentive the investor or a grant maker is willing to provide and can be structured to reflect actual impact performance rather than time-bound interest rate step-downs or equity ratchets.
- Particularly useful where linking incentives directly to a loan would be difficult (see Impact-Linked Loan, *page 51*).

IMM Build-up Reward

- A standard feature reducing the repayment cap once the enterprise has established a robust impact measurement and management system and collected baseline data to a minimum standard.

Alternative repayment bases and enterprise-friendly terms

- Repayment can be based on EBIT, a specific revenue stream or business line, or free cash flow rather than gross revenues.
- A grace period, a variable revenue share or a cap on the revenue share can each be used to ease the burden on the enterprise.
- Further options include an early rewards kicker locking in mid-term achievement, an equity kicker, virtual exit participation and FX hedging.

PRACTICAL APPLICATION

Benefits and Considerations, Capital Providers

Benefits	Considerations
Self-liquidating. Philanthropic or catalytic capital can be recovered and redeployed rather than spent once	Returns depend on the enterprise's performance as well as its impact, so the repayment profile is less predictable than fixed-schedule debt

Concessionality is a design choice, with caps set anywhere from near-market to full forgiveness	Strong impact performance reduces the repayment multiple, so the better the outcome, the lower the financial return
Rewards depend on verified impact outcomes, rather than on time-bound adjustments such as interest rate step-downs or equity ratchets, which apply at pre-set points in the schedule	The capital provider commissions and pays for independent verification
Avoids structuring challenges related to amortising Impact-Linked Loans, where the size of the incentive decreases over the term	In cases where no IMM systems or baseline exist, targets are set after signing, so the investor commits capital before the concrete impact targets are agreed
Can be attached to an existing equity or loan investment as a sidecar, without altering the core transaction	Catalytic structures are typically subordinated and without collateral

Benefits and Considerations, Enterprises

Benefits	Considerations
Non-dilutive. Founders retain full ownership and control	Periodic repayment obligations continue whatever the impact performance, however, without the verified impact, the enterprise repays up to the maximum cap
Repayments track actual revenues (or EBIT/EBITDA), therefore obligations flex with cash flow rather than following a fixed schedule	A bullet payment falls due at the end of the term if the revenue share has not met the cap
Strong verified impact directly lowers the total amount repaid, up to full forgiveness in catalytic structures	If the IMM Build-up is delayed and targets cannot be set within the agreed window, the enterprise is by default not entitled to any rewards
Targets can be set up to twelve months after signing in cases where no IMM system or baseline exists, so capital is available before impact targets are fixed	Building the IMM system and collecting baseline data requires sustained management attention early in the instrument's time period
The enterprise leads on measurement, gaining customer data that supports business decisions as well as the transaction	Rewards depend on independent verification, so the benefit is not guaranteed at signing

Selection Criteria Checklist

Use to test whether a SAFI is a good fit for a given deal.

- ☐ **Revenue generation:** the enterprise has predictable revenues, or will have them within the grace period, sufficient to support a periodic revenue share.
- ☐ **Dilution is not wanted:** the enterprise wants growth capital without giving up ownership, and the investor does not require an equity stake.
- ☐ **Meaningful impact potential:** there is real scope for the enterprise to increase its impact, so the spread between the caps can change behaviour rather than reward business as usual.
- ☐ **Willingness to build IMM:** if it is not already in place, the enterprise is prepared to develop its impact measurement and management system and collect baseline data, with the management bandwidth to do so early in the term.
- ☐ **Concessionality agreed:** the capital provider is clear on where it sits between near-market and fully catalytic, since that determines the repayment caps.

- **Time to grow and deliver:** the tenor allows the enterprise to grow, achieve impact and have it verified, bearing in mind targets are set up to twelve months after signing.

Common Pitfalls

1. If the system and baseline data are not in place in time, targets cannot be set within the agreed window and the enterprise is by default entitled to no rewards, leaving it with ordinary revenue-based debt. Recommended to monitor the intermediate milestones rather than waiting for the deadline.

2. A share sized against the minimum cap preserves liquidity, but if impact or revenue underperforms, the shortfall lands as a bullet payment at the end of the term. Recommend to model best, mid and low cases before agreeing the share.

3. Post-signing target setting defers the concrete targets, not the strategic conversation. Where overall ambition and focus are not agreed upfront, negotiations twelve months later start from scratch, with capital already deployed.

Examples of Relevant Terms

As formulated in a contract; bracketed values are illustrative and negotiable.

The Investment	The Investor provides non-dilutive investment capital in the amount of [EUR 500,000] to the Company (the "Investment Amount") to support the growth of the Company and the achievement of the Shared Mission. The Company shall repay the Investment Amount through a share [%] of its annual [revenue].
Term	Fixed Term: [5] years from signing. Alternatively a Variable Term, under which the Agreement remains in force until the Maximum Repayment Amount has been fully paid, optionally subject to a long-stop of [10] years.
Grace Period	No payments in the first [12 or 18] months. Grace covers the ramp-up period to allow mission and revenue to grow.
Impact-Linked Repayment Cap	The total repayment shall depend on verified impact performance and shall always fall within the following range: Minimum Repayment Amount [EUR 650,000], equal to [1.3x] the Investment Amount; Maximum Repayment Amount [EUR 800,000], equal to [1.6x] the Investment Amount. The difference between the two (the Incentive Pool) is allocated between completion of the agreed IMM Milestones and achievement of the agreed Core Impact Targets. Partial achievement results in a pro-rata reduction.
IMM Build-up Reward	The Investor will support development of impact measurement and management capacity through [amount], linked to achievement of the final implementation milestone. Achievement reduces the Total Repayment by a multiple of [X]. Milestones: Theory of Change, key impact indicators, system verification, impact report, baseline and projections.

CASE STUDY: ROOTS OF IMPACT FUNDING ROUND

Instrument	Simple Agreement for Future Impact (SAFI)
Issuer	Roots of Impact
Investors	Delta Fund, European Social Innovation and Impact Fund (ESIIF)
Size	Exact amount not disclosed
Closed	2024, the first SAFI transaction[37]

37 ImpactAlpha, "Forget SAFEs. Impact Investors Are Incentivizing Growth and Impact With SAFIs" (August 2025). impactalpha.com/forget-safes-impact-investors-are-incentivizing-growth-and-impact-with-safis

The Challenge

Roots of Impact wanted to raise growth capital that was non-dilutive and highly flexible in its repayment. As the pioneer of Impact-Linked Finance, the firm was committed to raising this type of capital for itself and to being rewarded for its impact.

However, the financing round was intended to establish a new business line, meaning there was no baseline or impact measurement framework in place for this business line yet. Negotiating impact targets upfront would have delayed the financing round and potentially locked the organisation into the wrong metrics before it had sufficient experience to determine what to measure and what realistic targets could be.

How the Deal Works

In 2024, Roots of Impact closed the first SAFI transaction, raising growth capital from Delta Fund and the European Social Innovation and Impact Fund (ESIIF) to establish a new business line.

Because the business line was new, there was no baseline or impact measurement framework in place, so the parties agreed not to fix detailed impact targets at closing. Like a SAFE, which defers the valuation, the SAFI defers the detailed impact targets, which are agreed up to 12 months after closing rather than upfront.

The capital is non-dilutive. Roots of Impact repays it from future revenues instead of converting it into equity, and the total amount to be repaid falls as verified impact targets are met.

Roots of Impact later published a freely available **SAFI Playbook** in 2025, and in 2026 Grant Thornton Netherlands and Roots of Impact released a **free SAFI model contract.**[38]

Results

The SAFI brought the speed and simplicity to Roots of Impact. The organisation was able to raise growth capital without giving up equity, and the investors received a built-in reason for the organisation to over-deliver on impact.

Related Instrument: Impact-Linked Loan

In 2023, SOS Children's Villages Ghana received a USD 400,000 Impact-Linked Loan from the Impact-Linked Finance Fund (ILFF) to build classrooms and improve teacher capacity. Interest ranges from 0% to 5% depending on two outcomes: a higher share of children from vulnerable households, and a smaller learning gap between high- and low-performing students. If all targets are met, SOS Ghana repays only the principal. [39]

Lessons Learned

- **Target Fit:** suited for revenue-generating enterprises that are not ready for equity rounds or do not want dilution, for example agri-tech and fintech businesses with regular but fluctuating revenue.
- **Catalytic Funder Needed:** where the repayment cap falls below a commercial level, a catalytic funder is needed to absorb the return the investor gives up.
- **Target Can Be Set After Signing:** SAFI allowed the agreement to close first, with concrete targets and the incentive scheme agreed later through a side letter, normally within twelve months. This avoided delaying the round or committing to the wrong metrics before the organisation had the experience to set them well.



Other SAFI resources can be found **here.**

38 Grant Thornton Netherlands, "The Simple Agreement for Future Impact (SAFI)" (March 2026). grantthornton.nl/en/insights-en/legal-services/the-simple-agreement-for-future-impact

39 NORRAG, "New Case Briefs Explore the Impact-Linked Finance Fund's Use of Innovative Financing Mechanisms in Education" (September 2025). norrageducation.org